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TO CONSIDER POSSIBLE IMPEACHMENT OF UNITED STATES DISTRICT JUDGE G. THOMAS PORTEOUS, JR. (PART II)

HEARING

BEFORE THE

TASK FORCE ON JUDICIAL IMPEACHMENT

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

DECEMBER 8, 2009

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TO CONSIDER POSSIBLE IMPEACHMENT OF UNITED STATES DISTRICT JUDGE G. THOMAS PORTEOUS, JR. (PART II)

TUESDAY, DECEMBER 8, 2009

HOUSE OF REPRESENTATIVES,
TASK FORCE ON JUDICIAL IMPEACHMENT
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Task Force met, pursuant to notice, at 10:10 a.m., in room 2141, Rayburn House Office Building, the Honorable Adam B. Schiff (Chairman of the Task Force) presiding.

Present: Representatives Schiff, Jackson Lee, Johnson, Sensenbrenner, Goodlatte, Lungren and Gohmert.

Staff Present: Alan Baron, Counsel; Harold Damelin, Counsel; Mark H. Dubester, Counsel; Kirsten Konar, Counsel; and Jessica Klein, Staff Assistant.

Also Present: Richard W. Westling, counsel for Judge G. Thomas Porteous, Jr.

Mr. SCHIFF. This hearing of the House Judiciary Committee Task Force on Judicial Impeachment will now come to order. Without objection, the Chair will be authorized to declare a recess of the hearing.

I will now recognize myself for an opening statement.

Today the Task Force will continue its inquiry into whether United States District Court Judge Thomas Porteous should be impeached by the U.S. House of Representatives. At our last hearing, we focused on allegations that Judge Porteous violated the public trust, law, and ethical canons by presiding over the case In re: Liljeberg Enterprises, Inc.

Today's hearing will focus on allegations that the judge violated the public trust, law, and ethical canons by making false and misleading statements, including the concealment of debts under oath and in disregard of a bankruptcy court's orders. The Judicial Conference, in its referral of this matter to Congress, noted that this conduct allowed Judge Porteous to obtain a discharge of his debts while continuing his lifestyle at the expense of his creditors.

We will follow the same format used in our last round of hearings. After all the Members who wish to make an opening statement have been given the opportunity to do so, Task Force counsel Alan Baron will brief us to provide a general overview of the matter under consideration today. After his presentation, the first witness will be sworn in and questioned for up to 20 minutes by a

Task Force counsel. After that initial period, Members will be recognized for questions under the 5-minute rule. Judge Porteous's counsel will then be permitted to question the witness for 10 minutes. Finally, Members will be permitted to ask any further questions of the witness. After the Task Force has concluded with one witness, the next will be called.

I now recognize my colleague Mr. Goodlatte, the distinguished Ranking Member of the Task Force, for his opening remarks.

Mr. GOODLATTE. Thank you, Mr. Chairman, for continuing this series of hearings.

On June 17, 2008, the Judicial Conference of the United States certified to the U.S. House of Representatives that consideration of impeachment of U.S. District Judge G. Thomas Porteous may be warranted. This certification was the culmination of an investigation and formal complaint by the Department of Justice, an investigation and final report by a special investigatory committee appointed by the Fifth Judicial Circuit, and consideration and vote by the Judicial Council of the Judicial Conference of the United States.

The Task Force on Judicial Impeachment was then created by the House Judiciary Committee to further investigate the allegations of misconduct by Judge Porteous to determine if impeachment is warranted. The Task Force has been working with law enforcement and judicial officials, has conducted numerous interviews, taken depositions from key witnesses, and gathered evidence and transcripts from previous investigations. These efforts have uncovered a large amount of information, including new evidence that was not uncovered in previous investigations.

We are now in the process of holding a series of hearings, each examining a separate aspect of alleged misconduct by Judge Porteous. Today's hearing will focus on the potential misconduct of Judge Porteous during his bankruptcy filings and proceedings.

The allegations against Judge Porteous during this timeframe include that he filed for bankruptcy under a false name, that he hid income and assets from the bankruptcy court, that he failed to disclose certain preferential payments to creditors, and that he continued to incur debt in violation of a court order prohibiting him from incurring any new debt after he had filed for bankruptcy.

We will hear from witnesses who have firsthand knowledge of Judge Porteous's conduct, as well as a Federal bankruptcy judge who has expert knowledge of bankruptcy laws and procedures.

It is again worth noting that Judge Porteous was extended an invitation to come make a statement before the Task Force and respond to questions, but has so far declined to do so. It is also worth noting that the Task Force has permitted Judge Porteous's counsel to ask questions of the witnesses today.

If the evidence shows that wrongdoing occurred, then the Task Force will make the appropriate recommendations to the full Judiciary Committee, and we will have more work to do. I look forward to hearing from the witnesses and rooting out the facts in an objective manner.

Mr. SCHIFF. I thank the gentleman.

Would any other Member like to be recognized?

Seeing none, we will now hear a brief introduction to the factual predicate from special impeachment counsel Alan Baron. Mr. Baron, have a seat and please proceed.

Mr. BARON. Thank you, Mr. Chairman.

You may recall at the last hearing we discussed Judge Porteous's deteriorating financial condition during the Liljeberg case. As you can see, his credit card debt of $44,000 at year-end 1996 by April of 2000 was $153,000, and his IRA balance had gone from $59,000 down to $12,000.

Judge Porteous's financial condition continued to deteriorate from there. One year later when he filed for bankruptcy, Judge Porteous showed $196,246 in unsecured credit card debt. You can see that up on the PowerPoint.

Judge Porteous filed for Chapter 13 bankruptcy on March 28, 2001, in large part, it appears, because of his substantial gambling activities. The FBI did a partial analysis of Judge Porteous's credit card records and bank account records between—for the period July 1995 and July of 2000, and what that analysis showed was that approximately $66,000 in gaming charges appeared on Judge Porteous's credit card statements, and Judge Porteous wrote checks or made cash withdrawals at casinos for an additional $27,700, so there is a minimum total of $93,000 in gambling charges and related gaming expenses during that period.

Now, I emphasize this analysis did not examine all of Judge Porteous's credit cards and other accounts, so ultimately we expect that the grand total of debt related to gaming for that period is much higher.

In the summer of 2000, Judge Porteous retained attorney Claude Lightfoot as his bankruptcy counsel, and Mr. Lightfoot is here today and is prepared to testify later today. At this early stage of the representation of Judge Porteous, Mr. Lightfoot specifically told the judge he should not incur any more debt going forward. We have Mr. Lightfoot's testimony in the fifth circuit, where he says, "I remember telling him at the workout stage, don't make the debt. If you can't afford to pay it, or they are not trying to solve the problem short of bankruptcy with us, stop paying them, but by no means incur any more debt at this point."

Now, it was Mr. Lightfoot's job to help Judge Porteous prepare a full and complete bankruptcy petition, but as it turns out, Judge Porteous was less than candid with Mr. Lightfoot regarding his debts and other activities. The testimony today will show that, among other things, Judge Porteous failed to tell Mr. Lightfoot about, one, the fact that the judge gambled or the existence of any gambling losses; two, that he was paying off credit cards and gambling debts at casinos immediately, literally the day before he filed for bankruptcy; third, Judge Porteous did not tell Lightfoot that he expected a $4,000 tax refund from the year 2000, and he did not disclose his increased judicial salary in 2001.

In addition to failing to inform his bankruptcy counsel about these relevant facts, which have an impact on the veracity of the schedules ultimately filed, Judge Porteous also disregarded Mr. Lightfoot's advice that he should not be accruing additional debt.

One specific type of debt that Judge Porteous continued to accrue in the months leading up to his bankruptcy and also after his

bankruptcy was filed were casino markers. Judge Porteous himself—and this is important so there not be any dispute about this—Judge Porteous himself has acknowledged a casino marker is a form of debt.

At the fifth circuit he was presented with a definition of what a marker is, and that is that it is credit extended by a gambling establishment, such as a casino, that enables the customer to borrow money from the casino. The marker acts as the customer's check or draft to be drawn upon the customer's account at a financial institution. Should the customer not repay his or her debt to the casino, the marker authorizes the casino to present it to the financial institution or bank for negotiation and draw upon the customer's bank account any unpaid balance after a fixed period of time.

Judge Porteous was asked, is that an accurate definition? He answers, I believe that is correct. It probably was contained in the complaint or the second complaint. There is a definition contained.

And ultimately he is asked, do you have any quarrel with that definition? And he says, no. That is important to keep in mind as we go through the history of Judge Porteous's activities, because there are a lot of gambling markers involved.

Judge Porteous's activities in the period leading up to his bankruptcy demonstrate Judge Porteous's disregard for his own deteriorating financial condition and his desire to keep gambling, despite the imminent bankruptcy. For example, remember, he files for bankruptcy on March 28, 2001. One month earlier, February 27, 2001, he gambles at the Grand Casino Gulfport and takes out $2,000 in markers. He doesn't repay those markers until April 5 and 6 of 2001, after his original bankruptcy petition was filed. Remember, he doesn't tell his bankruptcy counsel about this. It is not going to be reflected on his bankruptcy schedules.

On March 2, 2001, Judge Porteous requested a credit limit increase at the Treasure Chest Casino from $3,000 to $4,000, and then he takes out $3,500 in markers from the casino. He leaves the casino that day owing $1,500, which he repays on March 27, 2001, the day before he files for bankruptcy. Again, he doesn't tell his bankruptcy counsel about it, so it is not going to appear on his schedules, as well it should have been.

Now, Judge Porteous, as I said, filed his initial Chapter 13 bankruptcy on March 28, 2001, and as we saw from our hearings last time, he files the petition under a false name, Ortous, O-R-T-O-U-S. The initial petition also lists a P.O. Box address instead of Judge Porteous's normal residential address. This P.O. Box was opened by Judge Porteous just 8 days earlier. It was an intentional thing to go out and get a P.O. Box to be used in the filing of this initial petition.

Now, Judge Porteous should have listed his new P.O. Box address in the mailing address field and should have listed his residential address in the street address field, but he doesn't do that. So anybody looking at this or reporting it in the press would see Ortous as the debtor who is filing and just the P.O. Box. You wouldn't even know where the person lived. I would note further that Judge Porteous signed his initial bankruptcy petition under penalty of perjury.

On April 9, 2001, Judge Porteous files an amended bankruptcy petition. He corrects the false name, and he includes his residential address instead of the P.O. Box. Also on April 9th he files his Chapter 13 schedules and his statement of financial affairs. Let's look at those schedules.

The evidence shows that Judge Porteous's Chapter 13 schedules contain numerous, we think at least seven, false statements or omissions, all of which are made under the penalty of perjury. I am going to address just a few of them here.

Schedule B is where you list personal property. Category 17 on Schedule B required Judge Porteous to list "other liquidated debts owing the debtor, including tax refunds." Judge Porteous checked none. You can see the X should be in the column "none" in response to this category. So he is saying, there is no tax refund I am expecting.

However, just 17 days before filing his bankruptcy schedules, Judge Porteous submitted his tax return for the year 2000 and sought a tax refund in the amount of $4,143.72. That tax refund was electronically deposited into Judge Porteous's Bank One checking account on April 13, 2001, just 4 days after he had filed his bankruptcy schedules. None of that is ever disclosed to his bankruptcy counsel, and, of course, it is never reflected anywhere in the bankruptcy schedules.

Schedule I of the bankruptcy petition is supposed to list the current income of the individual debtor. It asks the debtor to list his current monthly gross wages and also his monthly net wages. Instead of listing his 2001 salary on Schedule I, Judge Porteous listed his monthly income from calendar year 2000, which was several hundred dollars a month less than what he was making at the time he was filing his bankruptcy schedule. So, by understating his judicial income and concealing his tax refund, Judge Porteous concealed around $7,000 in 2000 alone that should have been made available to his creditors.

Additionally, an FBI financial analyst determined that Judge Porteous's bank records from 2001 revealed yet another $4,600 in untraceable cash deposits. So the grand total, at a minimum, of concealed sources of income is about $12,000 for that year, which should have been available for creditors. Again, Judge Porteous signs his bankruptcy schedules under penalty of perjury. He signs it despite all of the false statements and omissions that are contained in those documents.

If we turn to Judge Porteous's statement of financial affairs, which is another document that is filed in conjunction with the bankruptcy, it contained at least three false statements or omissions made under penalty of perjury.

Question 3 talks about payments to creditors. It required Judge Porteous to list all payments of debts aggregating more than $600 to any creditor which were made within 90 days immediately preceding the commencement of the bankruptcy case. In response to this question, Judge Porteous writes in, "Normal installments."

You will hear from a witness what the term "normal installments" normally encompasses. But this response was false, because, for example, Judge Porteous made a lump sum payment of

$1,500 to the Treasure Chest Casino on March 27, 2001, the day before he filed for bankruptcy. It is nowhere listed in the schedule.

Question 8 required Judge Porteous to list all losses, including specifically gambling losses, within the year immediately preceding the bankruptcy filing. In response to this question, Judge Porteous checks "none." But an analysis of Judge Porteous's gambling in the year preceding his bankruptcy performed by the FBI revealed that Judge Porteous had a net gambling loss of $6,233.20 over the course of that year, and that is giving him the benefit of—actually his total losses were more like $12,000, but we are netting out the figure. It comes out to approximately $6,200. Again, Judge Porteous signs his statement of financial affairs under the penalty of perjury that all the answers in the document are true and correct.

Despite the fact that Judge Porteous filed for bankruptcy protection and claimed to have over $350,000 in total liabilities, both secured and unsecured, Judge Porteous continued to gamble and incurred thousands of dollars in additional debt immediately following his bankruptcy filing. For example, he went on four gambling trips to casinos between April 7, 2001—remember, he filed for bankruptcy on March 28—and May 7, 2001, during which he took out a total of $8,000 in markers.

On April 30, 2001, roughly a month after filing for bankruptcy, Judge Porteous also submitted a casino credit application at Harrah's Casino and requested a $4,000 credit limit, and on the application, curiously, he puts down zero dollars for indebtedness, despite the fact that several weeks earlier he had listed his total unsecured debt as $196,246. And on that same day of April 30th, Judge Porteous proceeded to take out $1,000 in markers at Harrah's, which he doesn't pay back until May 30, 2001.

Now, on May 9, 2001, a creditors meeting was held which was presided over by Judge Porteous's bankruptcy trustee. At that meeting he was given a copy of a pamphlet entitled "Your Rights and Responsibilities in Chapter 13." Section 6 of the pamphlet specifically states, "You may not borrow money or buy anything on credit while in Chapter 13 without permission of the bankruptcy court. This includes the use of credit cards or charge accounts of any kind." Also at the creditors meeting, the bankruptcy judge specifically told Judge Porteous he is on "a cash basis now."

Despite the clear instructions from the bankruptcy trustee and the language in the pamphlet that Judge Porteous should not be incurring any additional debt, Judge Porteous continued to gamble on credit, using markers. For example, he goes on three gambling trips to casinos between May 16, 2001, and June 20, 2001, during which he takes out a total of $2,000 in markers.

On June 28, 2001, the U.S. bankruptcy judge, William Greendyke, signed Judge Porteous's confirmation order. That order clearly stated the debtor shall not incur additional debt during the term of this plan except upon written approval of the trustee, and Judge Porteous admitted during his testimony before the fifth circuit special committee that he understood Judge Greendyke's order.

He is asked: "Are you familiar with the order signed by bankruptcy Judge Greendyke? It is ordered that, 'going down to number 4,' the debtor shall not incur additional debt during the term of this

plan except upon written approval of the trustee. Did I read that correctly?"

Answer by Judge Porteous: "You did."

"Was that your understanding at the time in the order?"

"It was."

During the fifth circuit hearing, Judge Greendyke was asked about his decision to sign the Porteous confirmation order, and he provided the following testimony. He is asked: "Given the sum of these events, the false filing of the name on the initial petition, the omission of the tax refund on the schedules where it should be noted, the preferred payment to certain creditors, given the sum of those events, had you known that, what would have been your course of action while you were the judge supervising that bankruptcy? Had you known all those events, what action would you have taken?"

Judge Greendyke's answer was: "If I had been aware of those items prior to the signing of the confirmation order, I would not have signed the confirmation order. I would probably have sua sponte objected on the basis of lack of good faith."

Then the question: "In a bankruptcy filing, is good faith on behalf of the debtor one of the key elements that a judge and the trustee rely on?"

Answer: "It is a confirmation requirement."

Question: "Okay. It is required the judge list all of his assets, bank accounts, and that his true income be listed; is that correct?"

"Yes, that is correct in any case. Truth and candor in connection with any bankruptcy proceeding is paramount to maintaining the integrity of the entire process."

Now, Judge Porteous was in bankruptcy for 3 full years after Judge Greendyke signed that confirmation order on June 28, 2001. During the first year alone, Judge Porteous violated the confirmation order on at least 17 different occasions.

For example, Judge Porteous took out 42 markers at 4 different casinos during 14 different gambling trips. He also opened up a new low-limit credit card, and he used the card regularly throughout the bankruptcy. And he applied to increase his credit limit at one of the casinos where he gambled and thereafter utilized his increased credit line.

You can see from the PowerPoint he took out at least 42 markers at casinos between July 19, 2001, and July 5, 2002, for a total extension of credit of just under $150,000. I don't mean to suggest at the end of that period he owed $150,000. He would get the extension of credit, pay off most of it very often the same day, but on other occasions he left still owing the money. Ultimately it is all paid off, but in each instance he is incurring indebtedness that he should not have been doing and was violating the court order.

Second, he violated the confirmation order when he applied for a new Capital One credit card on August 13, 2001, less than a month after the order was entered, and he used that card regularly throughout the bankruptcy period.

Again, Judge Porteous again violated the confirmation order on July 4, 2002, when he applied to increase his credit limit at the Grand Casino Gulfport from $2,000 to $2,500, and immediately

after this credit increase was authorized, Judge Porteous continued to gamble at the casino and to take out the full $2,500 in markers.

Mr. Chairman, that concludes my overview.

We have signed up three witnesses, the first of whom is the FBI agent, Mr. Wayne Horner.

Mr. SCHIFF. Thank you, Mr. Baron.

Our first witness is Special Agent DeWayne Horner of the FBI.

Agent Horner, if you could come sit at the table.

Agent Horner works out of the FBI's New Orleans office, where he is assigned to that office's Public Corruption Squad. He worked on the investigation of Judge Porteous and is testifying today as a fact witness.

I will now swear the witness. Agent Horner, if you could rise and raise your right hand.

[Witness sworn.]

Mr. SCHIFF. Task Force counsel Kirsten Konar will now question the witness.

TESTIMONY OF DeWAYNE HORNER, SPECIAL AGENT, FEDERAL BUREAU OF INVESTIGATION, NEW ORLEANS, LA

Ms. KONAR. Agent Horner, good morning.

Mr. HORNER. Good morning.

Ms. KONAR. Where are you employed?

Mr. HORNER. I am a special agent with the Federal Bureau of Investigation assigned to the New Orleans Division.

Ms. KONAR. How long have you worked for the FBI?

Mr. HORNER. Approximately 14 years.

Ms. KONAR. And what division do you work in?

Mr. HORNER. I am currently assigned to a Public Corruption Squad in New Orleans.

Ms. KONAR. Were you one of the FBI case agents assigned to the Department of Justice's investigation of Judge Porteous?

Mr. HORNER. I was. The Judge Porteous investigation was kind of carved out of a larger investigation, but I was the agent who handled the Porteous investigation.

Ms. KONAR. What was your role in that investigation?

Mr. HORNER. I was the lead agent.

Ms. KONAR. Are you familiar with the documents and evidence which were obtained as a part of that investigation?

Mr. HORNER. I am.

Ms. KONAR. Did the FBI's investigation include an analysis of Judge Porteous's financial records?

Mr. HORNER. It did.

Ms. KONAR. More specifically, did the FBI analyze Judge Porteous's credit card debts and bank account withdrawals related to gambling for the 5 years preceding his 2001 bankruptcy filing?

Mr. HORNER. Yes. We had a financial analyst that did a lot of financial analysis on the financial records.

Ms. KONAR. I would like to direct your attention to Exhibits 327 and 328. Do you recognize these documents?

Mr. HORNER. Yes.

Ms. KONAR. What are these documents?

Mr. HORNER. 327 is a schedule prepared by our financial analyst which reflects checks written to either casinos or anything associated with gambling, and also cash withdrawals at casinos.

Ms. KONAR. Turning to the last page of Exhibit 327, what is the total dollar amount that Judge Porteous either wrote in checks or withdrew in cash at casinos between January 1997 and May of 2000?

Mr. HORNER. It is at least $27,739.

Ms. KONAR. Turning to the last page of Exhibit 328, what is the total dollar amount charged to Judge Porteous's credit cards related to gambling between July 1995 and July of 2000?

Mr. HORNER. The total is $66,051.05.

Ms. KONAR. Do you know whether these charts list all of Judge Porteous's credit card debts and bank account withdrawals for this time period related to gambling?

Mr. HORNER. No, it doesn't include everything. There is probably some additional credit card charges that were not included in this time period, and there may be some additional withdrawals out of his bank account that were not included.

Ms. KONAR. Mr. Chairman, at this time I move to have Exhibits 327 and 328 made a part of the official record of these proceedings.

Mr. SCHIFF. Without objection.

[The information referred to follows:]

Exhibit 327

G.T. Porteous : Checks Written / Cash Withdrawals Associated with Gaming

BankName	Account Name	Acct Number	Stat Date	Chk #	Amt	Payee	Chk Dated	Comment
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr	[redacted]	1/28/97	2124	$100.00	Treasure Chest	1/4/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		1/28/97	2130	$100.00	Casino Magic	1/10/97	
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		1/28/97	2144	$200.00	Grand Casino Gulfport	1/18/97	
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		1/28/97	2145	$150.00	Grand Casino Gulfport	1/18/97	
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		2/26/97	2224	$200.00	Treasure Chest	2/14/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/26/97	2244	$200.00	Treasure Chest	3/3/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/26/97	2247	$120.00	Treasure Chest	3/6/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/25/97	2160	$100.00	Treasure Chest Casino	4/21/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/25/97	2169	$110.00	Treasure Chest	5/6/97	Post dated Check casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/25/97	2177	$200.00	Grand Casino	4/19/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/27/97	2252	$200.00	Treasure Chest Casino	5/12/97	Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/26/98	ACH	$162.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/26/98	ACH	$162.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/26/98	ACH	$102.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/27/98	ACH	$304.00	Cash Withdr		Cash Withdr @ Isle of Capri Casino, Biloxi MS
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/27/98	ACH	$102.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/27/98	ACH	$142.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
Fidelity Homest	Mr or Mrs G.T. Porteous, Jr		5/20/98	498	$2,500.00	Treasure Chest	5/13/98	Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/26/98	ACH	$142.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/26/98	ACH	$102.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/28/98	ACH	$142.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/28/98	ACH	$102.00	Cash Withdr		Cash Withdr @ Treasure Chest Casino

Chks_gaming_98-00

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Exhibit 327 (cont.)

G.T. Porteous : Checks Written / Cash Withdrawals Associated with Gaming

Bank Name	Account Name	Acct Number	Stmt Date	Chk #	Amt	Payee	Chk Dated	Comment
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr	[redacted]	3/22/00	3527	$150.00	Grand Casino	3/8/00	Grand Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	3533	$150.00	Treasure Chest	3/15/00	Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$102.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$122.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$102.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$102.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$102.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$142.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		3/22/00	ACH	$102.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/24/00	ACH	$202.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/24/00	ACH	$142.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		4/24/00	ACH	$162.00	Cash Withdr		Cash Withdrl @ Treasure Chest Casino
FNBC / Bank One	Judge / Mrs. G. Thomas Porteous, Jr		5/22/00	ACH	$27,739.00	ash Withdr		Cash Withdrl @ Treasure Chest Casino

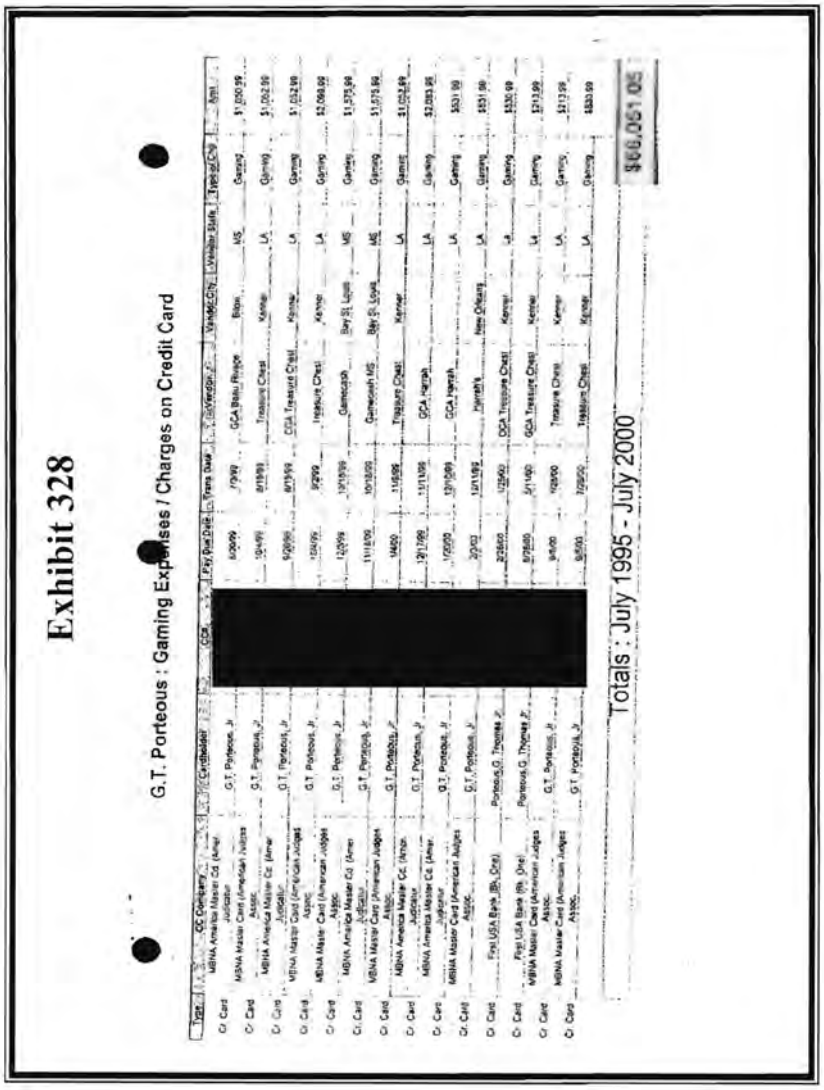

Exhibit 328

G.T. Porteous : Gaming Expenses / Charges on Credit Card

Type	CC Company	Cardholder	GCA	Pay Post Date	Trans Date	Vendor	Vendor City	Vendor State	Type of City	Amt
Cr. Card	MBNA America Master Cd (Amer Judicatur	G.T. Porteous, Jr	[redacted]	10/29/99	7/29/99	GCA Bally Rouge	Baton	MS	Gaming	$1,000.00
Cr. Card	MBNA America Master Cd (American Judiciary Assoc	G.T. Porteous, Jr		10/14/99	8/11/99	Treasure Chest	Kenner	LA	Gaming	$1,002.00
Cr. Card	MBNA America Master Cd (Amer Judicatur	G.T. Porteous, Jr		9/28/99	8/13/99	GCA Treasure Chest	Kenner	LA	Gaming	$1,012.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		12/29/99	9/29/99	Treasure Chest	Kenner	LA	Gaming	$2,068.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		12/29/99	10/15/99	Gameco	Bay St. Louis	MS	Gaming	$1,575.00
Cr. Card	MBNA America Master Cd (Amer Judicatur	G.T. Porteous, Jr		11/18/99	10/18/99	Gameco MS	Bay St. Louis	MS	Gaming	$1,575.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		11/02	11/05/99	Treasure Chest	Kenner	LA	Gaming	$1,002.00
Cr. Card	MBNA America Master Cd (Amer Judicatur	G.T. Porteous, Jr		12/17/99	11/11/99	GCA Harrah		LA	Gaming	$2,003.00
Cr. Card	MBNA America Master Cd (Amer Judicatur	G.T. Porteous, Jr		12/27/99	12/10/99	GCA Harrah		LA	Gaming	$531.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		2/2/00	12/11/99	Harrah's	New Orleans	LA	Gaming	$531.00
Cr. Card	First USA Bank (Bh, Ohio)	Porteous,G. Thomas Jr		2/28/00	1/27/00	GCA Treasure Chest	Kenner	LA	Gaming	$330.00
Cr. Card	First USA Bank (Bh, Ohio)	Porteous,G. Thomas Jr		3/28/00	3/11/00	GCA Treasure Chest	Kenner	LA	Gaming	$213.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		5/4/00	4/20/00	Treasure Chest	Kenner	LA	Gaming	$213.00
Cr. Card	MBNA Master Card (American Judiciary Assoc	G.T. Porteous, Jr		5/30/00	7/28/00	Treasure Chest	Kenner	LA	Gaming	$833.00
					Totals : July 1995 - July 2000					$66,051.00

Mr. KONAR. In addition to the financial analysis conducted by the FBI, did the FBI also review Judge Porteous's casino records?

Mr. HORNER. We did.

Ms. KONAR. Was that review one of your primary areas of responsibility?

Mr. HORNER. Yes. I think I visited every casino on the Gulf Coast.

Ms. KONAR. Would you please describe for the Task Force how you obtained Judge Porteous's casino records?

Mr. HORNER. First we would issue a subpoena to the casino, and then they would call and tell us that they had the records. I would usually drive over there and get them, or sometimes they would mail them. After we received the records, we would go over them and look at them and try to analyze them and see what was going on. A lot of times, not all of the time, but a lot of the times, the casinos have a very complicated method to their bookkeeping and recordkeeping, so sometimes we would have to go back to the casinos and have them explain the records or explain the abbreviations that were on the records.

Ms. KONAR. Why did the casinos have specific records for Judge Porteous?

Mr. HORNER. Judge Porteous was an established rated player at these casinos, meaning he had set up an account with the casinos so they could keep track of his gaming winnings and losses, and then in return for that, Judge Porteous would receive comps from the casino, which are shows, rooms, food, booze, things like that.

Ms. KONAR. Did the casino records that you collected and reviewed include listings of all of the markers that were taken out by Judge Porteous?

Mr. HORNER. Yes, they did.

Ms. KONAR. Did the casinos explain to you what a marker was?

Mr. HORNER. Yes, they did.

Ms. KONAR. What did they tell you?

Mr. HORNER. A marker just basically is an extension of credit by the casino to the customer. It allows the customer to draw down on the credit limit, and then what the casino does is it will draw any unpaid sums from the marker from the customer's bank account after some fixed period of time. The fixed period of time can vary by casino. They can have 3-day holds on the markers or 5-day holds or 30-day holds. It just depends.

Ms. KONAR. Did the casinos tell you whether players were required to fill out a credit application before they could obtain markers?

Mr. HORNER. What was that?

Ms. KONAR. Were gamblers required to fill out a credit application before they could take out markers at a casino?

Mr. HORNER. Yes, they were. It is much like probably a credit card application.

Ms. KONAR. Are you aware that Judge Porteous filed for Chapter 13 bankruptcy in March of 2001?

Mr. HORNER. I am.

Ms. KONAR. Directing your attention to Exhibit 125, which is Judge Porteous's initial bankruptcy petition, what is the name that Judge Porteous used on this petition?

Mr. HORNER. Judge Porteous used G.T. Ortous.

Ms. KONAR. Is that a false name?

Mr. HORNER. That is a false name.

Ms. KONAR. What is the address used on this petition?

Mr. HORNER. He used Post Office Box 1723, Harvey, Louisiana 70059.

Ms. KONAR. Now, directing your attention to Exhibit 145, do you recognize this document?

Mr. HORNER. Yes, I do.

Ms. KONAR. What is this document?

Mr. HORNER. That is an application Judge Porteous made for a post office box in New Orleans shortly before he filed for his bankruptcy, specifically 8 days prior to his filing bankruptcy.

Ms. KONAR. As a part of your investigation for the Department of Justice, did you obtain a copy of this document?

Mr. HORNER. Yes, I did.

Ms. KONAR. Are you also aware that Judge Porteous filed his bankruptcy schedules on April 9th, 2001?

Mr. HORNER. I am.

Ms. KONAR. I would like to direct your attention to Judge Porteous's bankruptcy Schedule B. What information is asked for in question 17?

Mr. HORNER. Schedule B is his personal property schedule in the bankruptcy. Question 17 asks for other liquidated debts owing the debtor, including tax refunds, and then it specifically asks for particulars.

Ms. KONAR. What was Judge Porteous's response to question 17?

Mr. HORNER. Judge Porteous responded he had none.

Ms. KONAR. Do you know whether that response was truthful?

Mr. HORNER. That was not truthful.

Ms. KONAR. Why was that not truthful?

Mr. HORNER. Because on March 23rd, he filed his year 2000 tax return asking or requesting a $4,300 refund from the IRS.

Ms. KONAR. Turning your attention to Exhibit 141, is this the 2000 tax return you just referenced?

Mr. HORNER. Yes, it is.

Ms. KONAR. And turning to page 2 of the document, is this the $4,000 tax refund you just referenced?

Mr. HORNER. Yes. Specifically it is $4,143.72.

Ms. KONAR. And March 23rd was just 5 days before Judge Porteous filed his original bankruptcy petition?

Mr. HORNER. That is correct.

Ms. KONAR. I would now like to direct your attention to Exhibit 142. Do you recognize this document?

Mr. HORNER. What is the exhibit number?

Ms. KONAR. 142.

Mr. HORNER. Yes, I do.

Ms. KONAR. What is this document?

Mr. HORNER. This is a copy of Judge Porteous's Bank One statement.

Ms. KONAR. Did you obtain a copy of Judge Porteous's Bank One records as a part of your investigation?

Mr. HORNER. I did.

Ms. KONAR. Does this document contain any information concerning Judge Porteous's tax refund?

Mr. HORNER. Yes. This document shows that Judge Porteous received the $4,100 refund on April 13th of 2001.

Ms. KONAR. And April 13th was just 4 days after Judge Porteous had filed his bankruptcy schedules and stated that he was not owed a tax refund?

Mr. HORNER. That is correct.

Ms. KONAR. Turning your attention to Schedule I of Judge Porteous's bankruptcy schedules, what information is supposed to be disclosed on Schedule I?

Mr. HORNER. Schedule I is his current income he is supposed to provide to the bankruptcy trustee. And Judge Porteous provided his—well, he provided his gross income as $7,531.52, which really is his net income for the period.

Ms. KONAR. Was Judge Porteous's response that his net income was $7,531 in the year 2001 a truthful answer?

Mr. HORNER. No, because he used a pay stub from May of 2000.

Ms. KONAR. I would like to direct your attention back to Exhibit 142, which you just testified was Judge Porteous's Bank One statement. Does this statement contain any information concerning Judge Porteous's 2001 income?

Mr. HORNER. It does. It shows that on April 2nd, which is April 2 of 2001, his Federal salary was deposited into his Bank One checking account, and it shows the government deposited $7,705.51, which is different than what he represented to the bankruptcy court.

Ms. KONAR. So Judge Porteous's 2001 salary was approximately $200 a month greater than what he disclosed on his Schedule I?

Mr. HORNER. That is correct.

Ms. KONAR. Are you aware that Judge Porteous also filed a statement of financial affairs with the bankruptcy court on August 9, 2001?

Mr. HORNER. I am.

Ms. KONAR. Directing your attention to question 3 on the statement of financial affairs, what information does this question ask for?

Mr. HORNER. Specifically question 3 asks for Judge Porteous to list all payments on loans, installments, purchases and any other kind of debt totaling more than $600.

Ms. KONAR. What was Judge Porteous's response to question 3?

Mr. HORNER. Judge Porteous reported normal installments.

Ms. KONAR. What does the term "normal installments" mean?

Mr. HORNER. Normal installments would mean something like your mortgage payments, car payments, credit card payments, something like that.

Ms. KONAR. Do you know whether Judge Porteous's response of normal installments was truthful?

Mr. HORNER. It was not truthful.

Ms. KONAR. What did your investigation reveal regarding Judge Porteous's payments of any debts paid in the past 90 days preceding his bankruptcy?

Mr. HORNER. Say that again?

Ms. KONAR. What did your investigation reveal regarding whether Judge Porteous did, in fact, make any payments within the 90 days preceding his bankruptcy?

Mr. HORNER. He did.

Ms. KONAR. Did Judge Porteous make any payments to the Treasure Chest Casino?

Mr. HORNER. He did.

Ms. KONAR. Directing your attention to Exhibit 302, do you recognize this document?

Mr. HORNER. I do.

Ms. KONAR. What is this document?

Mr. HORNER. This is a part of Judge Porteous's gaming records from the Treasure Chest Casino, which is located in Kenner, Louisiana, and this is a history of some of the markers that he took at the casino.

Ms. KONAR. What does this document show regarding Judge Porteous's activities at the Treasure Chest Casino in March of 2001?

Mr. HORNER. It shows that on March 2, 2001, Judge Porteous took out seven $500 markers, okay? And then on March 3rd of '01—which means the gambling trip probably passed over midnight, so that is why it is repaid on March 3rd. On March 3rd, he repaid four of the markers with chips. And then on March 27th of 2001, he goes back to the casino and pays the remaining markers in cash. He makes a $1,500 cash payment to the casinos.

Ms. KONAR. So on the day before Judge Porteous filed for bankruptcy, he made a $1,500 cash payment to the Treasure Chest Casino?

Mr. HORNER. That is correct. In cash.

Ms. KONAR. Do you consider that payment to be a normal installment?

Mr. HORNER. No.

He also on the 27th, I should add, deposited—he made a $2,000 deposit in his checking account on March 27th, $1,960 of which was cash also.

Ms. KONAR. Do you know the source of that cash?

Mr. HORNER. No.

Ms. KONAR. Directing your attention to question 8 on the statement of financial affairs, what information does this question ask for?

Mr. HORNER. Specifically question 8 asks for any losses from fire, theft, casualty, and then it specifically lists out gaming, within 1 year immediately preceding the bankruptcy application.

Ms. KONAR. What was Judge Porteous's response to question 8?

Mr. HORNER. He stated he had no losses.

Ms. KONAR. Do you know whether that response was truthful?

Mr. HORNER. That was not truthful.

Ms. KONAR. As a part of your investigation, did you analyze all of Judge Porteous's gambling losses for the year immediately preceding his bankruptcy filing?

Mr. HORNER. We did.

Ms. KONAR. I would like to direct your attention to Exhibit 337. Do you recognize this document?

Mr. HORNER. I do.

Ms. KONAR. What is this document?

Mr. HORNER. This is a document that shows our analysis of his gaming activities for the 1 year preceding bankruptcy, and it shows any winnings or any losses that he incurred in that 1-year period.

Ms. KONAR. What does this analysis show regarding Judge Porteous's gambling losses for that year?

Mr. HORNER. Specifically it shows that he had gross gaming losses of $12,895.35, with a net loss of $6,233.20.

Ms. KONAR. Where did you get all the necessary information to determine what Judge Porteous's gambling losses were?

Mr. HORNER. We got them from the casino records.

Ms. KONAR. Do you know whether a confirmation order was entered in Judge Porteous's bankruptcy case?

Mr. HORNER. I do.

Ms. KONAR. Directing your attention to Exhibit 133, which is a copy of the Porteous confirmation order, does this order address whether Judge Porteous was allowed to incur any additional debt?

Mr. HORNER. It does.

Ms. KONAR. What does it say in that regard?

Mr. HORNER. Specifically it says, the debtor shall not incur additional debt during the term of this plan except upon written approval of the trustee.

Ms. KONAR. Did Judge Porteous continue to take out markers at casinos after this confirmation order was entered?

Mr. HORNER. He did.

Ms. KONAR. I would like to direct your attention to the summary chart prepared by Task Force staff which shows all the casino markers taken out by Judge Porteous after the confirmation order was entered up until July of 2002. How many total markers did Judge Porteous take out during this time period?

Mr. HORNER. Judge Porteous took out 42 total markers.

Ms. KONAR. What is the total dollar amount that Judge Porteous borrowed and then repaid in the casino for those 42 markers?

Mr. HORNER. $149,400.

Ms. KONAR. As one example of the gambling trips listed on this chart, did Judge Porteous gamble at the Treasure Chest Casino in August of 2001?

Mr. HORNER. He did.

Ms. KONAR. Directing your attention to Exhibit 313, do you recognize this document?

Mr. HORNER. I do.

Ms. KONAR. What is this document?

Mr. HORNER. This is Judge Porteous's marker history from the Treasure Chest Casino for the time period August of 2001.

Ms. KONAR. All right. What does this exhibit show specifically regarding Judge Porteous's activities at the Treasure Chest Casino in August of 2001?

Mr. HORNER. Specifically it shows that he took out eight $1,000 markers for a total of $8,000 over the time period of August 20-August 21. So, again, the gaming trip probably flipped over midnight. Then he repaid five of the markers in chips on either August 20th or August 21st. He left owing the casino that night with an amount of $3,000. Then he comes back to the casino on September 9th, 2001, and repays two of the markers in cash. And then the last marker he comes back to the casino on September 15th, 2001, with another $1,000 in cash.

Ms. KONAR. Was it a violation of the confirmation order for Judge Porteous to take out these eight markers at the Treasure Chest Casino?

Mr. HORNER. Yes.

Ms. KONAR. Do you know whether Judge Porteous opened up any credit cards after the confirmation order was entered?

Mr. HORNER. He did.

Ms. KONAR. Directing your attention to Exhibit 341-A, do you recognize this document?

Mr. HORNER. I do. It is the Capital One credit card application signed by Judge Porteous.

Ms. KONAR. Was this one of the documents obtained as a part of your investigation?

Mr. HORNER. It was.

Ms. KONAR. What is the date on this credit card application?

Mr. HORNER. August 13th, 2001.

Ms. KONAR. August 13, 2001, was less than 1 month after the confirmation order was entered, correct?

Mr. HORNER. That is correct.

Ms. KONAR. To the best of your knowledge, is that Judge Porteous's signature on the credit card application?

Mr. HORNER. That is his signature.

Ms. KONAR. Directing your attention to Exhibit 341-B, do you recognize these documents?

Mr. HORNER. I do.

Ms. KONAR. What are these documents?

Mr. HORNER. These are the charges on the Capital One credit card that he applied for just previously.

Ms. KONAR. Do these charges show whether Judge Porteous used the Capital One credit card after the confirmation order?

Mr. HORNER. They do.

Ms. KONAR. Was it a violation of the confirmation order for Judge Porteous to open the Capital One credit card and thereafter use the card to incur new debt?

Mr. HORNER. Yes, it was.

Ms. KONAR. Do you know whether Judge Porteous applied for a credit limit increase at any of the casinos where he gambled after the confirmation order was entered?

Mr. HORNER. He did. In July, July 4, 2002, he applied to increase his credit limit at the Grand Casino Gulfport.

Ms. KONAR. Directing your attention to Exhibit 324, do you recognize this document?

Mr. HORNER. I do.

Ms. KONAR. What is it?

Mr. HORNER. This is the credit line change request that Judge Porteous signed on July 4th of 2002.

Ms. KONAR. Is that Judge Porteous's signature?

Mr. HORNER. It is.

Ms. KONAR. Based on your investigation, will a casino ever increase a gambler's credit line without the gambler proactively requesting that credit line increase?

Mr. HORNER. No.

Ms. KONAR. What is the normal procedure at a casino when a gambler requests a credit line increase?

Mr. HORNER. Usually what they will do is ask the customer to fill out some kind of application or some kind of change request, and then what they will do is run either a consumer credit report or what is called a central credit report, which is a credit report specifically used by casinos for gamblers.

Ms. KONAR. How else is a central credit report different from a normal commercial credit report?

Mr. HORNER. Well, the central credit report only reports gaming activity on a particular gambler. So what it does, it keeps track of the gambler's limits, what casinos they have applied credit at, and then it will also show or reflect any negative histories at the casinos, if they failed to pay a marker or bounced a check or something like that.

Ms. KONAR. Is it important to gamblers to keep their central credit reports clean of any blemishes?

Mr. HORNER. Absolutely, because if a gambler gets a negative history on his central credit report, what happens is the other casinos generally cut him off.

Ms. KONAR. Turning back to this Grand Casino Gulfport credit line increase, after Judge Porteous requested this increase, do you know whether he gambled at the casino on that same day?

Mr. HORNER. He did.

Ms. KONAR. Turning your attention to Exhibit 325, do you recognize this document?

Mr. HORNER. This is the marker history from the Grand Casino Gulfport which covers the time period in question.

Ms. KONAR. Does this exhibit show whether Judge Porteous took out markers at the Grand Casino Gulfport in July of 2002?

Mr. HORNER. It does.

Ms. KONAR. What is the total dollar amount in markers Judge Porteous took out?

Mr. HORNER. Twenty-five hundred.

Ms. KONAR. And $2,500 was his newly increased credit limit; is that correct?

Mr. HORNER. That is correct.

Ms. KONAR. So Judge Porteous applied to increase his credit limit at the Grand Casino Gulfport and thereafter utilized his new credit limit to gamble up to that limit?

Mr. HORNER. That is correct. He maxed it out as soon as he got it.

Ms. KONAR. Was that a violation of the confirmation order?

Mr. HORNER. It was.

Ms. KONAR. Did your investigation reveal a pattern where Judge Porteous favored making repayments at casinos over making repayments of other debts?

Mr. HORNER. It did.

Ms. KONAR. What did that pattern show specifically?

Mr. HORNER. Well, specifically it showed that Judge Porteous favored the casinos and a credit card company over his other creditors.

Ms. KONAR. Mr. Chairman, that concludes my questioning.

Mr. SCHIFF. Thank you.

Let me ask you a few questions, Agent Horner.

What would have been the result if Judge Porteous had listed markers on his bankruptcy petition or defaulted on debt to a casino?

Mr. HORNER. Well, if he would have listed the marker on the bankruptcy decision, the marker would have been discharged in bankruptcy, or since this was a 13, the casino would have been

treated like any other creditor and probably got—I think his plan was 39 cents on the dollar. So the casino would have been paid 39 cents on the dollar.

Mr. SCHIFF. And had that happened, would the casinos have continued extending credit to him?

Mr. HORNER. No. If the casino had found out that he had filed for bankruptcy, they would not have extended credit to him anymore.

Mr. SCHIFF. And did the judge indicate any of his casino debt on his bankruptcy petition?

Mr. HORNER. No. None.

Mr. SCHIFF. As a result, did the casinos get paid 100 percent of their debt whereas other creditors got maybe a third of their debt?

Mr. HORNER. That is exactly what happened. Treasure Chest, Grand Casino, Beau Rivage, they were all paid 100 percent, versus his credit cards, Bank of America and stuff, they got 39 cents on the dollar, the same as there was a bank loan that he had that was listed in the bankruptcy which got 39 cents on the dollar.

Mr. SCHIFF. Were the markers always paid either by cashing out chips or by the judge coming in later and giving cash? Or you mentioned the markers gave the casinos the right to tap into the judge's bank account. Did they ever have to use that mechanism, or did the judge always go and pay the marker one way or another?

Mr. HORNER. No. What happened in Judge Porteous's case was the markers were repaid, I think, one of four different ways. Sometimes he would pay with chips. When he was at the casino, he would pay it off with chips. Sometimes he would pay it off with cash. Other times he would write a check to the casino paying it off. And then the fourth way, sometimes his secretary wrote a check to the casino paying off the marker.

Mr. SCHIFF. This was his judicial secretary?

Mr. HORNER. Yes.

Mr. SCHIFF. You were showing some of the charts earlier that would show him gambling for a period of a day and a half; it would go after midnight.

Mr. HORNER. Right.

Mr. SCHIFF. Some of the markers he would pay in chips, and some he would pay a day or so later, and some he would pay a week or two later.

Mr. HORNER. Right.

Mr. SCHIFF. Were those at multiple casinos on the same day, or how is it that some were paid a day later, and some were paid through chips, and some were paid a week later? Were those all debts at the same casino? Were those visiting multiple casinos in the course of a single day?

Mr. HORNER. No, generally it was one casino per trip. If he had a stack of chips in his hand when he was done gambling, I suppose he would just walk to the cage and try to pay off any markers he had outstanding with whatever chips he had left.

Mr. SCHIFF. The multiple debts that appear on some of the exhibits, some of which he paid out right away and some of which he paid out later, those would have been incurred at the same casino during the same day?

Mr. HORNER. Yes.

Mr. SCHIFF. Does that mean he would gamble—he would get chips through a marker.

Mr. HORNER. Right.

Mr. SCHIFF. At, say, the beginning of the evening.

Mr. HORNER. Right.

Mr. SCHIFF. He would gamble and win some, lose some.

Mr. HORNER. Right.

Mr. SCHIFF. Cash in chips.

Mr. HORNER. That is correct.

Mr. SCHIFF. And then later in the evening borrow more chips.

Mr. HORNER. Yes, he did that sometimes, too. He would draw on a marker, gamble for a while; go back, probably lose what he drew down on the marker; go back, draw another marker, either win or lose; go back, either draw another marker or pay off the two previous markers or just pay off one marker if that he is all he had in his pocket at the time. So it just kind of depended upon whether he was winning or losing what would happen.

Mr. SCHIFF. Those multiple transactions were at the same casino, and it just reflected the process of the evening of cashing in and cashing out.

Mr. HORNER. Right. Exactly.

Mr. SCHIFF. But to your knowledge, the casinos never actually had to go and draw the money from his own accounts?

Mr. HORNER. No. They did. Sometimes they did drop the markers.

Mr. SCHIFF. That is called dropping the markers?

Mr. HORNER. Yes. They deposited the marker to his bank account. I guess there is five ways that the markers were paid.

Mr. SCHIFF. So sometimes they took advantage of the process, the link to his bank account, and actually when he didn't within the time period make the payment, they went and they drew the funds out of his account?

Mr. HORNER. That is correct.

Mr. SCHIFF. Now, you did a summary of the amount of checks and cash he had written or paid for gaming expenses from 1997 to 2000 that add up to $27,000, and then the number of credit card debts he incurred from 1995 to 2000, which was $66,000. I want to ask you about those two different periods. For one you looked at the period from 1997 to 2000.

Mr. HORNER. That is correct.

Mr. SCHIFF. And the other, '95 to 2000. Why did you choose two different periods? Do you know what the amount of checks and cash from '95 to 2000 would have been?

Mr. HORNER. I don't know it off the top of my head, but I am sure the financial analyst that prepared the schedules, he would know the numbers or the answer to that question.

Specifically, the two different time periods, those were the time periods that were used in the fifth circuit, I believe, at the fifth circuit hearing. And I don't know why they specified those two time periods. That was the financial analysts working with the fifth circuit people.

Mr. SCHIFF. In your investigation, did you determine when the judge's gambling problem began or how long had it been ongoing?

Mr. HORNER. Well, he had credit at—I think the Treasure Chest was the first casino that he had credit established at, and I'm going from memory here. I think it went back to '95 or '92, something like that. But that is kind of an estimate, because I can't remember exactly how far back the Treasure Chest records went.

Mr. SCHIFF. As far as you recall, the Treasure Chest may be the first casino where he became an established——

Mr. HORNER. Yes. That was his preferred—he liked to go to the Treasure Chest because it was real close to his house.

Mr. SCHIFF. The 149,000 in markers that were taken out, many of which were repaid——

Mr. HORNER. Right.

Mr. SCHIFF. How much was the sort of net loss from those markers? In other words, he goes to a casino; he takes out a mark; at some point, he cashes in chips to pay part of the mark. Was it generally or often the case that he lost and therefore couldn't pay off the mark at that visit and had to pay it off in the days or weeks that followed?

Mr. HORNER. I don't know the exact total, but in reviewing the records—I mean, I'm going to estimate that maybe half the time he lost—half the time he won, half the time he lost. Okay. That is just a rough estimate. But I don't know the total loss, net loss, or the amount of money that he owed casinos when he left. I don't know that number.

Mr. SCHIFF. Now, the 140—was it 149,000?

Mr. HORNER. 149,000.

Mr. SCHIFF. That was during the course of 1 or 2 years while he was in bankruptcy?

Mr. HORNER. That was for the time period after the order was entered through I think 2002, because our gaming records only went up to about 2002. I think he was discharged in July of '04.

Mr. SCHIFF. So that amount and any amounts that he lost subsequent to the filing of the bankruptcy petition, that all postdates that 66,000 and $27,000 figure.

Mr. HORNER. That's correct.

Mr. SCHIFF. At this point, you have to check. You're not aware of how much of the 149,000 was in that loss that subsequently had to be repaid?

Mr. HORNER. Right. I don't know that number.

Mr. SCHIFF. Now, you say half the time he won, half the time he lost. Does that mean that the amounts were the same or that, ultimately, when you looked at a given date like the charge you showed us, he would win and he would lose, but at the end of the day there were usually markers that he did not have the ability to pay off?

Mr. HORNER. Usually—I'm going to say probably—and this is a rough estimate—40 percent of the time he left the casino owing money. But that is really just an estimate by reviewing the records.

Mr. SCHIFF. Do you know, did the credit card application that he filled out during the pendency of the bankruptcy proceeding, did that credit card application ask him whether he had ever filed bankruptcy?

Mr. HORNER. I don't think so, because it was one of those quick applications where you just basically sign it and date it and you

can get the card. And it was one of those low-limit cards. It was a Capital One. I think the balance was—or the credit limit on it was for $200. So I think it was one of those cards that sometimes, if you file bankruptcy, I think you might get the application, maybe. I don't know. But it didn't ask that question, not that I know of.

Mr. SCHIFF. Thank you, Agent.

I now recognize the Ranking Member of the Task Force, Mr. Goodlatte.

Mr. GOODLATTE. Thank you, Mr. Chairman.

Agent Horner, are there reasons that Judge Porteous or anyone who may gamble frequently would want casinos to track their gambling patterns?

Mr. HORNER. Yes. The main benefit that—well, there is two reasons. One for tax purposes, for wins and losses, because they have to report their winnings and losings. Number two, a gamer or gambler would want their gaming activity rated—they call it rated play—because the casino will then give the customer food and room specials. They will give them free shows if they play enough. They will even give them free transportation to the casino.

There is a term of art that is used, RFB. It is called room, food, beverage. A gambler will try to attain RFB status at the casino where when he walks in—or he or she walks in, you know, everything is paid for, including your room. So that is the main benefit to a gambler.

Mr. GOODLATTE. Do you know if Judge Porteous received such benefits?

Mr. HORNER. He did.

Mr. GOODLATTE. How many casinos did you identify where Judge Porteous was an established or rated player?

Mr. HORNER. Probably about 10.

Mr. GOODLATTE. All in the Gulf Coast region and New Orleans?

Mr. HORNER. Most of them in the Gulf Coast region, but he is also rated at Caesars in Vegas and Caesars in Tahoe.

Mr. GOODLATTE. You indicated that one of the reasons for having that tracked was the convenience in terms of completing your tax return. Have you had the opportunity to examine Judge Porteous's tax returns?

Mr. HORNER. I have.

Mr. GOODLATTE. Did you find anything unusual in those tax returns?

Mr. HORNER. Well, for one, he took a deduction for a gift, I think the first year, like a $4,200 deduction for gifts, but he doesn't put any gifts on the bankruptcy because there is a question on there for gifts given. Okay. Well, he didn't report that in the bankruptcy. But on the tax return, he did take a $4,200 deduction for gifts. If I remember right, I don't think there was any gaming wins or losses reported on his tax return.

Mr. GOODLATTE. Earlier in your testimony you said that you and the FBI analyst had attempted to add up withdrawals at casinos on Judge Porteous's credit cards and bank; and you indicated that you had come up with a chart that depicted the extent of those withdrawals, quote, at a minimum. Why do you think there may be more gambling-related charges and withdrawals?

Mr. HORNER. Because I think what the analyst did was he took kind of a narrow view of gaming withdrawals or gaming charges and only used withdrawals that were taken at the casino. But we know that there is a cash machine located right outside the Treasure Chest casino, 5500 Williams Boulevard, and Judge Porteous would frequently go to that cash machine right before he went to the casino, and I don't think that those transactions are reflected in the chart. So if you add all of those, the cash machines that are located around the casinos, that we could see he was hitting before he was going into the casino, the number is probably going to be bigger.

Mr. GOODLATTE. Do you have any way of calculating what that was based upon looking at his bank records?

Mr. HORNER. We do. But that is something that the financial analyst would calculate. But we do because we have got the bank records and we can see where the cash withdrawals are made and we know which cash machines are located right outside the casinos.

Mr. GOODLATTE. And how do you come to the conclusion that casinos would not extend credit to individuals in bankruptcy? Did you learn that from speaking with officials at the casinos you visited or——

Mr. HORNER. Yeah, I asked them that question.

Mr. GOODLATTE. What did they say to you?

Mr. HORNER. They said absolutely not.

Mr. GOODLATTE. Once they know somebody is in bankruptcy, they cut them off?

Mr. HORNER. Right. They are much—they are just like a bank. A bank is—you know, I shouldn't say because banks do—don't loan money to people, and they did to Judge Porteous. He refinanced a loan. But, you know, casinos generally are not going to extend credit to people who have filed for bankruptcy.

Mr. GOODLATTE. Thank you.

Agent Horner, when you obtained Judge Porteous's tax returns, did you do so under a court order?

Mr. HORNER. Yes.

Mr. GOODLATTE. Thank you very much. Those are all the questions I have.

Mr. SCHIFF. The gentleman yields back.

Ms. Sheila Jackson Lee.

Ms. JACKSON LEE. Thank you very much.

Agent Horner, what do you think would have happened if Judge Porteous had listed an outstanding casino marker on his bankruptcy petition or otherwise defaulted on a debt to a casino?

Mr. HORNER. Well, if he had listed the casino debt on the bankruptcy application, the casino would have been treated like any other creditor. They would have participated in the plan. They would have been paid I think it was 39 cents on the dollar, just like all the other credit card companies were; and then that debt would have been discharged after the time period.

Ms. JACKSON LEE. We can also speculate that that would have been a real red flag on a bankruptcy petition, would it not?

Mr. HORNER. Yes. It would. It would have. It would have given the creditors an opportunity maybe to ask Judge Porteous about

his gaming activity as a method to maybe to try to find some more funds for the bankruptcy estate.

Ms. JACKSON LEE. As an FBI agent dealing with either criminal failures or civil failures—and this is speculation and I understand that—if you were in a courtroom, you might assume that a judge might take note of that as well?

Mr. HORNER. I would assume that, yes.

Ms. JACKSON LEE. Do you have any evidence that Judge Porteous secured funds from individuals—I hate to use the term "loan sharks". That may be dated. Do you have any evidence that he might have tried to get funds from other than credit card sources that seem to be part of your testimony today?

Mr. HORNER. Well, he obtained funds from other lawyers, you know. He had a little situation with some lawyers that, you know, they were paying him some funds for some curatorships. So he was generating funds like that back in the '90's. But as far as during this time period, other than—I don't know that he obtained money from any loan sharks. Or anything like that.

Ms. JACKSON LEE. And help me again. How far back did this gambling evidence suggest that he had been gambling?

Mr. HORNER. I think the records from Treasure Chest went back to the early to mid '90's.

Ms. JACKSON LEE. At the level of the evidence which you reviewed about his gambling habits, would it suggest that he needed to keep a constant flow of money going?

Mr. HORNER. Yes.

Ms. JACKSON LEE. And so he needed to be pretty nimble, pretty astute at trying to move dollars around?

Mr. HORNER. Well, what he did was, by overinflating his expenses in the bankruptcy and underestimating his income, what he was able to do was kind of create a little pot of money during the bankruptcy period which he could then gamble with that money.

Ms. JACKSON LEE. Say that again for me so that I can understand.

Mr. HORNER. What he did was he provided an old pay stub to the bankruptcy trustee which it was a low figure, okay? And so that created money every month for him to gamble, which was outside the bankruptcy estate, outside the purview of the trustee; and then he overinflates his expenses, okay, which then creates another little pot of money that he is able to gamble with or use however he wants to use. But those funds are kept outside the bankruptcy estate.

Ms. JACKSON LEE. In addition, that document is viewed as a Federal document or a document which would make representations to the Federal Government is it not, the bankruptcy petition?

Mr. HORNER. That's correct.

Ms. JACKSON LEE. Are there unique ways that casinos determine creditworthiness of a customer that are different from other typical commercial creditors?

Mr. HORNER. What a casino will do is they will have you fill out the credit application, and then most casinos will run what is called a central credit report, which is a credit report specifically aimed at gamblers and casinos and it tracks gaming activity of the casino's customers. And with the central credit report a casino can

determine whether or not a gambler has a good credit history at the casinos or a bad credit history at casinos.

Ms. JACKSON LEE. So they do so—their inside ball game?

Mr. HORNER. That's right.

Ms. JACKSON LEE. We know you are a gambler, you might be selling your house, but are you good with us?

Mr. HORNER. That's right. And also casinos do—one thing I found out was casinos usually own numerous sister properties is what they call them and they have very good lines of communication between sister properties. So if I went to Harrah's in New Orleans and I bounced a check or something at Harrah's in New Orleans, they are immediately going to put that out to all casinos owned by Jazz Casino Corp., which is the company that owns Harrah's. So they are going to know about it within various casinos.

Ms. JACKSON LEE. It looks like he was focusing around the Gulfport region. Did he travel, though? I didn't see that. Did he make his way to various sites—Michigan, Las Vegas, Atlantic City?

Mr. HORNER. He went to Las Vegas and Tahoe, Lake Tahoe. I never saw anything that he gambled in Atlantic City.

Ms. JACKSON LEE. It sounds like Judge Porteous may have only underestimated his income by a few hundred dollars per month in the 2001 schedules. Is that a fair understanding of the evidence?

Mr. HORNER. I need to find something here. I have some figures that I wrote down here to show you how much difference there was in the paychecks, and I can't put my hands on it.

Okay. Here it is. Well, anyway, the pay stub that he provides is $7,500, approximately. Well, the very next deposit into the Bank One checking account, the first deposit in there after the bankruptcy is filed is, like, $7,700. The next month, it goes up to—I think the next month is $7,700. The next month, it goes up to $7,800; and then the next month after that it jumps to like $8,500, because they are not with holding FICA and all that stuff anymore. So from August through December, the pay that is deposited in his account every month is about $8,500.

Ms. JACKSON LEE. And he only—and what—August and December, what year again?

Mr. HORNER. 2001.

Ms. JACKSON LEE. So you see a decided little cash hedge that he is able to utilize?

Mr. HORNER. Correct. And then he never did report his wife's income either. Which was very small. But still I think we found it averaged, you know, between 2 and $300 a month. But still—and it increased over the term of the bankruptcy. The 3-year period of the bankruptcy her income steadily increased. So that was another little piece of income that he——

Ms. JACKSON LEE. That he dipped into?

Mr. HORNER. That he dipped into.

Ms. JACKSON LEE. Let me just quickly ask these last two questions.

One, is it your testimony today that Judge Porteous committed fraud in his bankruptcy proceedings to conceal the extent of his gambling so he could continue gambling without interference; is that correct?

Mr. HORNER. Yes.

Ms. JACKSON LEE. And then, lastly, I'm still curious about—because when you think of gambling, certainly you can think of great fun and entertainment. But did you have any evidence of his association or having to be involved with unsavory characters—using an old terminology?

Mr. HORNER. No, not that I know of.

Ms. JACKSON LEE. Thank you.

Mr. SCHIFF. The gentlewoman yields back.

Without objection, all the exhibits referenced by Agent Horner or Mr. Baron will be made a part of the record; and now I will recognize Judge Porteous's attorney, Mr. Westling, for 10 minutes to question the witness.

Mr. WESTLING. Thank you, Mr. Chairman.

Special Agent Horner, do you have the casino——

Mr. SCHIFF. Counsel, could you hold off for one quick second?

I'm sorry. I didn't see my colleague. Would you care to question the witness?

Mr. GOHMERT. Thank you, Mr. Chairman, just briefly.

Mr. SCHIFF. Mr. Gohmert is recognized.

Mr. GOHMERT. Thank you.

You have done an extraordinarily good case of just laying out the facts as they were found, and that really makes me appreciate the thoroughness of the job, and it makes our job easier when—as Sergeant Friday used to say, just the facts. But when my friend from Texas asked you about unsavory characters, you had a very long pause there; And so I would like to ask you what it is that was going through your mind. You clearly have a good mind and apparently you were going through some files and checking your directories mentally and I'm wondering what the hesitation was. Is there some people with whom he had contact that gave you cause for concern?

Mr. HORNER. Well, first, the term "unsavory" can mean probably—cover a broad number of people in New Orleans.

Mr. GOHMERT. In New Orleans?

Mr. HORNER. In New Orleans.

Mr. GOHMERT. Really. That's a shock.

Mr. HORNER. So the question really—what I was trying to determine is, in 14 years of public corruption investigations, I mean, there is a lot of people that we have investigated and we have come across and who could maybe fit the term "unsavory". Now, you know, to try to reconcile that with Judge Porteous's relationship with any of these people, okay, I'm sure he has or knows unsavory people in New Orleans. But to define what the relationship is in regards to the question is a difficult one. So——

Mr. GOHMERT. Well—and I understand that. And so that you understand where I'm coming from, our Chairman of our Crime Subcommittee, Bobby Scott, and I were part of a hearing down in New Orleans a couple of years ago in which a U.S. attorney testified a big problem in New Orleans before Hurricane Katrina was graft and corruption, and it remains a big problem in New Orleans. And I understand that is a big problem there.

So let me try to hone in a little more, and I really appreciate my friend from Texas asking the question, because it is important.

This is a Federal judge who has tremendous power and control over people's future, businesses' futures. Are there people who have been investigated for graft or corruption who had personal ties to Judge Porteous?

Mr. HORNER. Yes.

Mr. GOHMERT. And are there people who have been investigated for graft and corruption who may have come before Judge Porteous as a judge who had personal ties to Judge Porteous?

Mr. HORNER. So the question is, if an unsavory or somebody who has been investigated——

Mr. GOHMERT. I'm setting aside unsavory now and trying to get more specific.

So, specifically, you had indicated that there are people who had been investigated for graft and corruption who had personal ties to Judge Porteous.

Mr. HORNER. Right.

Mr. GOHMERT. So I'm taking that the next step to be even more exclusive. Were there people who had been investigated for graft or corruption who had personal ties to Judge Porteous and who came before him as a judge?

Mr. HORNER. Well, we had a case in New Orleans called Wrinkled Robe which was a large public corruption investigation which involved judges, lawyers, the sheriff's office, and bail bondsmen in Gretna, Louisiana; and you're going to hear from two of those—from a couple of people that were involved on the wrong side of Wrinkled Robe in a couple of days.

But Judge Porteous did have a relationship with a bondsman named Louis Marcotte, who was later on investigated for corruption because he corrupted the 24th judicial system. He did have some dealings in front of Judge Porteous when Judge Porteous was on the State bench, okay, not on the Federal bench.

But as far as if you're just asking for the time period of when Judge Porteous was on the Federal bench, I don't know of anybody that would fit that category.

Mr. GOHMERT. And one follow-up to that, if I might. The casinos obviously were extending markers, giving him credit. Do you know of any business that anyone associated with the casinos who extended him markers and credit had before his court?

Mr. HORNER. So the question is whether or not a casino had a matter before him?

Mr. GOHMERT. Or people involved with the casino individually had. Because it may be that the casino did not as the casino, but people involved with the casino who had an interest in the casino, pecuniary interest in the casino and had some business before the court.

Mr. HORNER. I don't know the answer to that question. But—I don't know the answer to that.

Mr. GOHMERT. With the data bank that you have from your obviously very thorough investigation, would it be possible to run a cross-check between litigants before the court during the time he was a Federal judge and people who had a pecuniary interest in the casinos where he was extended credit?

Mr. HORNER. I don't think we could do that because we would have to know the name that we would want to run. We would have

to know if that person also had—is an established player at a casino, and casinos generally don't give us that information unless we issue them a subpoena. So if I had the name of John Smith that appeared as a litigant in front of Judge Porteous, I would have no way of knowing whether or not John Smith has an account at Treasure Chest or Beau Rivage or anything like that.

Mr. GOHMERT. It may be worth following up. But, thank you, Mr. Chairman.

Mr. SCHIFF. I thank the gentleman.

The gentleman yields back. We will now go back to Judge Porteous's attorney, Mr. Westling, for his questions.

Mr. WESTLING. Thank you, Mr. Chairman.

Special Agent Horner, you have testified a bit about the casino credit process. I just want to make sure I understand some things about that. You've indicated that there is a credit report that is generated inside, I would put it, the casino system, players credited at various facilities that is often used in determining whether to extend a marker; is that correct?

Mr. HORNER. It is not really a credit system inside the casino system. It is a company separate and apart from the casinos that the casinos will subscribe to the service, the central credit service; and the central credit then provides information back to the casinos. So, you know, I don't think it is a part of the casinos. They just provide information to casinos.

Mr. WESTLING. But, in essence, it is a database of information that relates to casino credit as compared to other credit?

Mr. HORNER. That's correct. And it does have some banking information on there, also. Like, it will show high and low limits of the customer's bank accounts and things like that.

Mr. WESTLING. All right. Do they also typically run credit reports?

Mr. HORNER. Sometimes they do.

Mr. WESTLING. And, obviously, had they run a credit report in this case, the bankruptcy would have showed up, would it have not?

Mr. HORNER. Yeah, it would have shown up.

Mr. WESTLING. So to the extent the bankruptcy is out there, it is a public record like a tax lien or anything else. It is going to show up on a credit report, and it is available in the normal sources that a casino would check to determine creditworthiness. Is that a fair statement?

Mr. HORNER. Well—but the problem you have with Judge Porteous's bankruptcy is that he has got his Social Security number listed, and then he has also got the fake name, and then he has also got the real name. So when the credit report is issued and the bankruptcy shows up under—it is going to show up under his Social Security number, but it also going to show up under—as G. T. Orteous. So somebody reading the credit report doesn't know if the Social Security number is wrong or if the name is wrong. So it is hard to determine what is correct on the consumer credit report.

Mr. WESTLING. But as a practical matter, a credit report typically lists a number of names anyone has ever been associated with?

Mr. HORNER. It does.

Mr. WESTLING. So this isn't exactly a puzzle for people who are day in and day out granting credit, is it?

Mr. HORNER. No. Well—I mean, it would show up, but there would be a question as to whether or not—what the correct information is.

Mr. WESTLING. But as a practical matter, the information would be there. They would just have to decide what value it had?

Mr. HORNER. Right. That's correct.

Mr. WESTLING. Okay. Do you have the—there is a chart that was used earlier, Judge Porteous's casino markers post confirmation. Do you have that in front of you?

Mr. HORNER. I do. What is the exhibit number?

Mr. WESTLING. I don't think it has an exhibit number. I think it was projected on the screen. This was the chart that has the total of $149,000——

Mr. HORNER. Right.

Mr. WESTLING [continuing]. And 42 markers.

Mr. HORNER. Okay. I have it.

Mr. WESTLING. Do you have that in front of you?

Mr. HORNER. I do.

Mr. WESTLING. Okay. So I just want to quickly walk through the chart so that we can get a sense of what is happening here.

On July 18, 2001 there is one marker at the Treasure Chest, which is then repaid in that same visit; is that correct? The first entry on the chart.

Mr. HORNER. I don't have that page.

I have got it right here. Okay.

Mr. WESTLING. Okay. So we are looking at—I think it is the first page—yeah, there we go. The July 18, 2001, visit. And there is a repayment of that marker on the same casino visit on the 19th.

Mr. HORNER. That's correct.

Mr. WESTLING. Okay. And then going down to the 23rd again, repaid on the same visit, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. Now, on the 20th of August and the 21st, we see that some amount, 5,000, is repaid in the same visit, but there is a total of 3,000 that remains owing when he leaves the casino and is subsequently repaid on the 9th and 15th of September, correct?

Mr. HORNER. Right.

Mr. WESTLING. So we know that on one occasion there is 3,000 left owing that is not liquidated the same day.

Mr. HORNER. Right.

Mr. WESTLING. Now, going down to the 28th of September, there are two at Harrah's, $2,000 and again repaid in the same visit.

Mr. HORNER. Right.

Mr. WESTLING. All right. Next page. We are looking at October 13th of '01, two markers for 1,000, again repaid the same visit.

Mr. HORNER. That's correct.

Mr. WESTLING. October 17th and 18th, there is a total of nine markers for $5,900—1,500 repaid on that visit, 44 he leaves the casino still owing, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. He repays that on November 9th, it looks like, of '01.

Mr. HORNER. Right.

Mr. WESTLING. Next entry again, on the 31st and 1st, 31st of October, 1st of November, total of 3,000 repaid in the same visit?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. On 11/27, two markers again repaid the same visit.

Mr. HORNER. That's correct.

Mr. WESTLING. 12/11, two markers again repaid the same visit. On the 20th of December of '01, one marker repaid subsequently. So that is another thousand he leaves the casino still owing.

Mr. HORNER. Right.

Mr. WESTLING. 2/12 of '02, a $1,000 again repaid the same visit, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. April 1st, 2,500 repaid the same visit, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. And then on May 26th, one marker, $1,000 repaid the same visit.

Mr. HORNER. That's correct.

Mr. WESTLING. All right. Now, on 7/4 and 5 of '02, there were three markers, totaling $2,500. 1,200 is repaid that day, and he leaves the casino owing 1,300.

Mr. HORNER. Right.

Mr. WESTLING. All right. So if I have got my notes right, there is one debt he leaves owing of 3,000, one of 4,400, one of 1,000, and one of 1,300. So of $149,000, 400 in markers total, only 9,700 were not repaid on the same date they were taken out; is that correct?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. Thank you.

I want to direct your attention briefly to—I think it is Exhibit 341, which are the credit card statements that relate to the Capital One card that was taken out—I think it was in August of '01.

Mr. HORNER. Right.

Mr. WESTLING. Do you have that in front of you?

Mr. HORNER. I do.

Mr. WESTLING. Have you reviewed the charges on these statements?

Mr. HORNER. Only a couple of them.

Mr. WESTLING. Okay. In general—and, again, we can go through them, but is it fair so say that these represent pretty standard meals, clothing, Breaux Mart, which is a grocery store in New Orleans, but kind of day-in-and-day-out living expenses? I mean, these are not repeating the pattern of regular gambling-type debt; is that correct?

You can take your time.

Mr. HORNER. Just give me a couple of seconds here.

Yeah, it looks like it is a lot of restaurants, shopping, things like that.

Mr. WESTLING. All right. Thank you.

Agent Horner, you have testified about the bankruptcy petitions in this case and the dates they were filed; and I guess there were actually two of them, if I understand all of this correctly. The first

that was—had the name Orteous and then there was an amended filing, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. And do you know whether or not they were signed by Judge Porteous and his wife on the dates that they are dated or not?

Mr. HORNER. So your question is whether or not he actually signed the voluntary petition on March 28, 2001, as it is reflected on the form?

Mr. WESTLING. Right. In other words, to the extent it bears that date, do you know if it was signed on that date?

Mr. HORNER. I do not know if it was actually signed on that date. I mean, he represents that it is, so——

Mr. WESTLING. I understand. That is the date on the document.

Mr. HORNER. Right.

Mr. WESTLING. But you don't know one way or the other wether he signed it and it was subsequently dated?

Mr. HORNER. Right.

Mr. WESTLING. I mean, if you look at the dates—just so we can talk about it—they are clearly all put on there by the same individual, are they not?

Mr. HORNER. I don't know who put them on.

Mr. WESTLING. Now, I want to go back to one final exhibit, and then I will move on, and I think it is the exhibit that shows your analysis of gambling losses and winnings. Do you have that? I will probably have a number for you in just a second, but I'm looking. Yeah, it is 337.

Mr. HORNER. Okay.

Mr. WESTLING. And so for the period of 3/28/2000 to 3/28/2001, your analysis—and this is based on your investigation; is that correct?

Mr. HORNER. That's correct.

Mr. WESTLING. All right—indicated that there was approximately $6,000 in gambling losses on a net basis?

Mr. HORNER. Yeah, that's correct.

Mr. WESTLING. Okay. So in about a year, he had about a $6,000 loss?

Mr. HORNER. That's correct.

Mr. WESTLING. All right. And then the other thing is you were asked some questions about tax returns. There is no requirement of reporting gambling losses on your tax returns, is there?

Mr. HORNER. Well, as it—I mean, you can deduct losses against winnings.

Mr. WESTLING. But to the extent you have more losses than winnings, it is a nondeductible event, correct?

Mr. HORNER. That's correct.

Mr. WESTLING. So there would be no basis to report it?

Mr. HORNER. Right.

Mr. WESTLING. I have no further questions, Mr. Chairman.

Mr. SCHIFF. Thank you.

Agent Horner, I just have a few follow-up questions I want to ask you. On the chart of casino markers, one of the dates was September 28th. I don't know if you have that in front of you. It was at Harrah's. There were two markers in the amount of 2,000.

Mr. HORNER. Right.

Mr. SCHIFF. Now, it shows a repayment date which I think counsel may have assumed was the same date, but that is a month later, right?

Mr. HORNER. Right, it is a month later.

Mr. SCHIFF. Now, is the total of the two markers 2,000, or is it one marker each for 2,000?

Mr. HORNER. It is two $1,000 markers.

Mr. SCHIFF. So that the amount not repaid would have been 11,000 for that period, instead of 9,000?

Mr. HORNER. Right, because he repaid it a month later.

Mr. SCHIFF. Do you know, Agent Horner, whether on the dates where the markers showed they were repaid, whether they were always repaid with chips or whether they were repaid with cash or with check or credit card?

Mr. HORNER. It shows on the gaming records how it was repaid—chips, cash, checks or if they had to drop the marker.

Mr. SCHIFF. And do you know in terms of the markers that are listed on this chart whether they were all paid with chips or whether some were paid in cash, check, or credit card?

Mr. HORNER. It varied. Chips, cash, checks, for the purposes of this chart.

Mr. SCHIFF. So then we can't tell from this chart what his losses were. His losses may exceed the 11,000 if he paid off the loss the same day by a check or credit card?

Mr. HORNER. That's right. So really what the chart reflects is—or the losses that you can deduce from this chart would be, when he walks out of the casino, money owing the casino when he left.

Mr. SCHIFF. Well——

Mr. HORNER. But as he is gambling, he could be losing, okay, and then he may repay some of it, lose, repay—I mean, it just kind of—you would have to kind of really look at the records if you could even determine down to that level.

Mr. SCHIFF. It is more complicated than that, isn't it? Because the fact that he walked out of the casino having paid off the marker doesn't mean that he walked out without losses. It may mean that he lost and paid in the casino with a check the remaining balance, right?

Mr. HORNER. That's correct.

Mr. SCHIFF. So if in the course of this period in 2001 and part of 2002 he had 149,000 in markers and left the casino with 11,000 not repaid, we would know at a minimum the losses were 11,000, but they may have been substantially greater?

Mr. HORNER. They could have been more, because you don't know—I guess you don't know the source of the funds that he repaid the markers with, the ones he repaid while he was at the casino.

Mr. SCHIFF. Now I'm just doing some rough math. But 11,000 out of 149,000, if it were 10 percent, it would be basically 15,000. So we are talking about 8 percent of the total amount of markers he ended up losing, assuming——

Mr. HORNER. That would be money owed walking out of the casino, would be 8 percent.

Mr. SCHIFF. Now, during the period from 1995 to 2000 and 1997 to 2000, during that 3- to 5-year period you were able to total up, looking at cash, checks, and credit cards, gambling debts of around 100,000, right?

Mr. HORNER. Right. When you add the two figures together, it would be not necessarily debt but just money spent on gambling.

Mr. SCHIFF. Money spent on gambling.

Mr. HORNER. Right.

Mr. SCHIFF. So in that 3- to 5-year period you have about 100,000 in money spent on gambling. Assuming that it was an entire 5-year period, this would be a conservative figure, that would represent about 20,000 a year in gambling expenses?

Mr. HORNER. So the question would be, did he spend—he spent about 20,000 a year gambling?

Mr. SCHIFF. Well, my question is, conservatively, from the period of '95 to 2000, if there were 100,000 that he was paying through cash, check, or credit card for gaming, does that indicate on average about a $20,000-a-year expenditure on gambling during that period?

Mr. HORNER. It would. But the one element it doesn't take into consideration is he had a large amount of cash that we could never really trace the source of. So if he used some of that cash to gamble with, you know, we wouldn't know. So of what we can tell, the $20,000 figure would probably be fairly accurate. That's a problem you have with a gambler is you have got cash a lot of times that——

Mr. SCHIFF. Okay. That concludes the questions I have.

Would anyone else like to—Mr. Gohmert.

Mr. GOHMERT. Okay. Thank you. Yeah, some follow-up.

First of all, following up the Chairman's questions, you mentioned that he may have had cash. You couldn't account for the source; is that correct?

Mr. HORNER. That's correct.

Mr. GOHMERT. So you don't know whether it may have been attorneys that were providing money for his son's college or something like that that ended up being used for gambling, correct?

Mr. HORNER. That's correct. Or could have just been gaming winnings that he had in his pocket and he just deposited them.

Mr. GOHMERT. We have heard testimony about cash being obtained for the judge or on the judge's behalf from attorney friends who were just trying to help him out. Have you checked to see if there is any time linkage between the acquisition of cash from attorneys who appeared before Judge Porteous and gambling that occurred at these casinos?

Mr. HORNER. We did. We tried to do that. And we could not reach a conclusion.

Mr. GOHMERT. So it is inconclusive whether that cash would have been used. Did you follow up like we had heard testimony about requests for cash because the child's tuition was coming due? Have you done any follow up to see if tuition was actually following—coming up due following that request for cash?

Mr. HORNER. Well, we didn't on the child's tuition because sometimes it is a little sensitive if you issue a subpoena to a school regarding a child. So we didn't do that, okay?

Mr. GOHMERT. Well, but you can pretty well figure out when tuition is due. You have a general knowledge that colleges usually like to have their tuition paid before they will allow you to attend class. I know, with my kids, we haven't been able to get them to allow them to go to class until their tuition has been paid. They may let them go a week or two, but eventually they get real sticky about that.

Mr. HORNER. And, you know, the financial analyst may have looked to see if there were checks written to the schools or things like that. I guess I don't know the answer to that. But I know that we did try to trace a lot of the cash to see how it was being spent, and it was very difficult.

Mr. GOHMERT. One of the things it seemed from the testimony—and you may be able to indicate more specifically—but it seemed like the testimony of witnesses was, on one occasion we were asked for cash because the tuition was coming due, but they couldn't be specific on which occasion that was. Is that the kind of problem you ran into in trying to trace the cash?

Mr. HORNER. That's one of them. And the situation I'm referring to, another problem is that it was old, dated material. It was outside the statute of limitations.

Mr. GOHMERT. Okay. And I did want to follow up on a question asked by Attorney Westling. It was a good question about if the judge applied for a marker at a casino for credit or made application for a credit card, well, they could get his credit report and see that there had been a bankruptcy filed; and I thought that was a good question. But I wanted to do a follow-up to that. And it should be easy to discern this just from looking at the dates, the different things, the data that you have compiled. But since we have you here and you're the one that compiled the data, I will just ask you, it would be a lot easier to research. Was there an application for credit either at a casino or for a credit card that came after the judge filed bankruptcy under a false name but before the time that he corrected that name?

Mr. HORNER. That would be between March 28, 2001, and April 9, 2001, that time period?

Mr. GOHMERT. Yes.

Mr. HORNER. I don't believe that he applied for any credit cards or any new casino credit during that 10-day time period.

Mr. GOHMERT. You don't believe?

Mr. HORNER. No. I know he applied for credit at Harrah's during the pendency of the bankruptcy, but that was outside your window—your question.

Mr. GOHMERT. Once the name was corrected at the bankruptcy pleadings, did you see—did that effect a change in a credit report or did it remain under the original name filed under which the bankruptcy was filed?

Mr. HORNER. My recollection is that, when it was first filed, the credit reports——

Mr. GOHMERT. They would pick that up, right?

Mr. HORNER. They didn't pick it up until it was after April 9th, and it may have just been a function of——

Mr. GOHMERT. Yeah, it just takes time.

Mr. HORNER. To get a bankruptcy on a credit report. But it did eventually show up on the credit report.

Mr. GOHMERT. Under the fictitious name or under his actual name?

Mr. HORNER. Well, it just shows up under his credit report. He will see—you will see the bankruptcy. They just list the bankruptcy listed.

Mr. GOHMERT. Okay.

Mr. HORNER. And then it will list all of the names that he has used or the names that are associated with the Social Security number.

Mr. GOHMERT. Okay. So, by using the fictitious name, did that, do you think, delay the time that it appeared in his credit report?

Mr. HORNER. You know, that—I don't know. I guess——

Mr. GOHMERT. I see my time has run out, but I would ask that, if you find answers to the questions that I have asked, if you could submit that in writing after the hearing, we would appreciate it very much. Thank you.

Thank you, Mr. Chairman.

Mr. SCHIFF. The gentleman yields back.

Ms. Sheila Jackson Lee.

Ms. JACKSON LEE. Thank you, Agent, for your testimony and for your diligence.

Help me out again and tell me how long in your review did Judge Porteous have a gambling—participate in gambling activities?

Mr. HORNER. Well, that I can establish through the records, I would say from the early to mid '90's.

Ms. JACKSON LEE. Early to mid '90's?

Mr. HORNER. That's what the records would establish. Now he may have been gambling before that as an unrated or unestablished player, but I wouldn't know that.

Ms. JACKSON LEE. And, again, in your review of documents and your experience, in what you reviewed was it participation in gambling or did you sense a gambling habit?

Mr. HORNER. You know, he gambled a lot, okay? He gambled a lot. It would be hard for me to determine whether it is a habit or a problem, but he did gamble a lot.

Ms. JACKSON LEE. In the review of records and his gambling a lot, did he leave debts that ultimately came back to be paid, but did he have, I guess you call it a running debt, and you have to pay it—when he left after each time or was all his debts paid up or did he come back and pay debts?

Mr. HORNER. Sometimes he would leave owing the casino money, and then he would come back and pay the casino. Or sometimes, if he didn't come back and pay, that's when the casino deposits the marker to the bank account.

Ms. JACKSON LEE. And then they get it automatically?

Mr. HORNER. Right, they get the money automatically.

Ms. JACKSON LEE. He was nominated for the bench in I guess 1994. Was he gambling then?

Mr. HORNER. Was he what?

Ms. JACKSON LEE. Was he gambling then?

Mr. HORNER. In '94?

Ms. JACKSON LEE. Yes.

Mr. HORNER. I would have to check the records. Specifically '94, I would have to check.

Ms. JACKSON LEE. Is there any records here for you to check or——

Mr. HORNER. No. I don't have all of the gaming records here, but I could check to see how far back they go.

Ms. JACKSON LEE. All right. I would appreciate if I could get that answer. Because I would like to ask you a question in particular regarding the judicial application or the application that one has to file. And it is a Federal form. Did you review his application that is called form 86—SF-86?

Mr. HORNER. I did, but it has been a while since I looked at it.

Ms. JACKSON LEE. I'll hold it up for you to see. There's fine print, but I'm going to read the language to you. And that is why I would like to have this question answered.

He has to see it this way, please. Thank you.

The language on—I think it is—it looks like it is 10(s): Is there anything in your personal life that could be used by someone to coerce or blackmail you? Is there anything in your life that could cause an embarrassment to you or to the President if publicly known? And, if so, please provide full details.

So that would have been—in 1994, that question would have been asked.

Mr. HORNER. Right.

Ms. JACKSON LEE. And the question would be, from an FBI agent's perspective, would the gambling question be a relevant question in a question like that?

Mr. HORNER. Well, it would be relevant in the sense that if it is creating a financial burden, okay, because financial hardships by judges or anybody in public service could be used as a source of blackmail. And I know those are issues—when I was hired, they wanted to know what my financial condition was before they hired me. Just because if I'm in a bad financial way or bad financial situation, you know, I may be open for a bribe or blackmail or to do something, you know, that you shouldn't do.

Ms. JACKSON LEE. And in the review of the documents that you had going forward, because your memory doesn't serve you at this point as to what time frame, was the gambling habits of Judge Porteous a burden a financial burden?

Mr. HORNER. Yes, they were. It was a major factor in his bankruptcy.

Ms. JACKSON LEE. And you did testify today that—I think I asked the question—that you testified that you believed Judge Porteous committed fraud in his bankruptcy proceedings to conceal the extent of his gambling. And you testified so that he could continue gambling without interference. Was that correct?

Mr. HORNER. That's correct.

Ms. JACKSON LEE. So, therefore, anyone that would engage in that activity certainly was burdened by—seemingly burdened by those debts or burdened by those activities?

Mr. HORNER. That's correct.

Ms. JACKSON LEE. And I just want the—Mr. Chairman, I would like to ensure that the witness is able to give us records that would

reflect the start, to his knowledge or his documentation, of Judge Porteous's gambling; and I want the record to reflect that this form that we believe is signed by Judge Porteous—and are you able to detect as to whether or not that is his signature?

Mr. HORNER. That looks like his signature.

Ms. JACKSON LEE. We will just have that reflected, and I will try to affirm the documents, and I'm not sure whether I can ask unanimous consent for this document to be placed in the record.

Mr. SCHIFF. Without objection.

Ms. JACKSON LEE. And I just want the record to reflect—and I will read it again; and this document is dated April 27, 1994. There is a portion or a supplement to Standard Form 86—I'm again saying S as in Sam—SF-86. But but I will read it again.

Is there anything in your personal life that could be used by someone to coerce or blackmail you? Is there anything in your life that could cause an embarrassment to you or to the President if publicly known? If so, please provide full details.

And the answer that is reflected here is a no, and this is a duplicate, and I will ask that this document be submitted in the record.

Mr. SCHIFF. Without objection.

[The information referred to follows:]

SUPPLEMENT TO STANDARD FORM 86 (SF-86)

(Attach additional pages if necessary)

15. Please list names of all corporations, firms, partnerships or other business enterprises, and all associate organizations and other institutions with which you are now, or during the past five years have been, affiliated, as an officer, owner, director, trustee, partner, advisor, attorney or consultant. In addition, please provide the names of any other organizations with which you were affiliated prior to the past five years that might present a potential conflict or appearance of conflict of interest with your prospective appointment. (Please note that in

10S. Is there anything in your personal life that could be used by someone to coerce or blackmail you? Is there anything in your life that could cause an embarrassment to you or to the President if publicly known? If so, please provide full details.

NO

I understand that the information being provided on this supplement to the SF-86 is to be considered part of the original SF-86 dated April 27, 1994 and a false statement on this form is punishable by law.

Signature

6S. Have you ever been involved in civil or criminal litigation, or in administrative or legislative proceedings of any kind, either as a plaintiff, defendant, respondent, witness or party in interest? If so, please give full details identifying dates, issues litigated and the location where the civil action is recorded.

SEE ATTACHMENT 61

Resolution: The matter was settled without any admission of liability or responsibility.

11. Please advise the Committee of any unfavorable information that may affect your nomination.

To the best of my knowledge, I do not know of any unfavorable information that may affect my nomination.

11. Please advise the Committee of any unfavorable information that may affect your nomination.

To the best of my knowledge, I do not know of any unfavorable information that may affect my nomination.

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Ms. JACKSON LEE. I thank you, and I yield back.

Mr. SCHIFF. I thank the gentlewoman for her questions, and I think the point you raised is one that applies with equal force to the issues we discussed in our last hearing, and whether those were required to be disclosed.

Agent Horner, that will conclude your testimony.

Mr. SCHIFF. We are going to recess because we have votes coming up now, and they will give Members a chance to grab some-

thing to eat. I think we have four votes that are scheduled for approximately now. We will resume after the fourth vote.

We are now in recess.

[Recess.]

[1:14 p.m.]

Mr. SCHIFF. Our Task Force will come to order.

Our second witness this afternoon is Claude Lightfoot, Esquire. Mr. Lightfoot is an attorney with a law practice in the New Orleans area. He is here pursuant to a subpoena.

I will now swear the witness.

[Witness sworn.]

Mr. SCHIFF. Ms. Konar, you may now question the witness.

TESTIMONY OF CLAUDE LIGHTFOOT, ATTORNEY, NEW ORLEANS, LA

Ms. KONAR. Good afternoon, Mr. Lightfoot. Where are you employed?

Mr. LIGHTFOOT. With my own firm, sole practioner in New Orleans.

Mr. SCHIFF. Mr. Lightfoot, you need to pull the microphone close to you and make sure you have it turned on. If you hit the button at the base.

Mr. LIGHTFOOT. How about now?

Mr. SCHIFF. Perfect. And I would even pull it closer to you.

Mr. LIGHTFOOT. I am a sole practioner and attorney in New Orleans.

Ms. KONAR. What type of law do you practice?

Mr. LIGHTFOOT. Bankruptcy only since about 1990.

Ms. KONAR. In the summer of 2000, were you retained by Judge Porteous?

Mr. LIGHTFOOT. I was.

Ms. KONAR. Why did he retain you?

Mr. LIGHTFOOT. To seek to achieve a workout of his financial problems and ultimately to consider bankruptcy, if necessary.

Ms. KONAR. What is a workout?

Mr. LIGHTFOOT. Well, I analyzed the assets and the debts that he had and came up with a plan to offer at least partial payment in settlement of the claims to his credit card debt.

Ms. KONAR. And is a workout something that would take place in lieu of a bankruptcy?

Mr. LIGHTFOOT. That would have been in lieu of a bankruptcy. That was the effort.

Ms. KONAR. Had you ever met Judge Porteous at the time he retained you? Had you met him prior to the time?

Mr. LIGHTFOOT. No, I didn't.

Ms. KONAR. Did you know who he was?

Mr. LIGHTFOOT. I knew who he was because some years before, I had a bankruptcy appeal which had been allotted to his court, but the appellant—I was the appellee, representing the appellee—dismissed the appeal, so it never went through and I never did meet Judge Porteous.

Ms. KONAR. But at a minimum, you did know that he was a Federal judge?

Mr. LIGHTFOOT. I knew that, yes, ma'am.

Ms. KONAR. Did you take any steps in the summer of 2000 to collect information from Judge Porteous?

Mr. LIGHTFOOT. I did.

Ms. KONAR. What did you do?

Mr. LIGHTFOOT. I presented him with my usual packet of worksheets that mimic the ultimate bankruptcy schedules to obtain all the information about his debts and his assets.

Ms. KONAR. Could you give us a little more specific information about the types of questions that appeared on your work sheets?

Mr. LIGHTFOOT. Well, every single question that appears in the petition, the schedules and the statements and the Chapter 13 plan, the things that ultimately go into a bankruptcy or, for that matter, in a Chapter 7 bankruptcy, I have covered in my worksheets; just explain more simply, lots more room to write, asking the prospective clients to list out all of their debts, list all of their assets. The form is more comprehensive than anyone would have, but it contains everything that would ultimately be contained in a bankruptcy filing.

Ms. KONAR. Did the fact that you were trying to work out Judge Porteous's debts in the summer of 2000 as opposed to preparing for a bankruptcy filing in any way effect or change your process for how thorough you were in collecting his information?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did you specifically explain to Judge Porteous that he needed to disclose all of his assets and all of his debts to you?

Mr. LIGHTFOOT. Yes, I did.

Ms. KONAR. Did Judge Porteous fill out the worksheets that you gave to him?

Mr. LIGHTFOOT. Yes, he did.

Ms. KONAR. Did he disclose on those worksheets that he had any debts owed to casinos?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous otherwise inform you in the summer 2000 that he had debts owed to casinos at that time?

Mr. LIGHTFOOT. No.

Ms. KONAR. If in fact Judge Porteous had owed debts to casinos at that time, should he have disclosed them to you?

Mr. LIGHTFOOT. I would have expected them to be listed and provided to me, and I would have listed them as creditors.

Ms. KONAR. Is that why it would have been important for you to know about the debts, because they should have been listed as creditors?

Mr. LIGHTFOOT. They are obligations to pay, so they would be a debt, like any other debt.

Ms. KONAR. Did you give Judge Porteous any legal advice in the summer of 2000 regarding whether he should or should not continue to incur new debt?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. What was that advice?

Mr. LIGHTFOOT. Not to make any more debt.

Ms. KONAR. Is that advice you give to all of your bankruptcy clients?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. Why do you give that advice to all of your clients?

Mr. LIGHTFOOT. Well, by the time someone is in a financial distress sufficient to be consulting about a bankruptcy, it is not good faith for such a person to continue making debt. So I always admonish them not to do it anymore, not to make any more credit card charges, et cetera.

Ms. KONAR. Was the workout that you attempted on behalf of Judge Porteous ultimately successful?

Mr. LIGHTFOOT. No.

Ms. KONAR. Was a decision made in approximately February or March of 2001 to file for a bankruptcy?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. At that time, in approximately February or March of 2001, did you request that Judge Porteous provide you with any updated information since he had originally filled out the worksheets in the summer of 2000?

Mr. LIGHTFOOT. Well, he had a practice of providing me with updated credit card statements. Every so often I would get another collection and I would adjust the balances, because the accrual of interest was making them get larger. And there was a process of reviewing a couple of drafts of the final schedules and plan that were filed to make sure that everything was accurate.

Ms. KONAR. Did Judge Porteous tell you in early 2001 that at that time he had any debts owed to casinos?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous tell you more specifically that on February 27th of 2001 he gambled at the Grand Casino Gulfport, he took out $2,000 in markers and that he left the casino that day still owing $2,000?

Mr. LIGHTFOOT. No. I never knew that he gambled at all or had any gambling debts.

Ms. KONAR. Did he ever tell you that he owed $2,000 to the Grand Casino Gulfport on March 28th, which was the day that he filed the bankruptcy petition?

Mr. LIGHTFOOT. No.

Ms. KONAR. Should Judge Porteous have told you about those sorts of gambling debts?

Mr. LIGHTFOOT. Yes, so I could list them.

Ms. KONAR. During Judge Porteous's fifth circuit testimony, he was asked about the definition of a marker and he agreed that the following definition was accurate: "A marker is a form of credit extended by a gambling establishment, such as a casino, that enables the customer to borrow money from the casino. The marker acts as the customer's check or draft to be drawn upon the customer's account at a financial institution. Should the customer not repay his or her debt to the casino, the marker authorizes the casino to present it to the financial institution or bank for negotiation and to draw upon the customer's bank accounts any unpaid balance after a fixed period of time."

Do you agree with that definition of a marker?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. I would like to direct your attention to Exhibit 125. Do you recognize this document?

Mr. LIGHTFOOT. Yes. This is the original voluntary petition in Chapter 13.

Ms. KONAR. Did you prepare this?

Mr. LIGHTFOOT. I did.

Ms. KONAR. Did you discuss the preparation of this document with Judge Porteous?

Mr. LIGHTFOOT. I did.

Ms. KONAR. Did Judge Porteous personally review this document before it was filed with the bankruptcy court?

Mr. LIGHTFOOT. He did.

Ms. KONAR. Turning to page 2 of the document, did Judge Porteous sign this document under penalty of perjury?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. And what was the date the original petition was filed?

Mr. LIGHTFOOT. March 28th, 2001.

Ms. KONAR. What was the name used on the original petition?

Mr. LIGHTFOOT. G.T. Ortous.

Ms. KONAR. Is that a false name?

Mr. LIGHTFOOT. It is.

Ms. KONAR. Why was the original bankruptcy petition filed with a false name?

Mr. LIGHTFOOT. I had hoped that I could avoid him the embarrassment—or have him avoid the embarrassment of a big story in the newspaper. At that time, these filings were listed in the newspaper once a week. And I knew that it would be corrected very quickly before any notice would go out to creditors. And that was a mistake, and it was my suggestion, and I am sorry that I made that suggestion.

Ms. KONAR. After you made the suggestion to Judge Porteous that he file under a false name in the original petition, did he object to your suggestion?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did he ever say to you, no, I refuse to file a document with a false name?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous definitely know when he signed his bankruptcy petition under penalty of perjury that it did contain a false name?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. Mr. Lightfoot, approximately how many bankruptcies have you worked on throughout the course of your career as a bankruptcy attorney?

Mr. LIGHTFOOT. Many thousands.

Ms. KONAR. And in any other case other than Judge Porteous, have you ever advised or counseled one of your clients to file a bankruptcy petition using a false name?

Mr. LIGHTFOOT. No, I haven't.

Ms. KONAR. What was so special about Judge Porteous that on this one occasion you gave him this advice?

Mr. LIGHTFOOT. I felt sorry for him. I did not know him. I respected him as a judge. And out of compassion I tried to save him some embarrassment. It was a very misguided effort.

Ms. KONAR. Looking again at Exhibit 124, it also lists a P.O. Box address instead of a street address. Did Judge Porteous have a

P.O. Box address in the summer of 2000 at the time he retained you?

Mr. LIGHTFOOT. I don't think so.

Ms. KONAR. Whose idea was it to use a P.O. Box address on the bankruptcy petition?

Mr. LIGHTFOOT. It was part of the same effort, just to obscure for the paper discovering that he had filed. It, of course, backfired because it came out anyway.

Ms. KONAR. So just to clarify, did you give the idea to him to use the P.O. Box?

Mr. LIGHTFOOT. Correct.

Ms. KONAR. And after you gave him the idea of using the P.O. Box, did Judge Porteous then himself affirmatively go out and open the P.O. Box?

Mr. LIGHTFOOT. I don't know how it came about, but I was provided with a P.O. Box.

Ms. KONAR. So you didn't open a P.O. Box for him?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did you ever amend Judge Porteous's bankruptcy petition to correct the false name?

Mr. LIGHTFOOT. I did.

Ms. KONAR. Directing your attention to Exhibit 126, do you recognize this document?

Mr. LIGHTFOOT. Yes, this is the amended voluntary petition.

Ms. KONAR. Did you prepare this document?

Mr. LIGHTFOOT. I did.

Ms. KONAR. What are the differences between the amended voluntary petition and the original petition?

Mr. LIGHTFOOT. The name and the address are correct.

Ms. KONAR. Did Judge Porteous personally review the amended bankruptcy petition before it was filed?

Mr. LIGHTFOOT. He did.

Ms. KONAR. Turning to page 2 of the amended bankruptcy petition, did Judge Porteous sign this document under penalty of perjury?

Mr. LIGHTFOOT. Yes, he did.

Ms. KONAR. When was the amended petition filed?

Mr. LIGHTFOOT. April 9th, 2001.

Ms. KONAR. Did you file any other documents on April 9th of 2001?

Mr. LIGHTFOOT. I filed the Chapter 13 schedules and statements and Chapter 13 plan the same day.

Ms. KONAR. Drawing your attention to Exhibit 127, do you recognize these documents?

Mr. LIGHTFOOT. I do.

Ms. KONAR. What are these documents?

Mr. LIGHTFOOT. These are the schedules and the plan.

Ms. KONAR. As you said, you prepared these documents yourself?

Mr. LIGHTFOOT. I did.

Ms. KONAR. How did you obtain all the necessary information to fill out Judge Porteous's bankruptcy schedules and his statement of financial affairs?

Mr. LIGHTFOOT. From the worksheets that I had had him fill out long before, and then we reviewed them at least a couple of times, a couple of drafts of these schedules thereafter.

Ms. KONAR. So did you rely entirely on Judge Porteous to provide you with all the necessary information to complete these documents?

Mr. LIGHTFOOT. I did.

Ms. KONAR. Did you specifically review both the completed summary of the bankruptcy schedules, the schedules themselves, and the statement of financial affairs with Judge Porteous prior to the time that they were filed with the courts?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. How extensive was that review process?

Mr. LIGHTFOOT. Well, I would sit down, and I believe with his wife at one time as well, and we went through them to see that everything was accurate and there were no changes, just going page by page, pointing out what was there.

Ms. KONAR. Did you review these documents on more than one occasion before they were ultimately filed?

Mr. LIGHTFOOT. At least twice.

Ms. KONAR. Did Judge Porteous sign his bankruptcy schedules under penalty of perjury?

Mr. LIGHTFOOT. He did.

Ms. KONAR. Did Judge Porteous also sign his statement of financial affairs under penalty of perjury?

Mr. LIGHTFOOT. He did.

Ms. KONAR. Turning your attention to question 17 on bankruptcy schedule B, what does this question ask for?

Mr. LIGHTFOOT. This asks for a listing of the other liquidated debts owing to the debtor, including tax refunds.

Ms. KONAR. What is the answer given?

Mr. LIGHTFOOT. None.

Ms. KONAR. Did Judge Porteous ever tell you that on March 23rd of 2001, he filed his tax return for the year 2000 and he requested a $4,143 tax refund?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that on April 13th, 2001, which was just 4 days after his bankruptcy schedules were filed, that he received that $4,143 tax refund into his bank account?

Mr. LIGHTFOOT. No.

Ms. KONAR. Is the information concerning this tax refund that we have just discussed something that Judge Porteous should have disclosed to you?

Mr. LIGHTFOOT. I would expect a positive answer to that. Relative to the term "liquidated," if you filed a tax return, you know exactly what you are entitled to. So if earlier in the year, let's say you are October of 2000, you can't have filed your 2000 return yet, the year is not even over, you don't file it until the following year. So if a tax return has been filed and there is a liquidated amount and it is owed, and you know that it is owed, then it should be in that answer.

Ms. KONAR. What would you have done if you had found out prior to filing Judge Porteous's bankruptcy schedules that he had

filed his year 2000 tax refund and that he had claimed a $4,000 tax refund?

Mr. LIGHTFOOT. I would have amended this schedule to list it, had it been absent, and probably informed the trustee, particularly if the meeting of creditors hadn't been held yet. I would have mentioned it.

Ms. KONAR. Turning your attention to bankruptcy schedule I, what is this schedule?

Mr. LIGHTFOOT. This reflects his net income monthly.

Ms. KONAR. What is the dollar amount listed on schedule I for Judge Porteous's income?

Mr. LIGHTFOOT. $7,531.52.

Ms. KONAR. Did you fill out schedule I for Judge Porteous?

Mr. LIGHTFOOT. I put the amount that was off the tax—I mean the check stub, which is attached.

Ms. KONAR. And just to clarify, Judge Porteous provided you with the check stub dated May 31st of 2000, is that correct?

Mr. LIGHTFOOT. This was probably the same stub that I got with the worksheets when I started preparing the analysis to make the workout offer.

Ms. KONAR. At any later point in time, did Judge Porteous provide you an updated check stub?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that in 2001, his net judicial salary increased to $7,705 per month?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that the dollar amount listed on schedule I for his net worth was somewhat low?

Mr. LIGHTFOOT. No.

Ms. KONAR. Would it have been important for you to know that Judge Porteous's salary in 2001 was actually higher than the amount listed on schedule I?

Mr. LIGHTFOOT. I would have wanted to know exactly the correct amount for the time of filing. Afterwards, frankly, I didn't even think that it might change. I just thought it was a fixed salary, so I really wouldn't have thought to inquire after that point. In a Chapter 13 case, unless the trustee would have asked for some periodic report on income changes, I really wouldn't have thought of it.

Ms. KONAR. But at the time you filed, would you have wanted to know that his net income was not actually $7,500, but at that particular date it was $7,700?

Mr. LIGHTFOOT. I would. I would have wanted it absolutely accurate at the time of the filing.

Ms. KONAR. Now turning your attention to Judge Porteous's statement of financial affairs, what does question 3 on the statement of financial affairs ask for?

Mr. LIGHTFOOT. It asks for any payments that aggregate more than $600 to any creditor within the 90 days prior to the filing of the bankruptcy case.

Ms. KONAR. And what is the response given to question 3?

Mr. LIGHTFOOT. "Normal installments," is what I put.

Ms. KONAR. Why did you put "normal installments?"

Mr. LIGHTFOOT. Well, because so far as I knew, the judge had not been paying any of his credit card creditors, which was the bulk of this case, and that he had been paying his lease car payments and his two home mortgages. So "normal installments" was intended to cover the normal installments on his two leased cars and his two home mortgages.

Ms. KONAR. Did Judge Porteous ever tell you that he gambled at the Treasure Chest Casino on March 2nd, 2001; that he left the casino that day owing $1,500; and that he repaid that $1,500 in cash on the day before his original bankruptcy petition was filed?

Mr. LIGHTFOOT. No.

Ms. KONAR. Should Judge Porteous have told you about that?

Mr. LIGHTFOOT. Yes, that would have been the answer to this—that would have been included in an answer to this question.

Ms. KONAR. So you would have listed the payment to Treasure Chest in response to question 3 if you had known about it?

Mr. LIGHTFOOT. I would.

Ms. KONAR. Turning your attention to question 8 on the statement of financial affairs, what does this question ask for?

Mr. LIGHTFOOT. This asks for the listing of any losses from fire, theft, casualty or gambling within 1 year before the filing of the case.

Ms. KONAR. What is the response to question 8?

Mr. LIGHTFOOT. None.

Ms. KONAR. Did you check "none" in response to question 8?

Mr. LIGHTFOOT. Did I check it?

Ms. KONAR. Yes.

Mr. LIGHTFOOT. Unless I put something there, it automatically checks it. But I was not aware of any gambling losses, gambling debts or any gambling.

Ms. KONAR. So just to clarify, did Judge Porteous ever disclose to you that he had $6,000 in net gambling losses for the year preceding his bankruptcy filing?

Mr. LIGHTFOOT. No.

Ms. KONAR. Would it have been important for you to know that Judge Porteous actually had over $6,000 in gambling losses during that year?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. What would you have done if Judge Porteous had told you that?

Mr. LIGHTFOOT. Well, the first thing I would have thought of is how much gambling debts are there, because I didn't know about any gambling debts. So if there had been gambling losses that were told to me, last year there were gambling losses of such-and-such, then my immediate—besides listing that, my immediate concern would be, well, are there any gambling debts that you haven't told me about?

Ms. KONAR. If at any point during your representation of Judge Porteous he had ever told you that he had gambling debts, would that have caused you to ask him any other questions about his financial condition?

Mr. LIGHTFOOT. Well, I would want to know a lot more about the gambling debts.

Ms. KONAR. What specifically would you have asked him about the gambling debts?

Mr. LIGHTFOOT. What would I have asked?

Ms. KONAR. Yes.

Mr. LIGHTFOOT. I would want to know the name, the address, the account number, the amount due to everyone owed, because they are all creditors. I would want to know if there were incurred—if I found out in the middle of the case, then I would want to know if any of them were extant before the bankruptcy was filed. All kinds of things whenever I confront gambling that I would review with a client.

Ms. KONAR. Was there a bankruptcy creditors meeting held in Judge Porteous's case on May 9 of 2001?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. Who presided over that meeting?

Mr. LIGHTFOOT. The Chapter 13 trustee.

Ms. KONAR. What is the purpose of a bankruptcy creditors meeting?

Mr. LIGHTFOOT. Well, it is to examine the debtor under oath regarding the petition and the schedules that have been filed. It affords—and creditors are invited to attend and ask questions if they want. They rarely do, but they are invited. And it is for, in the case of a Chapter 13, for the trustee to make sure he has no additional requirements and to put him in the position where he is now thoroughly familiar with the plan and can make a recommendation as to whether or not the plan can be confirmed at a later confirmation hearing in the court.

Ms. KONAR. Was Judge Porteous examined under oath at his creditors meeting?

Mr. LIGHTFOOT. He was.

Ms. KONAR. Did the trustee give any instructions to Judge Porteous about incurring debt?

Mr. LIGHTFOOT. He gives a general instruction that no new debts are to be created without the court's authority.

Ms. KONAR. Was Judge Porteous given any materials at the meeting?

Mr. LIGHTFOOT. The trustee either—well, he mails them out to the debtors along with the notice of the hearing, but also has a stack of them to hand out at the meeting of creditors, a brochure that explains all of these things, sort of like frequently asked questions brochure.

Ms. KONAR. Directing your attention to Exhibit 148, do you recognize this document?

Mr. LIGHTFOOT. This is his brochure.

Ms. KONAR. Specifically when you say "his," who are you referring to?

Mr. LIGHTFOOT. I am sorry?

Ms. KONAR. When you say "his brochure," who are you referring to?

Mr. LIGHTFOOT. The trustee's brochure, that he mails and provides.

Ms. KONAR. Does paragraph 6 of this pamphlet discuss incurring new debts?

Mr. LIGHTFOOT. It says you may not borrow or buy anything on credit while in Chapter 13 without permission from the bankruptcy court.

Ms. KONAR. So Judge Porteous was both told by the bankruptcy trustee that he couldn't incur new debt, and he was given a pamphlet which also told him in writing he should not be incurring new debt, correct?

Mr. LIGHTFOOT. True.

Ms. KONAR. Did Judge Porteous ever tell you that during the month after he attended the creditors meeting and received that instruction not to incur new debt, that in fact he went on three different gambling trips and that he took out a total of $2,000 in markers?

Mr. LIGHTFOOT. No.

Ms. KONAR. Who was the bankruptcy judge who presided over Judge Porteous's case?

Mr. LIGHTFOOT. Judge Greendyke.

Ms. KONAR. Did Judge Greendyke issue a confirmation order in Judge Porteous's case?

Mr. LIGHTFOOT. He did.

Ms. KONAR. Directing your attention to Exhibit 133, do you recognize this document?

Mr. LIGHTFOOT. This is the order confirming the plan signed by Judge Greendyke.

Ms. KONAR. What does paragraph 4 of this order say regarding incurring new debt?

Mr. LIGHTFOOT. The debtor shall not incur additional debt during the term of this plan except upon written approval of the trustee.

Ms. KONAR. Was Judge Porteous aware that this order was docketed in July of 2001?

Mr. LIGHTFOOT. He was. It would have been sent to him, and I believe I sent him a copy as well.

Ms. KONAR. So he definitely received a copy of this order?

Mr. LIGHTFOOT. So far as I know.

Ms. KONAR. Did Judge Porteous understand that he was not allowed to incur new debt unless he received the written permission from the bankruptcy trustee?

Mr. LIGHTFOOT. I think so.

Ms. KONAR. Why do you think he understood that?

Mr. LIGHTFOOT. Because there was an occasion that arose sometime later when the car leases came—expired and the vehicles that he had for he and his wife had to be turned in. So he had to get new vehicles, which meant incurring a new debt. And he talked to me about that, and I went immediately back to the confirmation order, because this is a little different than the way we did it in the Eastern District of Louisiana. We would normally file a motion with the court and lay it out to the judge. Of course, we are always looking to make sure the payment on the new vehicle is about the same as the old vehicle so it would be neutral to the budget, so the plan could be funded at the same level. And in Judge Greendyke's district, they let the trustee oversee that.

So I had to—I found it in the confirmation order, I called the trustee and I said look, do you want me to file a motion anyway, as our normal practice is, or what do you want me to do, because

the confirmation order is a little different. He said no, get me the information and send it to me. And then he wrote a letter, the trustee that is, wrote a letter back approving the new car leases to replace the expired car leases.

Ms. KONAR. Directing your attention to Exhibit 339, do you recognize this document?

Mr. LIGHTFOOT. Yes. This is a letter from the trustee to me. And until reviewing with the staff here for this hearing, I really had forgotten of my own memory that there was also a refinance on one of the home mortgages. But this is a letter from the trustee, and I am sure I did follow the same procedure and sent the information about what was—what the debt was to be incurred, how much, and the details, the terms, and the trustee wrote me back approving the entry into that refinance.

Ms. KONAR. I know your memory is a little hazier with regard to the home refinance, but the only reason you would have contacted the bankruptcy trustee to ask about refinancing Judge Porteous's home would have been because Judge Porteous had first called you and said, I need to refinance my home; how do I get permission?

Mr. LIGHTFOOT. Oh, yes. Sure.

Ms. KONAR. Now turning to Exhibit 340, do you recognize this document?

Mr. LIGHTFOOT. This is the same sort of letter from the trustee approving the application to him for authority for those new car leases.

Ms. KONAR. So because Judge Porteous asked for permission to obtain two new car leases and to refinance his home, is that why you believe he understood the confirmation order that he was supposed to seek permission before incurring new debt?

Mr. LIGHTFOOT. Yes.

Ms. KONAR. Did Judge Porteous ever tell you that he nevertheless continued to incur new debt after the confirmation order was signed?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that within the first year after the confirmation order was signed, he took out 42 markers over the course of 14 gambling trips?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that he applied for a new Capital One credit card after the confirmation order was entered and he thereafter proceeded to use that card on a regular basis while in bankruptcy?

Mr. LIGHTFOOT. No.

Ms. KONAR. Did Judge Porteous ever tell you that he applied to increase his credit limits at a casino after the confirmation order was entered and that he thereafter proceeded to gamble at that casino and to take out markers at his new increased credit rate?

Mr. LIGHTFOOT. No, I never knew anything about any gambling at any time.

Ms. KONAR. If you learned that Judge Porteous had indeed taken those actions, would you have considered those actions to be a violation of the confirmation order?

Mr. LIGHTFOOT. They clearly would have been.

Ms. KONAR. Mr. Chairman, I have no further questions.

Mr. SCHIFF. Thank you, Ms. Konar.

Let me ask you a few questions, and then I will turn to my colleagues for their questions. You mentioned that you did not know Judge Porteous before he retained you as his bankruptcy lawyer, is that right?

Mr. LIGHTFOOT. That is correct.

Mr. SCHIFF. Do you know how he came to choose you as his counsel?

Mr. LIGHTFOOT. I don't know. He just called me. And I imagine he checked around. I did many many and still do many, many cases of that type.

Mr. SCHIFF. As a Federal District Judge, Judge Porteous would handle appeals from bankruptcy cases? I think you mentioned you had an appeal at one point, at least for a time, before Judge Porteous?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. So he would have been familiar with bankruptcy law through handling appeals from bankruptcy court cases?

Mr. LIGHTFOOT. I don't know how many he ever had, and I never know—that is a hard question. Some of the district judges really have a background in bankruptcy, but they all get occasional appeals and then learn about bankruptcy. But it is the first level of appeal from bankruptcy to the District Court, and then from there to the fifth circuit.

Mr. SCHIFF. How big is the bankruptcy bar in the area where you practice? Do you know all the other bankruptcy lawyers?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. Do you know whether any of the other bankruptcy lawyers had a relationship with Judge Porteous? In other words, whether any of them were friends of Judge Porteous or had a relationship with him?

Mr. LIGHTFOOT. No.

Mr. SCHIFF. Do you know whether you were chosen by Judge Porteous for the reason that you did not know about his gambling problem or other spending issues?

Mr. LIGHTFOOT. I don't know that. I have zero interest in gambling, so I don't ever talk with anybody about gambling or hear about gambling from anybody. No, I was not aware of anybody who was a gambling buddy of his, for example, or anything like that.

Mr. SCHIFF. But you don't know whether you were picked by Judge Porteous precisely because you were unaware of his gambling problem?

Mr. LIGHTFOOT. I don't know that. No.

Mr. SCHIFF. What would be the significance—there has been testimony that Judge Porteous paid off some of his gambling debts or markers prior to the filing of the bankruptcy. What would be the significance of his doing that?

Mr. LIGHTFOOT. Here is how that works. If there is a payment during the preference period, the 90-day period, which exceeds the $600, and it truly is a preference—not all payments that exceed $600 are preferential. They might just be ordinary course-of-business payments, like your house notes, according to the contract. But when you have an unusual series of payments or payment that

exceeds these preference thresholds, in the answer to that question, in a Chapter 7 case it allows the Chapter 7 trustee to recover those funds as having been preferentially paid, bringing them back into the bankruptcy estate for distribution to all the creditors equitably.

In a Chapter 13, the 13 trustee will consider that any—he will inquire maybe a little bit about them to make sure they are really preferential. But any payments like that would be considered as having been recovered in a hypothetical Chapter 7. So the trustee would then look to, well, how much is this debtor paying to the creditors under this plan and does it equal how much they could have received from the hypothetical Chapter 7 if this preference were recovered.

Mr. SCHIFF. Well, this was Chapter 13, right?

Mr. LIGHTFOOT. So in the 13 it goes toward the extent and the sufficiency of the plan.

Mr. SCHIFF. Well, what would the effect have been if the bankruptcy court in this case had known that Judge Porteous had taken out markers and paid them off just preceding the filing of the bankruptcy and that the casinos were paid 100 percent of their markers?

Mr. LIGHTFOOT. Well, if you had a sort of a pattern of behavior like that, I suppose a creditor interested enough to do something might oppose confirmation and feel that the plan was proposed with lacking good faith. That is one possibility—or the trustee.

Mr. SCHIFF. Would there have been any opportunity as in a Chapter 7 to go after some of the payments made at the casino because they got basically 100 percent of their debts paid within 90 days, whereas in the bankruptcy the creditors after only got a portion?

Mr. LIGHTFOOT. It really goes to how much you are required to pay to the remaining creditors. That is where that comparison is. Because in the Chapter 13, the 13 trustee is not a litigator and a liquidator. He is more of an administrator of the funds that come in under the plan. But if a trustee identified preferential payments, then they would want to make sure that an equal amount of money was being paid, just as though that money had been recovered in a Chapter 7. But it would be paid through the plan, as opposed to obtained back from the preferential payees.

Mr. SCHIFF. What would the effect have been if Judge Porteous had listed the casinos as creditors on his bankruptcy filing?

Mr. LIGHTFOOT. Well, when I have confronted—I have had some cases involving gambling, people who had markers, and, of course, they are a civil liability. It is a debt like any other debt in that sense. So it has to be listed. I would have listed and do list anybody who has a casino-type debt.

But these markers have another feature that always brings me to more conversations with these clients that have that problem, that these markers are akin to checks, and if that check is negotiated and it comes back NSF, you may have a criminal issue with the issuance of a bad check. So it gives me the opportunity to have that discussion about markers.

Mr. SCHIFF. But had these markers been listed, had these casinos been listed on his bankruptcy petition, would that mean that at the end of the day, depending on the bankruptcy plan that the

trustee and court arrive on, that the casinos would have gotten less than 100 percent of their money back?

Mr. LIGHTFOOT. They would have gotten whatever—probably if there were more debt coming in than there was in this particular case, then everybody would have gotten a little less than they are getting now because the pool would have enlarged. But the casinos would have received only through the plan what everyone else got.

Mr. SCHIFF. And do you remember what everyone got, the creditors got in this plan?

Mr. LIGHTFOOT. Well, the percentage changed, as it does. The creditors are all issued a bar date, a deadline, to file claims to which they attach their invoice or whatever is the proof of their debt. And it is not unusual to see through their own negligence that some creditors do not file claims timely; and those late claims, if they file them late, they are disallowed. And usually there are some in every case that just don't file a claim at all. So eventually when the bar date has come and gone, the trustee is able then to recalculate, well, this stream of money that is proposed can now go further.

It can pay a higher percentage, because all of the scheduled creditors didn't end up filing claims. And that is what happened in this case, as it does in many of them. So the percentage went up. I can tell you the original percentage was to be—well, actually, you know, there was an amended plan that ultimately was confirmed. I was watching the testimony before, 39 percent may have been correct initially, based on the scheduled creditors. But after all the claims came in, it went up considerably, another 15-20 points in terms of what the money actually paid with some creditors not participating.

Mr. SCHIFF. When you say the amount went up, as the proceeding goes on and more creditors come forward, does that mean the amount per creditor actually goes down?

Mr. LIGHTFOOT. No, it is a question of—I listed all the creditors that I had totaling a certain dollar amount. And then there is a later bar date, and I project the plan based on that, and I say that this payment per month for this many months will pay X percent of that debt.

When the claims process is over and they are given 90 days after the creditors meeting to file a claim, when all those claims are in, if you had—I think in this case there was as much as $75,000 worth of creditors that did not file claims, and so the money that I had originally proposed went a lot farther. It paid a much higher percentage.

Mr. SCHIFF. Why would those creditors not file claims?

Mr. LIGHTFOOT. They just don't. I don't know why. They get notices, they get blank claim forms, they get notice of the deadline, and they just don't always file their claims.

Mr. SCHIFF. Now, you mentioned that the list of those filings for bankruptcy is published in the paper, right?

Mr. LIGHTFOOT. At that time, the paper would pick up the names and addresses of the debtors and publish them in the paper once a week.

Mr. SCHIFF. Now, was this, in part, as a way of letting creditors out in the community know who was filing for bankruptcy? Is that part of the reason for the public notification?

Mr. LIGHTFOOT. No. There is no requirement for any kind of public notice in that sense, publication notice. All of the—and in this case, after the corrected petition and schedules and plan were filed, that is when the very first notice went out. So the only notice that ever went out to these creditors was—and presumably to anybody who was looking for the official proof of the filing, went out under the correct address and the correct name.

Mr. SCHIFF. But the newspaper, you said, published the names of those filing bankruptcy?

Mr. LIGHTFOOT. They do and they did.

Mr. SCHIFF. They had to have a reason for doing that. What was the reason for publishing that?

Mr. LIGHTFOOT. I don't know. Public information. They put the DWI's in the same area on another day of the week. And now in New Orleans, they are not publishing any of that anymore.

Mr. SCHIFF. Wouldn't the purpose have been to let people know that maybe creditors of the person filing the petition, that someone is filing a petition and if they need to make a claim, that this is happening?

Mr. LIGHTFOOT. That could happen. I just don't know—I don't know if that is the motivation for publishing it.

Mr. SCHIFF. You attempted initially to do a workout, but that was unsuccessful. Why was the workout unsuccessful?

Mr. LIGHTFOOT. I couldn't get any response, Mr. Chairman. I prepared the bankruptcy almost such as you see it, because I had to, to find out what the creditors could have expected to get in a Chapter 7 case.

Mr. SCHIFF. When you say you couldn't get a response, you couldn't get a response from whom?

Mr. LIGHTFOOT. From all of—I wrote to every single creditor, with the exception of Regents Bank, which was a small personal loan that he felt he could handle on his own, and I proposed that he go to the bank, borrow money against what small amount of equity he had in his house, to pay them all on a percentage basis. I showed them with a detailed analysis all the creditors that there were, I gave them an appraisal of the house, I gave them an analysis of what would have resulted in a Chapter 7 case to them from all of the judge's assets. And I said this is how much we can pay, but we have to pay everybody the same. There will only be a limited pot of money.

Mr. SCHIFF. So when you say it didn't work out, none of the creditors took you up on the proposed workout?

Mr. LIGHTFOOT. I sent big thick packages to all of them on several occasions. Every couple of weeks or so I would call, which was very frustrating, because you are using the 800 number that comes on the invoice to try to get contact, and I just could never get to anyone with any authority to do anything.

Mr. SCHIFF. Now, part of the reason that you go through the workout sheets and the workout exercise with your client is to determine what you can approach creditors with, what kind of an

offer you can make; but it is also to determine what your client has the capacity to pay back, right?

Mr. LIGHTFOOT. Well, I normally don't try to do these workouts. Every time I have tried it, it has been an exercise in futility and frustration.

Mr. SCHIFF. But part of the reason you go through the exercise with your client is you want to know what his spending is, what his income is——

Mr. LIGHTFOOT. You mean the worksheets. No, I had to have the complete worksheets to even analyze the information to prepare the workout offer.

Mr. SCHIFF. And it would have been important for you in knowing whether your client could actually live up to a workout what his income and spending habits were, isn't that right?

Mr. LIGHTFOOT. True.

Mr. SCHIFF. And you were unaware that in approximately the 5-year period prior to retaining you, that he had spent around $100,000 on gambling?

Mr. LIGHTFOOT. Yes, sir. I didn't know a thing about that.

Mr. SCHIFF. Had you known about that, that would have, I take it, influenced your conclusion about whether he could meet a workout plan?

Mr. LIGHTFOOT. Absolutely.

Mr. SCHIFF. Is there a duty in a bankruptcy case to update the bankruptcy petition as circumstances change—we touched on this a little bit—in terms of whether your income changes? There is a duty to have an accurate listing of what your income is when you file your petition, right?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. If your income were to change substantially during the course of the bankruptcy case, isn't there a duty to update the court on changes?

Mr. LIGHTFOOT. I have not seen anything in the bankruptcy code on that, but I have seen it come up on occasion in a particular case, particularly where the trustee may feel that the income is sporadic or it goes up and it goes down; a commissioned salesperson, someone who is underemployed, that used to make more and is looking for new employment. In those cases, the trustee will recommend to the court that there be typically a 6-month report on income so that that can be monitored.

Mr. SCHIFF. If you have a client, though, that gets a new job during the pendency of a bankruptcy case where they are making twice the income, isn't there some obligation to let the court and creditors know that their income is now much greater?

Mr. LIGHTFOOT. There really isn't. And I may not know about it. When I learn there is a problem is when the clients don't pay their plan payments. When good things happen, they don't come and tell me.

Mr. SCHIFF. Now, when you and Judge Porteous sat down and made the decision to file a bankruptcy, did the judge express concern about it becoming public and the public becoming aware he was filing bankruptcy?

Mr. LIGHTFOOT. I expressed it, and he expressed it too.

Mr. SCHIFF. What did he tell you about it?

Mr. LIGHTFOOT. He was clearly despondent over having to have to resort to the bankruptcy, and I had told him about my negative experience with these workouts with credit card—if you have your local bank and a lawyer to deal with, you can really approach settlement much more effectively. But when you have these large institutional creditors, it is just very hard to get through to anybody. I was not—I went—I really made every effort to try to accomplish it, but it just didn't work. I think that he had hoped that it would work.

Mr. SCHIFF. Did the judge express concern when the workout wasn't successful that the public would become aware that he was filing for bankruptcy?

Mr. LIGHTFOOT. No, he didn't—I mean, he was just I think embarrassed to have to file bankruptcy. Of course, part of that I guess is that people will know.

Mr. SCHIFF. Tell us about the conversation you had with the judge where the decision was made to file under a false name. How did that conversation begin and how did it proceed?

Mr. LIGHTFOOT. Well, I explained the process by which the paper, the newspaper would come and get the names and would publish them, and also the process by which we would correct the false name and make sure that all creditors got the correct information so that none would be prejudiced, and hopefully that would save him the embarrassment of a big appearance in the paper.

Mr. SCHIFF. But how did this conversation come up? Did he express a concern about it becoming public? Did you raise the issue?

Mr. LIGHTFOOT. I raised the issue, and I wish I hadn't, but I did.

Mr. SCHIFF. And what made you feel that he would be ashamed of having the bankruptcy published in the paper?

Mr. LIGHTFOOT. Well, because he was a judge. I mean, I hadn't had a client like that before in Chapter 13. My clients are just regular working folks. And I knew that it would be very embarrassing, and I was compassionate about that.

Mr. SCHIFF. Now, you said that ultimately filing under the false name was unsuccessful and you used a phrase I found striking, "because it came out anyway." What did you mean by that? How did it come out anyway?

Mr. LIGHTFOOT. Well, in terms of the—there was later when—I don't know how I could not have thought that gossip would have, you know, spread like wildfire, but, of course, it wasn't just a listing of a name along with many, many other names in a column, which would have happened normally, but there was an article in the paper about the judge filing for bankruptcy, et cetera, that was a much more—larger article than the normal reporting of all the people who filed that week.

Mr. SCHIFF. So when you filed the petition under the Ortous name, there was nonetheless in that paper an article about Judge Porteous? They had identified him?

Mr. LIGHTFOOT. Not right away, but it came out later.

Mr. SCHIFF. Did it come out prior to your filing the petition with the corrected name?

Mr. LIGHTFOOT. No.

Mr. SCHIFF. And during the period between filing with the false name and correcting the petition, did you get any information that

there were rumors going around or other information about the judge filing for bankruptcy?

Mr. LIGHTFOOT. No.

Mr. SCHIFF. When you had made the decision to file the petition in the false name, did you also discuss at that time at what point you would correct the name?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. And tell me how that conversation went?

Mr. LIGHTFOOT. Well, immediately, as soon as it went in the paper, it had to be corrected, and I needed to correct it so that the notices would all go to the creditors with the proper name so that they could identify the accounts and file their claims. And the only notice that ever went out, went out with the proper name and address.

Mr. SCHIFF. Well, tell me about the conversation. You still haven't relayed the conversation you had with the judge. As best you can, tell us the conversation where you proposed the false name filing and what the procedure would be, and tell us what the judge's reaction was and how the meeting resolved?

Mr. LIGHTFOOT. Well, I explained how the notices, you know, just the the logistics of—until you file the schedules and the plan——

Mr. SCHIFF. If I could back up for just 1 second, was this at the same meeting where the decision was made to file a bankruptcy petition?

Mr. LIGHTFOOT. Yes.

Mr. SCHIFF. So you had a meeting with Judge Porteous. You said the workout isn't working. You discussed whether to file and you made the decision that you needed to file.

Mr. LIGHTFOOT. All of that didn't happen in one meeting. The workout not working really came to a head because finally, not because of my efforts to talk to the credit card companies, but finally two of the credit card companies had assigned the debts to local collection lawyers to collect, and they had written demand letters or made a phone call. So initially I thought well, this is great. I have got someone to talk to now. And I sent the very same package to them that I had sent to their clients. And I said, I don't know if you were provided this—of course they hadn't been—but this is what I was proposing. Would you review it with your client and tell me?

Of course, it was only two out of, you know, several—lots more. The workout would have needed to have at least the majority of them to really work. But one didn't get back to me, one of the lawyers, and the other lawyer said the client said no.

Mr. SCHIFF. So you made the decision with your client to file a bankruptcy petition. Tell me how the conversation began and the full nature of the conversation you had about filing under a false name?

Mr. LIGHTFOOT. That was after the workout had failed, and we knew that, then the only alternative was the bankruptcy. And I had this idea about trying to save him the embarrassment of the splash in the paper, and I explained it to him and I explained——

Mr. SCHIFF. Well, if you would, rather than telling us in general terms what took place with the conversation, tell us what the conversation was. You raised with Judge Porteous——

Mr. LIGHTFOOT. I said, you know, they publish these things in the paper, and if your name were incorrect and you had a P.O. Box, maybe the paper wouldn't know that it is you. And then as soon as it is published in the paper, we can make the correction immediately, make sure that all the creditors get the proper notice and the case goes forward as normal, and hopefully that will avoid you with the embarrassment of a big article in the newspaper.

Mr. SCHIFF. And what was Judge Porteous's reaction to your suggestion?

Mr. LIGHTFOOT. I asked if he wanted that or not.

Mr. SCHIFF. Did you explain to your client what the legal risks were of filing a petition in a false name?

Mr. LIGHTFOOT. I didn't really cover that.

Mr. SCHIFF. And what was the judge's reaction?

Mr. LIGHTFOOT. He was—well, he agreed to do it.

Mr. SCHIFF. And what did he say?

Mr. LIGHTFOOT. He said—well, I don't remember him saying anything other than let's do it.

Mr. SCHIFF. And how did you preface the conversation? Did you tell him you had an idea about—once you made the decision to file the bankruptcy petition, hey, I have an idea about how to spare you some public embarrassment? How did you raise the——

Mr. LIGHTFOOT. That was exactly how I put it. I said, there is going to be a publication in the paper, and I imagine it will result in embarrassment for you. And that was the genesis of it.

Mr. SCHIFF. Can you tell us anything more that Judge Porteous said in the conversation?

Mr. LIGHTFOOT. He didn't really say anything about it other than to agree to do it.

Mr. SCHIFF. And the plan that you had was you file in the false name. Were you the one who suggested setting up the phony address as well?

Mr. LIGHTFOOT. Yes. Because without—the address and the name were the things published in the newspaper, in the long list of those who had filed.

Mr. SCHIFF. And at no time you advised your client of the risk of making a false statement and signing under penalty of perjury?

Mr. LIGHTFOOT. It was a mistake. I rue the day that I thought of that. But that's the way it was.

Mr. SCHIFF. And your plan was to file a subsequent petition, an amended petition in the correct name within a certain period of time?

Mr. LIGHTFOOT. As soon as it was in the paper, you know, the effort was to correct it immediately. There was no intent to ever have a false impression to a creditor or anyone who should have been paid in that case. In fact, they all got the correct notices with the correct name. No notices ever went out on the first petition. They only went out on the amended petition.

Mr. SCHIFF. I take it the newspaper didn't publish the names of those filing an amended petition. Is that how you intended to avoid publication?

Mr. LIGHTFOOT. Right. Correct. Yes.

Mr. SCHIFF. So any creditors that may have relied on the newspaper to learn about people filing bankruptcies, they would never have gotten notice?

Mr. LIGHTFOOT. If that is the only way that a creditor could tell, then I guess they would have found out from the later articles that appeared in the paper, but they wouldn't have found out from that incorrect name in the very first listing.

Mr. SCHIFF. But if you had been successful and Judge Porteous was able to keep his name out of the paper altogether, creditors who rely on the paper to find out would never have found out?

Mr. LIGHTFOOT. Well, other than there were many other articles about him being in bankruptcy.

Mr. SCHIFF. Yes. But your intention was to keep him out of the newspaper, right?

Mr. LIGHTFOOT. That's true. The only creditors that I knew of got an official notice with the right name because it was corrected before the notices went out.

Mr. SCHIFF. My question, Mr. Lightfoot, is——

Mr. LIGHTFOOT. If anybody had relied on the newspaper, they might not have picked it up.

Mr. SCHIFF. So if you were successful in keeping his name out of the paper by filing originally under a false name, any creditors that relied on the newspaper to learn about bankruptcies would not have found out about his bankruptcy?

Mr. LIGHTFOOT. That's true.

Mr. SCHIFF. I just have a few more questions.

You mentioned in discussion about the tax refund, that that would have been required to be disclosed when it was a liquidated asset.

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. When Judge Porteous filed the bankruptcy petition, he had filed for the tax refund, correct?

Mr. LIGHTFOOT. I don't know anything about when he filed his return other than being here and listening. I didn't know anything about that.

Mr. SCHIFF. Well, let me ask you this. The bankruptcy form requires what to be disclosed in terms of a tax refund, whether they are expecting a tax refund?

Mr. LIGHTFOOT. The way I interpret the liquidated amount means you have to have prepared a return so that you know what the amount is.

Mr. SCHIFF. Does the bankruptcy petition refer to a liquidated amount?

Mr. LIGHTFOOT. Yes, sir. All liquidated debts owing to the debtor, including tax refunds.

Mr. SCHIFF. And if someone has applied for a tax refund prior to the filing, a week before the filing, would that be considered sufficiently liquidated to be reported?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. Now, you had Judge Porteous review the petition before you filed it to make sure it was all accurate?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. So even though you were operating on a dated paycheck receipt, Judge Porteous would have known that the salary that you had written in was in fact an inaccurate salary?

Mr. LIGHTFOOT. I certainly didn't know, but he would have known.

Mr. SCHIFF. And he told you everything that you had filled out was accurate?

Mr. LIGHTFOOT. I didn't really know it changed much. I figured it was probably the same. So I didn't think to ask about it, but I wasn't corrected.

Mr. SCHIFF. You mentioned you have other clients that have had gambling problems over the years that you have worked on bankruptcy cases with; is that right?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. Where they have had debts to casinos, have you listed those debts in the bankruptcy petitions?

Mr. LIGHTFOOT. I have.

Mr. SCHIFF. During the meeting with the trustee in which Judge Porteous was present and was under oath, does a trustee generally ask the bankruptcy petitioner whether everything in their bankruptcy petition is correct and accurate to the best of their ability?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. And in this case in fact did the trustee ask if everything in here is true and correct and the judge answered yes?

Mr. LIGHTFOOT. Yes, sir.

Mr. SCHIFF. So if Judge Porteous were aware that the income level was inaccurate in the petition, that gambling debts were not listed, that the tax refund was not included when he answered that everything in the petition was accurate, that would have been a false statement under oath to the bankruptcy trustee?

Mr. LIGHTFOOT. With everything that I have seen, it would be, yes.

Mr. SCHIFF. At one point the trustee asks whether he had listed all of his assets, and he answered yes. In light of what you have seen, is that a false statement as well?

Mr. LIGHTFOOT. Yes.

Mr. SCHIFF. The court order prohibited the incursion of additional debt during the bankruptcy. For someone who takes out additional debt in the form of markers or other debt, is that a violation of a court order?

Mr. LIGHTFOOT. Of the confirmation order in this case it was.

Mr. SCHIFF. I have no further questions.

Now I will recognize the Ranking Member, Mr. Goodlatte.

Mr. GOODLATTE. Thank you, Mr. Chairman.

Mr. Lightfoot, following up on the question by the Chairman, how well did you know Judge Porteous before you were retained to help him with this problem?

Mr. LIGHTFOOT. I didn't know him at all.

Mr. GOODLATTE. Had you ever met him before?

Mr. LIGHTFOOT. I don't think I had ever met him.

Mr. GOODLATTE. Do you know of him by reputation or anything?

Mr. LIGHTFOOT. No, sir.

Mr. GOODLATTE. After he retained you to handle the workout, there was quite a lot of time before you finally got around to filing

a Chapter 13 bankruptcy. Is that—about 9 months or something in that range? How many occasions did you have to converse with him during that time, either in person or over the telephone?

Mr. LIGHTFOOT. I would say periodically or maybe like every 3 weeks or a month. He would be anxious to know was I getting anywhere with the workout.

Of course, initially, I was engaged in getting the worksheets back, getting a fresh opinion of value on his house so that I could complete the workout proposal and figure out what creditors could expect to receive. And after that it was just a periodic delivery of new statements from the credit card companies so that I could be aware of the changes in the amounts that were owed.

Mr. GOODLATTE. Did Judge Porteous ever express hope that his circumstances would change, that he would not be required to continue this workout effort or that he would not ultimately wind up in bankruptcy?

Mr. LIGHTFOOT. I think he hoped that the workout would be successful.

Mr. GOODLATTE. But did he ever indicate that he might have a change of financial circumstances himself that would do that?

Mr. LIGHTFOOT. No.

Mr. GOODLATTE. What was your fee arrangement with him?

Mr. LIGHTFOOT. I told him that I would charge him—we had a controlled fee in our district and still do for Chapter 13s. At that time, it was a thousand dollars. So I told him for the efforts that I had made in the workout that I was going to charge him an extra $750. So when I filed the case, I asked for a fee of $1,750.

Mr. GOODLATTE. Did he pay any of that up front?

Mr. LIGHTFOOT. He paid just the filing fee, and the fee got paid through the plan.

Mr. GOODLATTE. And so the entire 1,750 was approved?

Mr. LIGHTFOOT. It was. The trustee objected to it initially because it was more than what we normally charged, but Judge Greendyke felt that was a fair fee, and it was approved.

Mr. GOODLATTE. And were you paid all of that fee?

Mr. LIGHTFOOT. As he paid the trustee, the trustee paid me and I was paid.

Mr. GOODLATTE. And the Chapter 13 was completed?

Mr. LIGHTFOOT. It was.

Mr. GOODLATTE. During the time that you were representing him, did you ever have any of these meetings over a meal? Did you meet him for lunch or dinner?

Mr. LIGHTFOOT. No, but usually I would go to his office because I was—my office was in another part of the city at that time and I was in court most days, which was downtown and in the downtown area and the bankruptcy court was in the same building. So it was easier for me to go meet with him in his office.

Mr. GOODLATTE. Bankruptcy court was in the same building as his office?

Mr. LIGHTFOOT. Correct.

Mr. GOODLATTE. All right. During your grand jury testimony, you refused to answer certain questions about your conversations with Judge Porteous based on the attorney/client privilege.

Mr. LIGHTFOOT. Yes, sir.

Mr. GOODLATTE. Why did you do that?

Mr. LIGHTFOOT. The judge had a lawyer and I would have to come out when a question was asked that might get into privileged material and the judge claimed through his lawyer the privilege and I had to go back in and say that I was directed not to answer.

Mr. GOODLATTE. And ultimately the court ruled that the attorney/client privilege that Judge Porteous was attempting to raise did not protect these conversations. And what was the reason for that?

Mr. LIGHTFOOT. Crime fraud exception and then I was free to answer all the questions.

Mr. GOODLATTE. As a result of the fact that you could not exercise that privilege and he could not exercise it through you based upon the fact that there were criminal allegations made regarding his conversations and regarding the filing of the petition and his failure to put certain things in those petitions, is that the crime fraud exception?

Mr. LIGHTFOOT. The court ruled there was a crime fraud exception. I don't think I really was aware of what on Judge Porteous's side anybody was investigating at that time. But I just knew that I didn't—I was now free to answer any questions.

Mr. GOODLATTE. And that—okay. And they did not tell you the reason for their——

Mr. LIGHTFOOT. Did they tell me——

Mr. GOODLATTE. Did they explain the crime fraud exception to you?

Mr. LIGHTFOOT. Well, I knew what it was, that there was something about what we may or may not have talked about, because I hadn't even testified yet, that could lead to the crime fraud exception and the court was satisfied that it should be applied and it was.

Mr. GOODLATTE. And it was your understanding that that exception meant that there was either allegations or more related to the activities of Judge Porteous related to his bankruptcy filing that were of a fraudulent or criminal nature?

Mr. LIGHTFOOT. Yes, sir.

Mr. GOODLATTE. Other than going to his office for his convenience and meeting with him, how else did the fact that Judge Porteous was a Federal judge impact the way that you dealt with him?

Mr. LIGHTFOOT. Well, one thing that I was clear to do early on when I provided the worksheet, I explained the worksheets and said, now, let me show you these. I want to show you how to fill them out. And I went to his home and sat down when he and his wife and explained them.

Because many times, for example, in the budget how much is spent for your monthly living expenses, maybe the wife took care of that. I really didn't know him, so I didn't know. And I wanted to make sure that I sat them down and explained how to proceed toward filling out these worksheets equally and as thoroughly as I would any other client that would be in my office, notwithstanding the fact that he was a judge, lawyer, whatnot.

Mr. GOODLATTE. In fact, more thoroughly, because he was a judge and because you probably don't make house calls for most of your clients?

Mr. LIGHTFOOT. Well, I didn't know how much he knew about bankruptcy. All I knew was that I wanted to be as thorough as——

Mr. GOODLATTE. But you don't know how much most of your clients know about bankruptcy.

Mr. LIGHTFOOT. That's true.

Mr. GOODLATTE. It doesn't entail your visiting them in their homes to clarify that, in most instances.

Mr. LIGHTFOOT. No. Well, he lived near where my office was, and that particular time it was just more convenient for me to go there. And he suggested it, and I said that was fine.

Mr. GOODLATTE. If after the confirmation order had been issued and Judge Porteous had asked you whether he could take out casino markers, what would you have told him?

Mr. LIGHTFOOT. No.

Mr. GOODLATTE. Why would you have so instructed him?

Mr. LIGHTFOOT. Because first we had to have court authority, which as it turned out under Judge Greendyke's order was trustee authority and the kinds of debts that you're allowed to incur during a bankruptcy are those that are necessary and essential. And obviously making a marker at a casino is not essential.

Mr. GOODLATTE. And is there any question in your mind that a marker is a form of indebtedness?

Mr. LIGHTFOOT. No doubt at all.

Mr. GOODLATTE. And if you had known that Judge Porteous gambled at all, what would that have triggered other than in terms of other questions for inquiries by you of him?

Mr. LIGHTFOOT. I would want to know where are the gambling debts. They must be listed. You can't gamble anymore. You can't incur debt to gamble. Those admonitions. Have we listed all of the debts or do you have——

And then I would get into the area of the markers. Because the markers, although they are a civil liability to pay, as you were explaining, they also could—if the marker is put through as a check and it bounces and then you have a bad check, which is a more serious problem.

Mr. GOODLATTE. Tell me what sorts of questions you would have asked him and what advice you would have given him if he told you he was a frequent gambler?

Mr. LIGHTFOOT. Well, I would have told him exactly what—do you have any gambling debts that you haven't told me about? If so, I need the name, address, account number, balance due. Are you doing it now? Because your budget will not work if you gamble. You have no authority to make any debts to gamble.

Mr. GOODLATTE. And during the entire period of the workout, some 9 months, and during the time that you were filing the Chapter 13 in the initial proceedings in the Chapter 13 and you had conversations with him every few weeks, did he ever at any time indicate to you that he gambled at at least 10 different casinos on the Gulf Coast and also in Nevada?

Mr. LIGHTFOOT. No, sir. In fact, my understanding was there was no debt being made. Because that is what I told him. I said, I can

understand that we have this workout pending, but you shouldn't make any more debt. You're just going to get yourself into a deeper hole. You have got all the debt you need now. Don't make any more debt. Don't use any credit cards.

Mr. GOODLATTE. Did he show any interest in making more debt?

Mr. LIGHTFOOT. He said fine.

Mr. GOODLATTE. He said fine.

Mr. LIGHTFOOT. It was good advice. He said, fine, I won't make any more debt. And I said—at a certain point he was still continuing to make minimum payments that weren't keeping up with the interest, and I was getting no response at all. And I said, well, you know, we are at a point now where it doesn't look like it is working and maybe what we need to do next is, in addition to not making any new debt, stop paying them. Maybe we can get their attention. Because, ultimately, it will lead to bankruptcy through which they will get paid whatever they are going to get.

But my understanding is no debts were being made.

Mr. GOODLATTE. And Judge Porteous totally hid all of his gambling activities from you?

Mr. LIGHTFOOT. Excuse me?

Mr. GOODLATTE. I said, Judge Porteous totally hid all of his gambling activities?

Mr. LIGHTFOOT. Oh, yeah.

Mr. GOODLATTE. You didn't even know he gambled; is that correct?

Mr. LIGHTFOOT. Oh, I don't gamble.

Mr. GOODLATTE. No. I said, you didn't even know he gambled.

Mr. LIGHTFOOT. I didn't know he gambled and—whatsoever.

Mr. GOODLATTE. Were you intimidated by Judge Porteous?

Mr. LIGHTFOOT. No.

Mr. GOODLATTE. What was your reaction to Judge Porteous and his gambling when you found out afterwards that he had—not gambled, that he had perpetrated a fraud upon the bankruptcy court and, in fact, had used you to help perpetrate that fraud?

Mr. LIGHTFOOT. Well, I don't feel so good about it. I feel a little betrayed. Because had I known I would have said a lot of things to him in the hope to prevent him from doing that. But it didn't happen because I didn't know.

Mr. GOODLATTE. Thank you.

Thank you, Mr. Chairman.

Mr. SCHIFF. The gentleman yields back.

Mr. Gohmert.

Mr. GOHMERT. Thank you.

I appreciate your testimony, and I'm a little fuzzy on my recollection of bankruptcy rules. But what is the length of time before you file bankruptcy that any transfer of assets may be brought back into the bankruptcy determined later?

Mr. LIGHTFOOT. At the time of this case, it was 1 year.

Mr. GOHMERT. It was 1 year?

Mr. LIGHTFOOT. Yes, sir.

Mr. GOHMERT. Okay. And you had mentioned that you had had some bankruptcy appeals that obviously went to a district court. You had never heard of Judge Porteous before he came to you, though?

Mr. LIGHTFOOT. I knew he was a judge, but I never met him.

Mr. GOHMERT. Okay. All right.

Mr. LIGHTFOOT. I had this one appeal that was allotted to his court many years before, maybe even 10 years before, and I was prepared to write a brief. I was the prevailing party in the bankruptcy court. So the appellant was going to file a brief, and then the appellant dismissed their appeal. So it never went anywhere. So I never did meet Judge Porteous.

Mr. GOHMERT. Okay. So you did know he was a judge. So that has got to be a pretty sincere form of flattery for a Federal district judge to come in and seek your services legally, correct?

Mr. LIGHTFOOT. Well, I had never had a client like that before.

Mr. GOHMERT. I know. But that has got to be very helpful?

Mr. LIGHTFOOT. Well, I guess he must have called around and checked me out and thought I was a good choice, and I felt good about that.

Mr. GOHMERT. Yeah, sure, it is flattering. And normally down the road it ends up being good business. People know, oh, this is the guy that helped the Federal judge, right? I mean, you had mentioned word gets around.

Mr. LIGHTFOOT. My typical clients aren't interested in that. I have just working-class people for the most part.

Mr. GOHMERT. Well, I have represented working-class people myself; and I find that if they hear that one lawyer was used by a Federal judge, or by any judge, it makes a very big impression. So it is good——

But I'm wondering about, in the bankruptcy court, we have had the questions about, you know, his being asked the normal questions, put under oath and swearing to do things by the trustee. Did you see that he got any special treatment where maybe he wasn't sworn in at any of those or did they treat him like a normal court participate?

Mr. LIGHTFOOT. No, everything went usual. It is not a lengthy process. But I don't believe it was any different than any other case.

Mr. GOHMERT. Okay. So they didn't cut him any slack or just because he was a judge not swear him in or anything like that?

Mr. LIGHTFOOT. Oh, no. He was sworn.

Mr. GOHMERT. Well, I just wanted to tie those up.

Thank you, Mr. Chairman.

Mr. SCHIFF. The gentleman yields back.

Mr. Westling.

Mr. WESTLING. Mr. Chairman, we have no questions for this witness.

Mr. SCHIFF. All right. Well, I thank you for your testimony.

Mr. SCHIFF. We will now call up our final witness of the day. Our final witness is the Honorable Duncan Keir, Chief Judge of the United States Bankruptcy Court for the District of Maryland.

Judge Keir has served as a bankruptcy judge since November, 1993. He is a distinguished academic, has had a distinguished academic legal career as well. He is the author of a chapter of Collier on Bankruptcy, a respected treatise on bankruptcy law.

He has served as an adjunct faculty member of the University of Maryland School of Law and is a Fellow of the American College of Bankruptcy. From 1999 through 2002, Judge Keir served as Circuit Governor for the Fourth Circuit on the Board of the National Conference of Bankruptcy Judges.

I will now swear the witness.

Judge Keir, if you wouldn't mind rising and raising your right hand.

[Witness sworn.]

Judge KEIR. I do.

Mr. SCHIFF. Thank you. You may be seated.

And at the outset, Judge, I want to thank you for your willingness to come and testify today. You're not a participant witness here and under no duty or compulsion, but we are very appreciative of your time.

Judge KEIR. You're very welcome. I'm glad to be here if I can be of assistance.

Mr. SCHIFF. Thank you, Judge. And I will turn over to a Task Force counsel Harry Damelin to begin the questioning.

TESTIMONY OF THE HONORABLE DUNCAN KEIR, CHIEF JUDGE, UNITED STATES BANKRUPTCY COURT, DISTRICT OF MARYLAND

Mr. DAMELIN. Good afternoon, Judge. And could you please tell us first, in addition to being present here this morning to hear all of the testimony that has been brought forth today, what materials have you reviewed in preparation for your testimony before the Task Force?

Judge KEIR. I have reviewed carefully, first of all, the docket which lists all of the documents filed in the bankruptcy case of Judge Porteous and his wife. I have reviewed the petition that was filed that initiated the case, the amended petition that was subsequently filed, the schedules that were filed under penalty of perjury, as well as a statement of financial affairs similarly sworn, the Chapter 13 plan that was proposed, the confirmation order that was entered, portions of the recorded prior testimony, the 341 meeting of Judge Porteous, portions of prior testimony before the fifth circuit of various witnesses, an outline of financial transactions surrounding the time frame of the filing of the bankruptcy case and thereafter during the duration of the case, and including prior testimony, I might add, of both the trustee, who is the Chapter 13 trustee in the case, and Mr. Lightfoot, who has just testified. I also saw the letter of referral from the United States Attorney's Office to the fifth circuit of the matter.

Mr. DAMELIN. Thank you.

Could you please start off by briefly describing for the Task Force what a Chapter 13 bankruptcy is?

Judge KEIR. Chapter 13 bankruptcy is sometimes referred to as a wage earner's plan. That is a little bit perhaps too narrow. It is only available to individuals who have receipt of a regular monthly income. Income can be unemployment. It doesn't really have to be only wages.

It is in lieu of, if you will, a liquidation in bankruptcy and the means by which the debtor has to provide to the trustee and then

the trustee distribute to unsecured creditors at least as much in value as they would have received had it been a liquidating Chapter 7 bankruptcy. In exchange for that opportunity, the debtor gets to keep property that otherwise would have been surrendered to the trustee for sale and liquidation and payout.

The plan can be of a duration no more than 60 months.

Mr. DAMELIN. In connection with a bankruptcy filing, is it important that a debtor be candid with the court in his or her filings?

Judge KEIR. It is absolutely essential to the operation of the case and the integrity of the system and the bankruptcy laws.

The United States Supreme Court in 1934 in a somewhat famous case referred to as *Local Loan Company v. Hunt* said something which has been often repeated in other courts in numerous opinions since then; and that was that Congress provided the relief in bankruptcy for the honest, but unfortunate, individual. And honest is an essential component because the debtor reveals in his or her schedules all of their debts, all of their assets, their present income and expenses, and their financial history through a series of questions called the Statement of Financial Affairs.

All of this information is sworn to under penalty of perjury. So they are taking a court oath as to all of this, and this provides the essential information that both the creditors and the trustee can then use to decide whether further investigation by way of the examination or take action filing particular action before the bankruptcy court. They investigate the liabilities by asking questions of other witnesses or seeking bank records, for example. All of this activity would follow on based upon what the debtor has revealed. It has to be complete or there is no trail for the creditors and the trustee to follow.

Mr. DAMELIN. What is the significance of the fact that Judge Porteous filed his initial bankruptcy petition under a false name and with a P.O. Box instead of his residential address?

Judge KEIR. Well, Mr. Lightfoot has just testified that the intent was to keep secret the fact that Judge Porteous had filed a bankruptcy case from the general public and that it wouldn't be published in the local newspapers. That in itself violates—first of all, it violates by perjury the oath contained in the petition itself which states that everything in the petition is true and correct under penalty of perjury. And in six different places on the original petition, the false name is put down. In no place is the true name put down.

Secondly, it is true that most of the creditors are likely to get the information about the existence of the case through the notice that the clerk's office sends out. In my district, that clerk's office notice would have gone out more quickly than it did in this particular case; and they would have gotten a notice that said Mr. Ortous filed, rather than Gabriel Thomas Porteous and his wife filed.

But, in addition, it is not uncommon that a person that maybe the debtor forgot or believes they were owed having an interest in the proceeding will find out about it from the newspaper and not be in the schedule and therefore the notice—the fact that it was corrected before the notice went out would not solve that problem. It kept back from the general public who had filed a bankruptcy case.

The other thing it did is, for a time, it falsified the official record of the United States court.

All of the courts have mechanisms they have improved over the years with electronics whereby parties in interest can contact the court by telephone, calling in to a voice system, now through a system called PACER, and find out if a particular individual has filed a bankruptcy case. You go to buy a used car, there are some other transactions, this is something they may do as a part of determining whether or not they are going to make you the loan or deal with you in some way that incurs credit. And they would have been told there is no Gabriel Porteous that has filed this case. And, of course, they wouldn't have asked about G. T. Ortous because it didn't exist. So it falsified the record until it was corrected.

Mr. DAMELIN. Now, the evidence has shown that the decision to file the original bankruptcy petition under a false name was Mr. Lightfoot's idea, according to his testimony, and not that of Judge Porteous. Do you believe that Judge Porteous can claim advice of counsel as an excuse for filing under a false name?

Judge KEIR. No. The petition is signed under oath by the debtor and not—it is signed but not under oath by debtor's counsel. The testimony, the swearing is that of the debtor. And here it may be that Judge Porteous got the idea from Mr. Lightfoot of putting down a false statement as to his identity and then swearing to it. But he knew it was false. That is very clear from the record. He agreed to going along with it, and indeed he then entered into making the oath under penalty of perjury, that it was true and correct. So advice of counsel is not a defense at all.

Mr. DAMELIN. Okay. Now, even though Judge Porteous filed his initial bankruptcy petition under a false name, this, again according to the testimony, was corrected several weeks later and Judge Porteous's listed creditors received their notices with the correct name. Thus, was there really any damage done here?

Judge KEIR. In terms of some finite amount of dollars, I don't think anyone here can tell. I certainly could not tell. I cannot tell whether anybody would have checked to see whether or not a bankruptcy was filed by Gabriel Porteous and done some——

And I did note, however, in the record that, on April 7th and 8th, Judge Porteous borrowed by markers $2,000 from a casino. The correction of the name did not occur until April the 9th. I have no way of knowing whether that casino did or did not check to see whether this party that wanted these markers was in bankruptcy. If they did, they would not have discovered it because the record was falsified. So I don't know whether there was any measurable damage, because I can't tell enough facts.

But if your question is would this somehow exonerate no-harm, no-foul kind of thing—if one goes 110 miles an hour the wrong way down a one-way street but by good fortune doesn't hit anybody, they are not exonerated from their intentional misconduct for certain.

Here in the United States, we strive to be a Nation of laws. We all know that there is not enough police officers, there is not enough courts and judges, so forth, to enforce laws if the public just decides that they can do whatever they want, ignoring laws, and

so long as you can't measure the particular damage of the violation, there is no violation at all. That would be chaos.

I suggest to you, particularly where this particular person knew the requirements of law, that this idea that you can't demonstrate with particularity a particular creditor or creditors for a particular amount that were harmed somehow makes it not meaningful.

Mr. DAMELIN. And what is the significance of Judge Porteous's failure to disclose his tax refund from the year 2000 on his bankruptcy schedules or on his statement of financial affairs?

Judge KEIR. Well, let me first address an answer to a similar question that Mr. Lightfoot gave.

There was a question raised about what is a liquidated or not liquidated tax refund. I would point out that both have to be revealed. Question 17 about which the particular prior question to the prior witness was asked requires you to list on Schedule B of the schedules—this is the Schedule of Assets—a liquidated tax refund. That is including liquidated tax refunds. Liquidated, by the way, the legal meaning, of course, is that the amount is certain. It doesn't mean you have collected it. It means the amount is determinable to a certainty.

The pain and suffering that the jury has not yet evaluated in a verdict is unliquidated. A tax refund that has been determined or at least initially determined by the tax return is a liquidated amount. That is what Question 17 required him to put down.

But I would note that Question 20 follows on and says, okay, put down your unliquidated amounts that may be owed to you, including tax refunds. So if you didn't know because you hadn't yet filed your return but you had finished your tax year in 2000, if you had an unliquidated amount, you had to divulge that as well, your best estimate.

Nothing was put down. Either question, of course.

Now, the effect in Chapter 13 is twofold. As I said, in Chapter 13, one of the two measures of how much the debtor has to pay into a plan in order to be eligible for the plan to be confirmed is to deliver the same value or greater than would have been delivered in a hypothetical Chapter 7 liquidation. An asset of $4,100 would increase that amount. Because, in a Chapter 7, that tax refund would have gone to the Chapter 7 trustee for distribution to creditors. So if you hide $4,100 of your assets, you're reducing the amount that the trustee is going to calculate in making a recommendation to the court as to how high the plan payment has to be.

The second thing is, of course, a tax refund is effectively cash to put into your account. You can spend it. If you spend it and then your case for some reason was converted to Chapter 7, it is not going to be available to creditors. It is gone. So, often, at least in my district, the trustee will take the position and if not agreed will file a motion asking for a court order that the refund be paid into the trustee upon receipt and, as in effect, part of the payment required into the plan.

On occasion, a debtor may work out and the trustee may recommend that some portion be retained for some finite necessary living expense that the refund is needed for. But, by hiding it, he both falsified the amount that the plan was going to have to pay

and took away from the trustee the opportunity to obtain the funds to make sure creditors got those funds.

Mr. DAMELIN. Thank you.

Isn't it true in your years of experience that debtors often make mistakes and have inadvertent omissions in their bankruptcy filings?

Judge KEIR. Yes. The keyword you have used is the same word that many opinions that have been written by appellate courts have used: "inadvertent". Mistakes happen. I couldn't tell you today, sitting here, the exact dollar figure for the payoff on my mortgage; and I don't know that anybody in this room is likely to carry that around in their hip pocket. So If the debtor were a few dollars off when they put down what do you owe to your first loan company that has your mortgage, it would be an inadvertent error.

I have seen a doctor's bill left off among many other doctor bills that were listed, things of that nature, where an inadvertent minor or at least isolated omission has occurred, an estimate was off. But the case law has also made it clear that a repetitive and pattern of false statements is not inadvertent. It is intentional. It is fraud.

Mr. DAMELIN. Is that what you see here in this case?

Judge KEIR. Very much so. There is a pervasive pattern, first of all, of not listing all of the debts, which says a couple of things.

First, there is a credit card—I think it is Fleet—that was not listed. Fleet probably didn't receive notice of the bankruptcy because, therefore, they wouldn't be on the address list to whom the notice went. That means they wouldn't have cut off the credit that they probably would have cut off immediately post bankruptcy. They get a notice there is a bankruptcy case for their borrower on the credit card, they generally—my experience has been—shut that card off right away.

Similarly, with a casino who doesn't get notice and therefore—it has already been testified—would have stopped allowing markers.

In addition, in the Statement of Financial Affairs, question 3, he did not list any of these last-minute payments.

Not only does that bear into this idea of recovering back for the estate, but it hides the fact that he did it.

If the trustee had inquired further by making either an informal inquiry or formal inquiry to the casinos and so forth that these last-minute payments paid off, they would have known immediately, hey, this guy has filed a bankruptcy case. So they didn't know that because no one makes that inquiry to them because they are not listed on question 3's answer. He didn't put anything down there other than ordinary installments.

So you have both sides of not listing debt, not listing assets, and not listing the essential pre-petition financial transactions the Statement of Financial Affairs requires.

As to not listing the pre-petition payments, the Chapter 13 trustee under the Bankruptcy Code has the authority, the standing to sue and recover preferences that occurred within 90 days of the filing of the bankruptcy case which allowed a particular creditor to get a greater return dollar for dollar than unsecured creditors generally in the case. You can reach back a year if the creditor that has been preferred is an insider, whichever the time frame.

It is true—and I think this is the reason for Mr. Lightwood's testimony—Chapter 13 trustees do not often avail themselves of that in a formal sense, by filing an adversary proceeding, which is a Federal lawsuit with a funny name that they use in a bankruptcy practice. Instead, what they do is they say, well, we are going to assume we would have recovered that in Chapter 7.

So add that amount to this calculation the plan has to return to creditors. If the debtor can come up with the money somehow, fine. That's what the creditor is entitled to. But they can and on fairly rare occasion do actually launch these adversary proceedings to recover back from the preferred creditor all of the money, and then the creditor has to wait and get their aliquot share from distributions under the plan.

So a bit of a long answer about inadvertent mistakes. But the bottom line is there is this pattern of not revealing essential information in a number of places: the petition, the Statement of Financial Affairs, and the schedules.

Mr. DAMELIN. Okay. Now, are you familiar with the confirmation order entered in July of 2001 by Bankruptcy Judge Greendyke?

Judge KEIR. I have read it.

Mr. DAMELIN. Now, despite Judge Greendyke's order, the evidence has established that Judge Porteous continued to take out markers at casinos. He applied to increase his credit limit at one casino, and he opened a new low-limit credit card, all without the approval of the bankruptcy trustee or of Judge Greendyke. Do you consider these actions by Judge Porteous to be a violation of the bankruptcy order?

Judge KEIR. They most certainly are a flagrant violation.

The order is direct and straightforward in this regard. It orders that the debtor—in this case, debtors plural, Judge Porteous and his wife—not incur any new credit during the bankruptcy case. The order was neither appealed according to the record that I reviewed nor was any motion filed for relief from that order in any way. It simply was disobeyed. Repeatedly Judge Porteous went out and incurred additional credit after the order was entered without asking or gaining any permission from the trustee or the court.

Mr. DAMELIN. So we have heard evidence that even though these numerous violations that we have discussed by Judge Porteous were violations of the order, he nevertheless satisfied his bankruptcy repayment plan. Thus, are these violations really just a no-harm, no-foul situation?

Judge KEIR. Well, I have already spoken about this concept of a no-harm, no-foul defense or exoneration. There is no such doctrine. There cannot be. Because the whole system demands and depends upon the honesty of the honest but unfortunate person who seeks relief.

I would also, because I just neglected to say it, would like to add to my answer to the previous question; and that is another thing occurred to me listening to the testimony this morning. In obtaining credit post order in the bankruptcy without authority and then allowing these casinos to recover back either by a check or particularly by putting the marker into the account, the situation resulted in a violation of Federal law.

Title 11, Section 362(a), is the automatic stay in bankruptcy. When a bankruptcy is filed, on the instant it is filed, there is this automatic stay that arises by statute. Congress has put it down. The court does not do it. And it is very, very strong.

One of the things it stops is collection by a creditor from assets of the bankruptcy estate. It stops many other things, but that is the one I want to focus on.

A creditor who becomes a creditor after the petition is filed is nonetheless stayed from attempting to collect from assets of the estate. In Chapter 13, the bankruptcy estate by statute specifically includes not only the property rights owned by the debtor on the date that the debtor filed the case but all after-acquired property including, and it puts it down with specificity, all earnings.

So whatever money was in the checking account when the markers were deposited—I believe that was the agent's term for negotiating the marker—were undoubtedly assets of the bankruptcy estate. They were used to pay a creditor and by the action of the creditor in violation of the stay.

If the creditor didn't know about the bankruptcy, they inadvertently violated the statute. But that is another damage done to the intent that the creditors under the plan are intended to have the best opportunity to be paid through a successful reorganization without other creditors reaching in and grabbing 100 cents on the dollar for themselves.

The creditor has to go to the bankruptcy court and file a motion for relief from stay and convince the court there is some just reason why that creditor should be allowed to proceed. That didn't happen. They simply deposed the markers and took the money because of the failure to learn of the bankruptcy through Judge Porteous's violation of the court's order.

Mr. DAMELIN. Okay. Now, as you look at this case, is it of special significance that the debtor here who engaged in this conduct was in fact a Federal judge?

Judge KEIR. Well, certainly there is only one statute and one book about 2½ inches thick of the Federal Rules of Bankruptcy Procedure that applies, no matter whether the debtors or debtor is a Federal judge or someone totally unassociated with any government position. So there is no difference in the behavior that the judge was required to do.

There is significance, though, on two levels. One, section 152 of title 18, which is the criminal statute, makes it a crime to intentionally falsify a material misstatement and also to intentionally falsely fail to—or falsely hide assets. So intent.

Here I think the fact that the debtor was a Federal judge makes it rather clear that he knew what the oath penalty of perjury meant. And when he was signing the petition under penalty of perjury, signing the schedules under a declaration they were true and correct under penalty of perjury, signing a Statement of Financial Affairs under the same declaration, he knew he was giving a oath, he knew what the oath required, he knew that the violation of the oath was fraud and a crime. That knowledge comes with what he did in effect his position, and I think that goes to intent.

The second thing is I think it brings disrepute upon the judiciary. Again, the public needs confidence in its leaders, whether they

are elected or whether they sit on the bench. Here you have got someone who appears to have falsely participated in a number of ways in this bankruptcy case and, although not held technically to a higher standard by statute, it certainly is behavior which, because he is a Federal judge, I would take more seriously.

Mr. DAMELIN. Okay. You have been a bankruptcy judge for approximately 19 years; is that correct?

Judge KEIR. Let us see. Who is counting? Sixteen.

Mr. DAMELIN. Sixteen. Okay. My math error.

If you had been the judge with your experience overseeing the Porteous bankruptcy and the facts established by the evidence today came to your attention, what actions, if any, would you have taken?

Judge KEIR. Well, a number of things would have occurred, fairly clearly.

First, the case would not have led to the discharge of the debtor. If the information had been known to the court at the time that confirmation of the plan was being considered, confirmation would have been denied.

It is a requirement under section 1325 that the plan be proposed in good faith. The plan, based upon falsehoods like this, is not proposed in good faith and the confirmation would have been denied right at that point.

If the case had converted to a seven, undoubtedly under Section 727 the discharge also would have been denied. Perhaps the case would have been dismissed with prejudice against refiling.

It is likely that the United States Trustee's Office would have been filing motions asking for these remedies and the court I think would have granted them if this is the evidence the court had to consider without really much question in my mind.

Finally I would have been compelled under title 18, section 3057, to refer this matter to the United States Attorney for investigation for prosecution of bankruptcy crimes. That section requires a Federal judge to make that referral where they see a reasonable basis that a crime may have been committed.

And there is no question in my mind that this would have risen well beyond that level where that report would have been made. I mean, there was this pattern of the wrong name, false name in the petition under oath, creditors not all put down, and they were selectively not put down. The ones—the credit card that they wanted to use post petition omitted. Certain casinos to keep the relationship going with casinos omitted. That is on the schedules.

The tax refund, for example, not listed as an asset keeps some liquidity that they could use—or Judge Porteous could use, not on the schedule.

Do not reveal the last-minute payments that paid off certain casinos and so forth so that they wouldn't be listed as creditors because on the instant of the filing they were owed zero, but then the trustee would not notify them either because they were not listed on the Statement of Financial Affairs. Another document, false statement under oath.

All of this and the violation of the court's order when put together would have been such a pervasive pattern of misconduct that the referral would have been made.

Mr. DAMELIN. Okay. Thank you, Judge Keir.

Mr. Chairman, I have no further questions.

Mr. SCHIFF. I thank the gentleman.

Judge, let me ask you a few follow-up questions, if I could.

The practice of the newspaper in this area to publish the names of those filing bankruptcy, have other courts in other parts of the country also—or other newspapers and judicial communities published the names of those filing for bankruptcy?

Judge KEIR. I have certainly seen it in my district, although it seems to be changing. Newspapers seem to be getting lighter and lighter in terms of print copy.

But it varies. A lot of jurisdictions do it. I think this is a bit of supposition on my part. I haven't done a study. But I believe it is probably more prevalent in areas where—that are less in the megaurban centers, where what is going on in the Federal courthouse may be a little bit more a part of the news than in some other places.

But it is not unusual that newspapers will pick this up on a daily basis and print it or some it of do it by week, the filings of the week. I have seen columns that are headed like that.

In Baltimore, for example, which is where I sit, there is a newspaper, the Daily Record, that contains various columns from various courts that are located within the city listing cases filed that week in the various courts.

Mr. SCHIFF. These are often listed in legal newspapers, right?

Judge KEIR. Legal and in papers of general circulation.

The Daily Record, which is becoming more and more a paper of general circulation, lists it, but I have seen it in years past in papers of general circulation as well.

I don't think the Baltimore Sun paper does it anymore, but they used to, I believe.

Mr. SCHIFF. Is part of the purpose that the legal newspapers and some of the papers of general circulation would publish a list of those filing bankruptcy so that people that had an interest—that either credit agencies or others that might want to see who is filing would know that an asset they had was jeopardized in a bankruptcy?

Judge KEIR. I think very clearly—this practice I believe goes back quite a ways, when there was less availability of information on an electronic basis and when it was probably the easiest and maybe even principal way one could ascertain what was going on, who had filed bankruptcy in your community. But it was offered to the public very clearly I think so that the public could use the information.

And obviously the public had some interest in it or the paper would not have bothered to put it in the print. I know I have picked up numerous times something about someone filing that I would have not known about if I hadn't been reading the paper. Even after I have been on the bench, sometimes I will see a filing in—that I was unaware of that may have some tangential effect on a case that I have.

Mr. SCHIFF. In a case like this, for example, the casinos would not have been notified of the bankruptcy because they were not

listed as creditors. However, someone from the casinos may have seen a public notice of bankruptcy.

Judge KEIR. That's correct. I don't know whether they had a practice of having someone delegated to review those columns or not, but they certainly could have. That is why it is there.

Mr. SCHIFF. Well—and let me ask you, too, assuming the casino credit system works like many others, if somebody is borrowing money and paying it back in a timely way, you wouldn't necessarily run a new credit check on them, would you?

Judge KEIR. I would not think so, no.

Usually credit checks are run often by attorneys preparing to file bankruptcy cases to see whether there is something out there that their client inadvertently left off or whether there is some other information. But most of the time it is run by companies who are looking to extend additional credit, new credit, or renew credit.

Mr. SCHIFF. So if you're a casino and you have someone who has filled out a credit application and has a pre-existing credit relationship with you and you are not notified of a bankruptcy because you're not listed as a creditor and it doesn't appear in the newspaper, you wouldn't have any reason to run a credit check on them if they are making their payments.

Judge KEIR. I would not think you would have any such reason to run a credit check.

Mr. SCHIFF. I want to ask you one of the questions I asked Mr. Lightfoot to see if you had any different take on it. And that is, under what circumstances do you have a duty to update the bankruptcy court? When you have a change of income or have maybe new liabilities, are there any circumstances where you are required to update the court?

Judge KEIR. Certainly in my district there are. I know that all of the judges in my district hold to this idea, and I think it is the correct one: The schedules generally reflect assets and liabilities on the date of the petition. Schedule A is real property, B is personal property, for example, just skipping down a few, schedule F is unsecured debts. But schedule I and schedule J list income and expenses as opposed to assets and liabilities. In a Chapter 13, we require that a material change in schedule I or J during the life of the case requires an amended schedule. The debtor gets promoted and now has a significantly higher income than they had 2 years ago, and they are in a 5-year plan and have 3 years left to go, now their disposable income is significantly greater.

The second financial component tested in the level that the plan has to pay, in addition to the equivalence of Chapter 7, is that the debtor has to pay all the debtor's disposable income. Now it is called "projected disposable income." That change was in 2005. So, if the debtor's disposable income has increased greatly, the trustee, specifically under section 1329, is authorized to come in and seek to modify the plan to require—get a court order to require that the plan now go to a higher level because it no longer is a plan that is receiving all of the disposable income of the debtor.

The vehicle that the debtor is supposed to report that event to is an updated schedule I and an updated schedule J, where these changes have occurred. And counsel routinely seem to advise their clients of that. I see that.

Mr. SCHIFF. In this case we have heard evidence that the judge filled out an application that listed his income as $7,500 a month, when in fact it was $7,700. Do you consider that a material false statement if the judge was aware he was in fact——

Judge KEIR. Well, I don't think that is the limit of the false statement there. I was listening to the testimony, and first of all, the schedule I is not filled in correctly, without regard to the numbers. The top line on schedule I is supposed to be your gross monthly income from wages, not your net. You are then required on the following lines to list what is taken out of your paycheck before you get your take-home pay. That gets your net. The net was put at the top, and therefore you didn't see on that schedule what was taken out.

We already know there was a tax refund of $4,100, which means there was an over-withholding going on. Not only was it an asset that should have come in, as we already talked, but in effect it affects the calculation of what is disposable income. If you claim no dependents, no deductions, and have them take out extra money, you can lower that take-home pay. All you are doing is putting it in your own savings account, if you are allowed to do that. Therefore, your monthly payment is also going to be less under this plan calculation. And that information is not there. It is just this number.

In addition, I heard the testimony that take-home pay, as it was put down, went up significantly just several months after the filing, and since, as I have already stated, that should have been updated; I don't think the measure is the $200. So I want to be careful in answering your question.

Do I think the $200 itself is material? In amount, the word, first of all, "material" under section 152, courts have determined is in effect the same as "relevant." It is not measured by dollars. It is measured by whether it bears on the financial affairs of the debtor, the rights of the bankruptcy estate and the process of bankruptcy itself. So any error is material in its relevancy.

Significant? I think by itself a $200 error is on the borderline. It would have to—it always arises in a court case in the context of other facts. Is it the $200 there, but the debtor is probably underestimating his or her expenses a little bit, and you can see that because they didn't put anything down for home repairs, for example. A common situation.

The $200 might be readily—you look at that and you say, it is going to be absorbed in legitimate expenses. They made an error that is not really going to be—was not intentional and it is not going to change the math. But if it is intentional, then it is material, because it is a false statement.

Mr. SCHIFF. You mentioned that the form is filled out incorrectly; $7,500 a month is listed as gross income when in fact it is net income, is that right?

Judge KEIR. Yes. I have the schedule, a copy of it right here in front of me.

Mr. SCHIFF. Is it also listed as net income later?

Judge KEIR. Yes. What it does is it says $7,531.52 on the top line under current monthly gross wages. Then there is nothing taken

out until it hits the total net monthly take-home pay, which is the same figure. So it is readily apparent there is missing data here.

Now, I can't tell whether the pay stub was attached as an exhibit when it was filed with the bankruptcy court or not, so it may be that it was attached. I don't know.

But the lines are provided. The lines that are blank, that have zero, say payroll taxes and Social Security, zero. Insurance, zero. Union dues, zero. Other, specify, blank line, zero. Subtotal payroll deductions, zero. That is the information on the form that was filed.

Mr. SCHIFF. The trustee during the hearing asked the judge, "According to the United States of America, you take home about $7,500 a month, is that right?" And he answers, "um-hum," which I assume is an affirmative answer.

Was that a false statement if his income was $7,700 a month and he was aware of it?

Judge KEIR. It was a false statement at the time that he made it, because what I have heard of the testimony, his

take-home income was higher.

Mr. SCHIFF. The effect of not fully disclosing the full extent of your income, of not disclosing the tax return refund you are going to get, do I understand it correctly that the impact of that is that you actually have more income that you are not obligated to provide to creditors, but you still get the discharge of your debts at the end of the process? So you still get the benefit of the bankruptcy, but you actually get to keep more of your assets than if the court and creditors were aware of the full extent of your income?

Judge KEIR. In a Chapter 13, I think I would phrase it, you actually get to pay less to your creditors and get your discharge anyway. Less than the Bankruptcy Code, which Congress enacted, required you to pay.

Mr. SCHIFF. I take it, Judge, that the filing of a bankruptcy for many people, not solely for Federal judges, is somewhat of an embarrassing event for people. Is that a fair statement?

Judge KEIR. I think that is a fair statement, yes.

Mr. SCHIFF. So that a great many people, whether they are in the lofty position of a Federal judge or any other position in life, might not like to see their name in the paper as having to file bankruptcy.

Judge KEIR. That is very true.

Mr. SCHIFF. Of course, if everyone filed bankruptcy petitions in false names to avoid public disclosure, there would be serious problems with the system, wouldn't there?

Judge KEIR. That is absolutely true.

Mr. SCHIFF. Is there any significance in terms of whether the court would consider it a mark or a debt, the speed with which the marker is paid off? In other words, some of these markers were paid off on the same day, some were paid off a week later, some were paid off a month later. If the judge has a successful day at the table and either wins money and doesn't report it so the creditors don't know about it, or breaks even and gets to pay off the marker before he leaves the casino, is that any less of an incurred debt while it existed?

Judge KEIR. No. The debt is incurred when the marker is taken. That is when the debt arises. You owe the money. And it is the incurrence of debt that was prohibited by the order. It was not qualified by saying "unless you pay it off within the same day," or any other words, such as if you pay it off in the same session or something. It is the incurrence of debt. And, of course, when the marker was taken out, there is no way that Judge Porteous knew he was going to be able to or not going to be able to pay it from a particular source or at a particular time. It was gambling. There is a chance. So the only real event in terms of his disobedience of the order was the obtaining of the marker.

There is a doctrine under section 363(b) which applies to debtors under section 1303 of the Code that permits a debtor to use assets in the ordinary course of business, which has been interpreted judicially as to a living, breathing individual. In Chapter 13, it would mean the ordinary course of living. But that doesn't really bear on this question of incurring a debt for an unusual reason, gambling. It is not necessary for your living expenses.

But more importantly, a direct order saying you are prohibited from incurring credit, you went out and incurred credit; the fact you paid it back that day, there is no exception to that order for ordinary course of any kind by timing or otherwise. So I don't think it has any legal significance at all.

Mr. SCHIFF. Last couple of questions. You were talking about the automatic stay. Is that only implicated when someone who is in bankruptcy and takes out a marker actually doesn't pay it back and the casino uses the marker to go into their bank account; or would it also be implicated where the debtor writes a check to the casino or otherwise pays it back?

Judge KEIR. Well, that is a somewhat complex question. I will take it in pieces, if I may.

The automatic stay prohibits any act by a creditor who holds a pre-petition debt against the debtor's assets, the estate and so forth. As to a post-petition debt, it stays the collection from the bankruptcy estate, which, as I said in a Chapter 13 includes after-acquired property and earnings. But it is an action by creditor. Where the creditor deposits the marker, they are taking the action.

Mr. SCHIFF. Meaning where they have to go and draw the money from the account?

Judge KEIR. I am borrowing the word from the testimony of the agent, but when they go to the bank and cash the marker out of the account, the creditor is collecting. That is a violation of the automatic stay. When the debtor hands them the check or hands them the chips, I think it is questionable that that is a creditor action. But it is still a violation of the Bankruptcy Code, it is just a different section.

It is a violation of that section 363(b) that I spoke of a moment ago. It is a violation by the debtor, because the debtor is now using an asset of the estate, out of the ordinary course of business, without court authority. You have to file a motion and get a court order.

As soon as Judge Porteous obtained the chips or had the money in the bank account to write the check upon, those funds were assets of the bankruptcy estate and his legal authority to use them

was limited under 363(b) and 1303 to use for ordinary course. And he was using them for a different purpose.

So I would believe that where he gave them the check or cashed the chips out against the marker, that the creditor didn't violate the stay in those occurrences; the debtor violated section 363(b) as well as, of course, the markers themselves violating the court order. So most of the violations were by Judge Porteous, except where the markers were cashed by the casino.

Mr. SCHIFF. The last question. In the case where there is a confirmation order, is that an order of the trustee or is that, through the trustee, an order of the court?

Judge KEIR. That is an order of the court. It is entered on the docket. The docket reflects it is entered. It is signed by the judge. The process in a nutshell is the case is filed, the trustee, who is usually a standing trustee in a Chapter 13, conducts the first meeting of creditors, which lawyers routinely refer to as a 341 meeting because that is the section of the Code that requires it.

The judge cannot by law attend that meeting. It is held in a meeting room somewhere, chaired by the trustee, who asks questions under oath to begin the process of gathering information. The plan is filed by the debtor as a proposed plan. The trustee reviews it, may have some problems with it, does some investigation. Oftentimes he will go back to the attorney for the debtor and suggest some changes that would obviate the objections the trustee may bring.

If it is not resolved, the trustee will file a formal objection. If that is not resolved, there is a hearing. At that point the hearing is in front of the court. It is the confirmation hearing.

At the confirmation hearing the judge listens to the evidence from both sides, hears the oral argument, makes a ruling, just as in any other court case, and enters an order confirming the plan, if that is what the ruling is.

Here Judge Greendyke entered an order confirming the plan, which order contained various provisions, one of which is the provision not to incur any credit.

Mr. SCHIFF. So——

Judge KEIR. The final order, by the way, is reviewable on appeal.

Mr. SCHIFF. The court orders that the debtor not incur new debt, the debtor then goes on and incurs new debt, that is a violation of court order. What does the judge have the power to do when it finds that a debtor has violated an order? Does the court have the power to hold a debtor in contempt?

Judge KEIR. Yes. The court could hold the debtor in contempt. It depends on the nature of the violation. But the court could hold the debtor in contempt. The court could vacate its order of confirmation. The court could convert the case to a case under Chapter 7 and make it into liquidation, dismiss the case outright, and just in effect throw the debtor out of the bankruptcy case without a discharge. And, of course, in addition to any of those, the court, if it thought it was a criminal violation, should report it under Title 18, as I previously discussed.

Mr. SCHIFF. Thank you. That concludes my questions. I now recognize my colleague, Mr. Goodlatte.

Mr. GOODLATTE. Thank you, Mr. Chairman. To follow up on that last question, it is Judge Keir?

Judge KEIR. Keir, yes.

Mr. GOODLATTE. You indicated that presented with evidence of a bankruptcy filer who filed under a fictitious name, using an inappropriate address, leaving out his spouse, and then who went on to incur debt in violation of the bankruptcy order and failed to list debts that were not inadvertent in their omission, that you would indeed refer such a case to the United States Attorney?

Judge KEIR. That is correct. And I have done so in various cases when it was necessary.

Mr. GOODLATTE. In evaluating the conduct at issue, is there particular significance in your mind that Judge Porteous was a Federal judge who actually presides over bankruptcy-related disputes?

Judge KEIR. Yes. The significance, as I stated, is he clearly knew what his responsibilities were when he testified under oath signing these documents, he testified at the section 341 meeting orally that they were accurate and fully divulged his financial affairs. He knew what the testimony was, he knew what the responsibility requirements of penalty of perjury means. I would have had to say, and I would say, that therefore he would be found clearly to have the requisite knowledge that the violation was intentional and not inadvertent.

Finally, because it occurs by a Federal judge, I think it has a potential effect of denigrating, if you will, the integrity of the court. What happens if 6 months later somebody has been found by a bankruptcy court to have violated these oaths and denied a discharge, and they appeal it, and the appeal goes in front of Judge Porteous? What is that argument going to be? You did it? I did it? It is untenable.

Mr. GOODLATTE. To put it another way, in fact in the way of the next question I was going to ask you, in your mind, is there any way that Judge Porteous could sit as a judge in a bankruptcy case?

Judge KEIR. Well, clearly that would not be up to me. I would think that counsel would have a good basis to ask for recusal if he in fact was doing so in a bankruptcy case.

Mr. GOODLATTE. We know that from previous hearings on Judge Porteous and previous cases, that Judge Porteous doesn't necessarily voluntarily recuse himself in matters. So what kind of complications would that cause if a judge didn't disclose that he had participated in all of this, and, notwithstanding that, went ahead and heard a case; and then it was later revealed that he had heard a case involving complaints of creditors in bankruptcy regarding a debtor, and went ahead and heard the case without having disclosed his own violations of the bankruptcy laws?

Judge KEIR. You are asking me what would the effect be on the case that was heard, and the answer is the losing party would have an appeal point that would be almost irrefutable because it was not a fair and impartial judge.

Mr. GOODLATTE. What would you say in your mind about the ability of Judge Porteous to sit as a judge in any case whatsoever, of any kind, where he must evaluate the honesty of a party that is in front of him?

Judge KEIR. Well, again, clearly that is not something that would come within my jurisdiction. But in many kinds of cases, criminal cases, civil cases, including but not limited to bankruptcy, what the trial judge in part must do is judge on the evidence, the candor, and the creditworthiness of the testimony that is being heard and determine, often, whether if there are inaccuracies, these are intentional or inadvertent.

Is this fraud or was it not fraud? That is a question frequently that comes up, of course, in my court. Debt incurred by fraud is not dischargeable if the creditor can prove that it was incurred by fraud. Intent is one element of fraud.

I can think of a myriad of cases in which this issue of honesty is an essential part of the decision, and it would certainly be troubling to me if the party who was to judge honesty himself was and had been shown not to respect honesty and not to obey the law in that regard.

Mr. GOODLATTE. Thank you. Thank you, Judge Keir. I appreciate your answering our questions.

Mr. SCHIFF. The gentleman yields back. Mr. Westling.

Mr. WESTLING. Mr. Chairman, we have no questions.

Mr. SCHIFF. I want to thank you, Judge Keir, for your time today and your expertise. It is greatly appreciated. I want to thank all the witnesses for their testimony today.

Without objection, the record will remain open for 5 legislative days for the submission of any additional materials.

We will now adjourn our hearing until our next hearing on Thursday at 10:30 a.m. Again, I thank everyone for their time and patience. This hearing of the Impeachment Task Force is adjourned.

[Whereupon, at 3:40 p.m., the Task Force was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

EXHIBITS ACCOMPANYING STATEMENT OF ALAN BARON, ESQ., COUNSEL, TASK FORCE ON JUDICIAL IMPEACHMENT

Judge Porteous's Financial Condition While Liljeberg Case is Under Advisement

Year	Credit Card Debt	IRA Balance
Year-End 1996	($44,000)	$59,000
June 1997	($69,000)	$20,000
June 1999	($103,000)	$9,500
April 2000	($153,000)	$12,000

United States Bankruptcy Court
Eastern District of Louisiana

In re Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12363 Section "A"
Chapter 13

SUMMARY OF SCHEDULES

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	AMOUNTS SCHEDULED ASSETS	LIABILITIES	OTHER
A - Real Property	YES	1	$ 235,110.00		
B - Personal Property	YES	3	$ 28,050.27		
C - Property Claimed as Exempt	YES	1			
D - Creditors Holding Secured Claims	YES	1		$ 158,278.13	
E - Creditors Holding Unsecured	YES	2		$ 0.00	
F - Creditors Holding Unsecured Nonpriority Claims		4		$ 196,246.73	
Unexpired Leases	YES	1			
H - Codebtors	YES	1			
I - Current Income of Individual Debtor(s)	YES	1			$ 7,531.52
J - Current Expenditures of Individual Debtor(s)	YES	1			$ 6,580.00
Total Number of sheets in ALL Schedules >		16			
Total Assets >			$ 263,160.27		
Total Liabilities >				$ 354,524.86	

Lightfoot 5th Circuit Testimony

14

A. When someone comes in and has debt problems and they're looking for a solution, one of the first things that I tell them is

24 A. Well, I remember telling him at
25 the workout stage, "Don't make the debt. If
1 you can't afford to pay it or they're not
2 trying to solve the problem short of
3 bankruptcy with us, stop paying them. But
4 by no means incur any more debt at this
5 point."

trustee?
A. Yes.
Q. And as clearly as you can state it, what was the command to him while he was in bankruptcy regarding his incurring new debt?
A. Well, I remember telling him at the workout stage, "Don't make the debt. If

15

you can't afford to pay it or they're not trying to solve the problem short of

principle that you just described?
A. Correct.
Q. And just read it for the record what --
A. "You may not borrow money or buy anything on credit while in Chapter 13 without permission from the Bankruptcy Court. This includes the use of credit

Judge Porteous's 5th Circuit Testimony

64

1 BY MR. FIL
2 Q. So, wl
3 When you
4 lower?
5 A. Presin
6 Q. Okay.
7 A. Right
8 Q. As I
9 A. Yes,
10 Q. Judge
11 aren't yo
12 A. Yes,
13 Q. Would
14 credit ex
15 that enab
16 marker ac
17 the custo
18 customer
19 authorize
20 instituti
21 customer'
22 of time."
23 A. I bel
24 complaint
25 contained

65

10 Q. Judge Porteous, you're familiar with the term "marker,"
11 aren't you?
12 A. Yes, sir.
13 Q. Would it be fair to state that, "A marker is a form of
14 credit extended by a gambling establishment, such as a casino,
15 that enables the customer to borrow money from the casino. The
16 marker acts as the customer's check or draft to be drawn upon
17 the customer's account at a financial institution. Should the
18 customer not repay his or her debt to the casino, the marker
19 authorizes the casino to present it to the financial
20 institution or bank for negotiation and draw upon the
21 customer's bank account any unpaid balance after a fixed period
22 of time." Is that accurate?
23 A. I believe that's correct and probably was contained in the
24 complaint or -- or the second complaint. There's a definition
25 contained.

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agree that
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Judge Porteous's 5th Circuit Testimony

64

1 BY MR. FINDER:
2 Q. So, what — the amounts I just read to you apply to today.
3 When you fir
4 lower?
5 A. Presumab
6 Q. Okay. And these have to do with income and gifts?
7 A. Right.
8 Q. As I just read?
9 A. Yes, sir.
10 Q. Judge Porteous, you're familiar with the term "marker,"
11 aren't you?
12 A. Yes, sir.
13 Q. Would it be fair to state that, "A marker is a form of
14 credit extended by a gambling establishment, such as a casino,
15 that enables the customer to borrow money from the casino. The
16 marker acts as the customer's check or draft to be drawn upon
17 the customer's account at a financial institution. Should the
18 customer not repay his or her debt to the casino, the marker
19 authorizes the casino to present it to the financial
20 institution or bank for negotiation and draw upon the
21 customer's bank account any unpaid balance after a fixed period
22 of time." Is that accurate?
23 A. I believe that's correct and probably was contained in the
24 complaint or — or the second complaint. There's a definition
25 contained.

1 Q. And you have no quarrel with the definition?
2 A. No, sir.

65

1 Q. And you have no quarrel with the definition?
2 A. No, sir.

borrowing
agree that
iod in
6 2001, you borrowed approximately $8,000 from Treasure Chest
7 Casino in Kenner, Louisiana, by taking out approximately eight
8 1,000-dollar markers over a two day period?
9 A. Well, did I sign $8,000 worth of markers? You have records
10 that suggest I did that. I agree with you.
11 Q. Okay.
12 A. The issue is that we haven't -- I have an issue with
13 whether that's credit. The statement itself says it acts like
14 a check against your account. Now, I did not have an
15 8,000-dollar line of credit at -- where was that? Treasure
16 Chest?
17 Q. Treasure Chest. I didn't ask you about a line of credit,
18 though.
19 A. I understand, but I'm explaining to you why that's
20 misrepresentative.
21 Q. Okay. Well —
22 A. Those are just repetitive 1,000 -- had I written a check
23 for a thousand, I do not believe I would have been in violation
24 of any court order.
25 JUDGE BENAVIDES: But you're saying that you didn't

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Eastern District of Louisiana

Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle):

Orions, G. T.

Street Address of Debtor (No. & Street, City, State & Zip Code):

P.O. Box 1723
Harvey, LA 70059-1723

Principal Place of Business: Jefferson Parish

Principal Place of Business: Jefferson Parish

Mailing Address of Debtor (if different from street address):

Mailing Address of Joint Debtor (if different from street address):

01-12363

Location of Principal Assets of Business Debtor
(if different from street address above):

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☑ Individual(s)
☐ Corporation
☐ Partnership
☐ Other _____
☐ Railroad
☐ Stockbroker
☐ Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7
☐ Chapter 9
☐ Chapter 11
☐ Chapter 12
☑ Chapter 13
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☑ Consumer/Non-Business
☐ Business

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

THIS SPACE IS FOR COURT USE ONLY

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☐

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Special Orders

1723

15. Postmaster: The following named persons or representatives of the organization listed below are authorized to accept mail addressed to this (these) post office box(es) or caller number(s). Valid identification and proof of physical address must be provided with each name. Continue on back if necessary.

a. Name(s) of applicant(s) (Same as item 3)

GABRIEL T. PORTEOUS, JR.

b. Name of box customer (Same as item 1)

GABRIEL T. PORTEOUS, JR.

c. Other Authorized Representative

CORNELIA PORTEOUS

d. Other Authorized Representative

Customer note: The Postal Service may consider a valid evidence that a person is authorized to remove mail from the box if that person possesses a key or combination to the box.

HARVEY LA
MAR 20 2001
USPS 20036

18. Signature of applicant (Same as item 3)

I have read the instructions and agree to comply with the applicable standards. I certify that the statements made by me are true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including multiple damages and civil penalties). See complete Privacy Act Statement on the reverse.

PS Form 1093, July 1998

Use a separate form for each number or consecutive group of numbers, and type of service. File part 2 by box or caller number.

GABRIEL T. PORTEOUS, JR. 1723

3. Name of person applying, title (if representing an organization), and name of organization (if different from item 1)

GABRIEL T. PORTEOUS, JR.

4. Will the box be used for selling or doing business with the public? (Check one)

a. Yes ☐ b. No ☑

5. Address (Number, street, apt. no.; city, state, and ZIP Code). When address changes, cross out address here and put new address on back.

6. Telephone number

(504) 455-6419

17. Signature

Date application received

3/20/01

PS Form 1093, July 1998

Use a separate form for each number or consecutive group of numbers, and type of service. File part 2 by box or caller number.

(Official Form 1) (3/97)

Voluntary Petition (This page must be completed and filed in every case)	Name of Debtor(s): G. T. Ortona C. A. Ortona	FORM B1, Page 2
Prior Bankruptcy Case Filed Within Last 6 Years (If more than one, attach additional sheet)		

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (If not represented by attorney)

3-28-01

Date

Exhibit A

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11)

☐ Exhibit A is attached and made a part of this petition.

Exhibit B

(To be completed if debtor is an individual whose debts are primarily consumer debts)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that he or she may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter.

X _____ 2-28-01
Signature of Attorney for Debtor(s) Date

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

X Not Applicable
Signature of Bankruptcy Petition Preparer

Date

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.

FORM B6B
(10/05)

In re: Gabriel T. Porteous, Jr. (Debtor) Carmella A. Porteous Case No. 01-12353 Section "A" (If known)

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
14. Government and corporate bonds and other negotiable and nonnegotiable instruments.	X			
15. Accounts receivable.	X			
16. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X			
17. Other liquidated debts owing debtor including tax refunds. Give particulars.	X			
18. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
19. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.	X			
20. Patents, copyrights, and other intellectual property. Give particulars.	X			
21. Licenses, franchises, and other general intangibles. Give particulars.	X			
22. Automobiles, trucks, trailers, and other vehicles and accessories.		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
23. Boats, motors, and accessories.	X			
24. Aircraft and accessories.	X			
25. Office equipment, furnishings, and supplies.	X			
26. Machinery, fixtures, equipment and supplies used in business.	X			

HP Exhibit 0141

1040 U.S. Individual Income Tax Return 2000

GC 549 10
GABRIEL T & CARMELLA G/PORTEOUS JR R
4801 NEYREY DR

GABRIEL T & CARMELLA G/PORTEOUS JR

Filing Status

Exemptions 2

CATHERINE PORTEOUS DAUGHTER 1

3

Income

190516 67
89 40

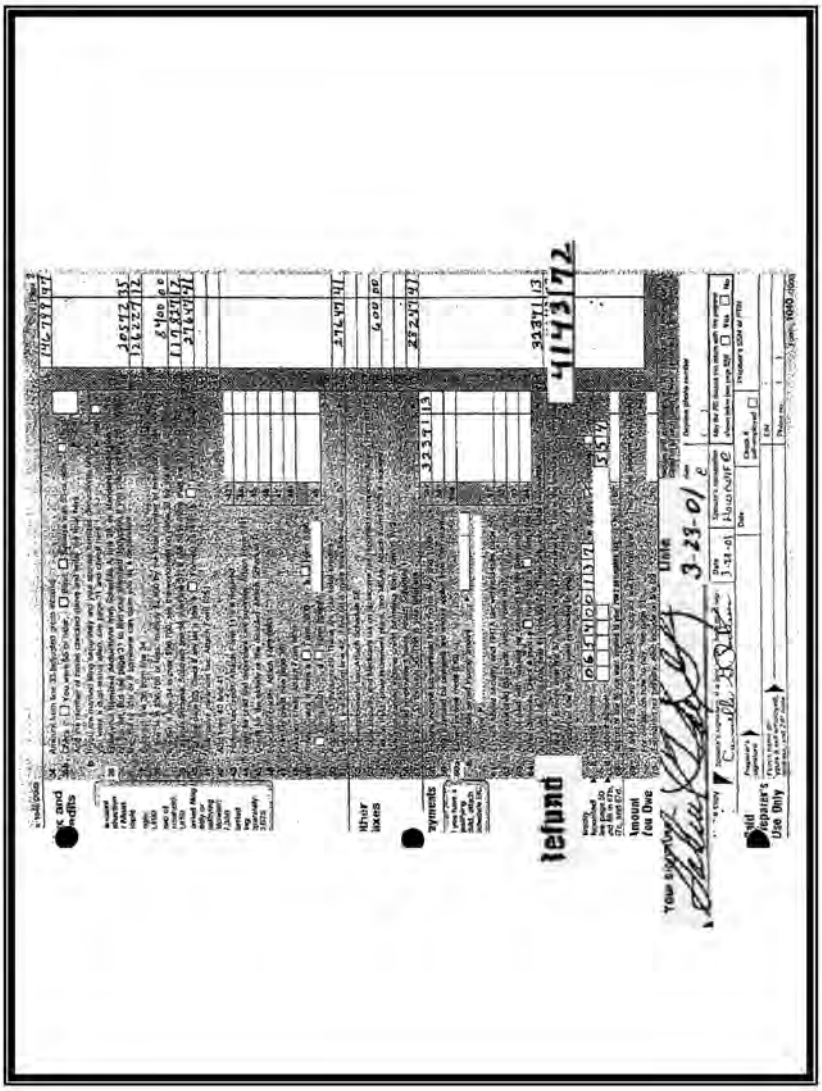
194 00

6000 00

146799 47

Adjusted Gross Income

146799 47



HP Exhibit 0142

r32303:20030716113939999 scanned on STATEMENTMANAGER by Operator Statement Manager on Jul 17, 2003 at 07:48:38 AM - Page 37 of 122

0 53200 414 047170 0

SC EXHIBIT - 00025

OGE G THOMAS PORTEOUS JR

MAR 23 to APR 23, 2001

MAR 23 to APR 23, 2001

ther withdrawals including charges and fees

ate	Description	
4-23	Service Fee	11.00

eposits and other additions

ate	Description		
4-13	ACH Credit Ue Treasury Irs Tax Refund	4,143.72	
4-23	Interest Payment	3.03	00000000000000
4-23	Deposit	27.00	00000003700076

our minimum balance this statement period was $ 339.07 .

ees and charges

When you maintain the required minimum balance during the statement period, the monthly service fee on your account is waived.

ND OUT HOW AFFORDABLE TERM LIFE INSURANCE CAN BE FOR YOU AND YOUR
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HONE AT 1-800-777-8837 TO DO YOUR BANKING FROM ANY TELEPHONE. TRANSFER
UNDS, GET BALANCE INFORMATION, BALANCE YOUR CHECKBOOK AND MORE. CALL
DAY TO SEE FOR YOURSELF THAT BANKING HAS NEVER BEEN EASIER.

In re: Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12383 Section "A"

SCHEDULE I - CURRENT INCOME OF INDIVIDUAL DEBTOR(S)

Debtor's Marital Status: Married	DEPENDENTS OF DEBTOR AND SPOUSE		
Debtor's Age:	NAMES	AGE	RELATIONSHIP
Spouse's Age:	Catherine A. Porteous	19	Daughter

EMPLOYMENT:	DEBTOR	SPOUSE
Occupation	Judge	
Name of Employer		
How long employed		
Address of Employer	United States of America 500 Camp Street New Orleans, LA 70130	

Income: (Estimate of average monthly income)	DEBTOR	SPOUSE
Current monthly gross wages, salary, and commissions (pro rate if not paid monthly.)	$ 7,531.52	$ 0.00
Estimated monthly overtime	$ 0.00	$ 0.00
SUBTOTAL	$ 7,531.52	$ 0.00
LESS PAYROLL DEDUCTIONS		
a. Payroll taxes and social security	$ 0.00	$ 0.00
b. Insurance	$ 0.00	$ 0.00
c. Union dues	$ 0.00	$ 0.00
d. Other (Specify)	$ 0.00	$ 0.00
[illegible]	$ 0.00	$ 0.00

TOTAL NET MONTHLY TAKE HOME PAY $ 7,531.52

(attach detailed statement)	$ 0.00	$ 0.00
Income from real property	$ 0.00	$ 0.00
Interest and dividends	$ 0.00	$ 0.00
Alimony, maintenance or support payments payable to the debtor for the debtor's use or that of dependents listed above.	$ 0.00	$ 0.00
Social security or other government assistance (Specify)	$ 0.00	$ 0.00
Pension or retirement income	$ 0.00	$ 0.00
Other monthly income (Specify)	$ 0.00	$ 0.00
TOTAL MONTHLY INCOME	$ 7,531.52	$ 0.00

TOTAL COMBINED MONTHLY INCOME $ 7,531.52 (Report also on Summary of Schedules)

Describe any increase or decrease of more than 10% in any of the above categories anticipated to occur within the year following the filing of this document: NONE

In re: Gabriel T. Porteous, Jr. [redacted] Carmella A. Porteous [redacted] Case No.

DECLARATION CONCERNING DEBTOR'S SCHEDULES

DECLARATION UNDER PENALTY OF PERJURY BY INDIVIDUAL DEBTOR

I declare under penalty of perjury that I have read the foregoing summary and schedules, consisting of 16 sheets plus the summary page, and that they are true and correct to the best of my knowledge, information, and belief.

Date: 4-9-01 Signature: [signature]
Gabriel T. Porteous, Jr.

Date: 4-9-01 Signature: [signature]
Carmella A. Porteous

[If joint case, both spouses must sign]

DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF CORPORATION OR PARTNERSHIP

(NOT APPLICABLE)

UNITED STATES BANKRUPTCY COURT

Eastern District of Louisiana

In re: Gabriel T. Porteous, Jr. [redacted] Carmella A. Porteous [redacted] Case No. 01-12263 Section "A" Chapter 13

STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
148,450.00	Joint Gross Income	1999
148,799.00	Joint Gross Income	2000
35,325.00	Joint Gross Income	2001

2. Income other than from employment or operation of business

None ☒ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint

3. Payments to creditors

3. Payments to credit

None ☐ a. List all payments o aggregating more than $600 to any creditor, made within 90 days immediately preceding the commencement of this case payments by either or both separated and a joint petit

90 days immediately preceding the commencement of this case.

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING

Normal Installments

one year immediately preceding the commencement of this case e or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

4. Suits and administrative proceedings, executions, garnishments and attachments

None ☒ a. List all suits and administrative proceedings to which the debtor is or was a party within one year immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☐ 3. Describe all property that has been attached, garnished or seized under any legal or equitable process within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

5. Repossessions, foreclosures and returns

None ☐ List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

6. Assignments and receiverships

None ☐ a. Describe any assignment of property for the benefit of creditors made within 120 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☐ b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

7. Gifts

None ☐ List all gifts or charitable contributions made within one year immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than $200 in value per individual family member and charitable contributions aggregating less than $100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ **8. Losses**

List all losses from fire, theft, other *casualty or gambling* within one year immediately preceding the commencement of this case or since the commencement of this case.

9. Payments related to debt counseling or bankruptcy

None ☐ List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within one year immediately preceding the commencement of this case.

None ☑ b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting securities of the corporation.

20. Former partners, officers, directors and shareholders

None ☑ a. If the debtor is a partnership, list each member who withdrew from the partnership within one year immediately preceding the commencement of this case.

None ☑ b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within one year immediately preceding the commencement of this case.

21. Withdrawals from a partnership or distributions by a corporation

None ☑ If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during one year immediately preceding the commencement of this case.

I declare under penalty of perjury tained in the foregoing statement

Date 4-9-01 Signature of Debtor Gabriel T. Porteous, Jr.

Date 4-9-01 Signature of Joint Debtor Carmella A. Porteous

CASINO CREDIT APPLICATION

Porteous, First Gabriel

4801 Nunley Dr, Metairie, LA 70002

2420 BOYERING AVE, METAIRIE LA 70002

CREDIT REQUESTED: 4,000

U.S. CITIZENSHIP

Judge

500 Camp St, New Orleans, LA 70130

Judge Marcello

PERSONAL IDENTIFICATION

LA, 12/15/61

FINANCIAL INFORMATION SUPPORTING CREDIT LIMIT REQUEST

INCOME	SOURCE/WHAT
100K+	Salary
250+	Home

I authorize Harrah's New Orleans, A Jazz Casino Company Property to investigate my credit report and to furnish information concerning such credit records to credit reporting agencies and others who may properly receive this information.

"I certify that I have reviewed all of the information provided above and that it is true and accurate. I authorize Harrah's New Orleans, A Jazz Casino Company Property to conduct such investigations pertaining to the above information as it deems necessary for the approval of my credit limit. I certify that I am 21 years of age or older. I am aware that this application is required to be prepared by the regulations of the Division and I may be subject to civil or criminal liability if any material information provided by me is willfully false. I hereby authorize Harrah's New Orleans, A Jazz Casino Company Property, in its sole discretion, to apply any and all chips I may redeem lost to the reduction of my outstanding credit balance, with the remainder, if any, to be returned to me. I agree that this application and all credit issued pursuant thereto will be governed, construed and interpreted pursuant to the laws of the State of Louisiana and venue shall lie solely in that state."

Know When to Stop Before You Start
1-800-522-4700

NON-BUSINESS

0

Your Rights and Responsibilities In Chapter 13

Send Plan Payments To:

S.J. Beaulieu, Jr.
Chapter 13 Trustee
P.O. Box 6537
New York, NY 10249

(504) 831-1313

agree with the claims and will pay them as filed.

All creditors listed in your schedules are ordered by the Court not to contact you in any way about your debt. If any of them continue to mail notices to you, notify your attorney. Should you get a telephone call a visit from a creditor, let the creditor know that you are in Chapter 13. Get the name of the person who contacts you and do not discuss your debt with them. Should you be served with a summons to go to court, do not ignore it – notify your attorney

6. CREDIT WHILE IN CHAPTER 13

You may not borrow money or buy anything on credit while in Chapter 13 without permission from the bankruptcy Court. This includes the use of credit cards or charge accounts of any kind.

7. SALE OF PROPERTY

You may not sell any of your property while in Chapter 13 without first obtaining Court approval.

8. PAYMENTS TO CREDITORS OUTSIDE THE PLAN

Your Chapter 13 Plan may or may not include your house, mobile home or car payments. Make sure that you understand which creditors are to be paid by the Trustee and which you are supposed to pay directly. If you are supposed to make any payments yourself, you must make them as well as your Chapter 13 payments on time. If you do not remain current with your direct payments, the Court will allow your creditor to foreclose on your home or other collateral.

come Tax
the taxing
te to them.
ght to use
an.

f you have
You must
ress of the
he lawsuit,
t in which
it is filed, and a report at least every six months on the status of the suit.

May 9, 2001 Porteous Bankruptcy Hearing Before Bankruptcy Trustee, S.J. Beaulieau, Jr.

1 TP: Absolutely current

2 SJB: Bank One has the second mortgage on your home you gonna pay the $495 to them.

3 TP: That one I'm sure is correct.

4 SJB: (Laugh) Taking taking care there no arrearages on that.

5 TP: No

6 SJB: Is that correct.

7 TP: No.

8 SJB: You have two leases one on both Jeeps

SJB: Any charge cards that you may have you have you cannot use any longer. So basically you on a cash basis now.

12 SJB: Any charge cards that you may have you have you cannot use any longer. So basically
13 you on a cash basis now. I have no further questions except have you made your first
14 payments?

15 TP: No not yet.

16 CL: No because we know we knew we were working on an amendment but before
17 confirmation we'll have.

18 SJB: You have to have two.

19 CL: The yeah two payment.

20 TP: (UI) Two.

21 SJB: Two payments before confirmation you won't need to come back to confirmation if you
22 handle the objections that I have uh and even if you don't agree with my objections and
23 Mr. Lightfoot you probably won't have to be involved normally attorney of record will
24 take care of that.

25 CL: I'll be there.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA

DOCKETED
JUL 2 2001
WARREN A. CUNTZ, JR., CLERK
UNITED STATES BANKRUPTCY COURT
NEW ORLEANS, LA.

IN RE:	§	CASE NO.
GABRIEL T. PORTEOUS and CARMELLA A. PORTEOUS P.O. BOX 1723 HARVEY, LA 77059	§ § §	01-12363
DEBTORS	§ § §	DATE: 05/29/01

ORDER CONFIRMING THE DEBTOR'S PLAN AND RELATED ORDERS

After notice and a hearing, wherein the Court considered the matters on file herein, including the Summary and Analysis of Chapter 13 Plan, the recommendation of the Chapter 13 Trustee, and any objections to confirmation of the Plan, the Court finds that the Plan meets the requirements of the 11 U.S.C. Sec. 1325(a) and should be confirmed.

IT IS ORDERED THAT:

1. The Debtor's Plan is confirmed.

2. The Debtor shall pay the sum of $1,600.00 per month to S.J. Beaulieu, Jr., Trustee, payable at P. O. Box 6537, New York, NY 10249, on the 28th day of each month, beginning the 28th day of April, 2001, for a period of 36 months, or for a longer term if necessary to insure that all of the allowed claims provided for under the plan have been paid in accordance with the terms of the Plan, as modified by the terms of this order or other subsequent court order.

3. The Trustee shall make disbursements pursuant to provisions of the plan as modified by this order, and Sec. 1326 of the Bankruptcy Code. The Trustee shall make disbursements monthly, unless otherwise provided by the Plan, but shall not be required to pay any dividend in an amount less than $15.00. Dividends not [illegible] shall accumulate and be paid when such

The debtor(s) shall not incur additional debt during the term of this Plan except upon written approval of the Trustee.

Judge Porteous's 5th Circuit Testimony

62

1 Q. Well, going back to —
2 A. When you ask — I only meant in reference to the statement.
3 Yes, it's —
4 Q. Right.
5 A. — contained in there, and I knew that.
6 Q. And it was your understanding — and that's what I'm trying

10 Q. ...are you familiar with the order
11 signed by Bankruptcy Judge Greendyke?

14 "It is ordered that," going down to Number 4,
15 "the debtors shall not incur additional debt during the term of
16 this plan except upon written approval of the trustee."
17 Did I read that correctly?
18 A. You did.
19 Q. Was that your understanding at the time?
20 A. In the order, it was.

25 BY MR. FINDER:

Judge Greendyke's 5th Circuit Testimony

384 385

24 Q. Given the sum of these events -- the false filing of the
25 name on the initial petition, the omission of the tax refund on
1 the schedules where it should be noted, the preferred payment
2 to certain creditors

11 Q. Given the sum of those events, had you known that, what
12 would have been your course of action while you were the judge
13 supervising that bankruptcy? Had you known all those events,
14 what action would you have taken?
15 A. If I had been aware of those items prior to the signing of
16 the confirmation order, I would not have signed the
17 confirmation order. I would probably have sua sponte objected
18 on the basis of lack of good faith.

Judge Greendyke's 5th Circuit Testimony

385

22 Q. And in bankruptcy filings, is good faith on behalf of the
23 debtor one of the key elements that the judge and the trustee
24 rely on?
25 A. It's a confirmation requirement.

1 Q. Okay. It's required that the judge list all of his assets,
2 the bank accounts, and that his true income be listed. Is that
3 correct?
4 A. Yes, that's correct in any case.

9 ...truth and candor in connection with any bankruptcy
10 proceeding is paramount to maintaining the integrity of the
11 entire process.

386

23 debtor one of the key elements that the judge and the trustee
24 rely on?
25 A. It's a confirmation requirement.

23 affirmative recommendation that the law had been complied with,
24 that the requirements for confirmation under Section 1325 of
25 the code had been complied with.

Judge Porteous's Casino Markers Post-Confirmation Order

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
7/18/2001	Treasure Chest	1	$500	7/19/2001
7/23/2001	Treasure Chest	1	$1,000	7/23/2001
8/20-21/2001	Treasure Chest	8	$8,000	8/20-21/2001 ($5,000) 9/9/2001 ($2,000) 9/15/2001 ($1,000)
9/28/2001	Harrah's	2	$2,000	10/28/2001

Judge Porteous's Casino Markers Post-Confirmation Order (cont.)

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
10/13/2001	Treasure Chest	2	$1,000	10/13/2001
10/17-18/2001	Treasure Chest	9	$5,900	10/17/2001 ($1,500) 11/9/2001 ($4,400)
10/31-11/01/2001	Beau Rivage	6	$3,000	11/1/2001
11/27/2001	Treasure Chest	2	$2,000	11/27/2001
12/11/2001	Treasure Chest	2	$2,000	12/11/2001

Judge Porteous's Casino Markers Post-Confirmation Order (cont.)

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
12/20/2001	Harrah's	1	$1,000	11/9/2002
2/12/2002	Grand Casino Gulfport	1	$1,000	2/12/2002
4/1/2002	Treasure Chest	3	$2,500	4/1/2002
5/26/2002	Grand Casino Gulfport	1	$1,000	5/26/2002
7/4-5/2002	Grand Casino Gulfport	3	$2,500	7/5/2002 ($1,200) 8/11/2002 ($1,300)
Total:		**42**	**$149,400**	

Capital One Credit Card Application

VISA

30-Second Acceptance Certificate

Place the sticker ▲ here to request your card.

YES! I want this new Visa® Gold card with a 0% introductory APR!

Reply before: August 21, 2001

4722191710115 055 053

Gabriel T. Porteous
4801 Neyrey Dr
Metairie, LA 70002-1426

Please cross out and change name or address if necessary.

2122

1. Tell us about yourself

Social Security Number [redacted]

Date of Birth 12/15/46

Home Phone [redacted]

2. Sign Here

I have read the Agreement To Terms, IMPORTANT DISCLOSURES and Miscellaneous Information on the reverse and agree to be bound as specified therein. If this application is approved, I agree to receive Capital One's Privacy Notice later with other account information. I authorize Capital One to obtain my credit report. *This offer is nontransferable. To avoid delays, please provide all information requested.*

Signature [signature] Date 8/13/01

Gabriel T. Porteous

4722-53,54

Grand Casino Gulfport Credit Line Change Request

BANKING INFORMATION

DATE REQUESTED/INITIAL	DATE RECEIVED	AVG. BALANCE	CURRENT BALANCE	DATE ACCT. OPENED	ACCOUNT NUMBER
15 [illegible]	7-15-02	High 4	High 4	5-1-88	[redacted]

NOTES AND COMMENTS

[redacted] Pontious, Thomas

CHANGE DATE 7 , 15 , 02

D.O.B. 12

AMT. FROM 2000 TO 2500.

DECREASE AMT FROM

Temp. _____ INCREASE DUE TO CONSIDER CHECK-IN TRANSIT AS CLEAR

CHECK AMOUNT _____ CHECK # _____ DEPOSIT DATE _____

THE APPLICANT REQUESTING THIS DECREASE UNDERSTANDS THAT THE ABOVE MENTIONED CREDIT LINE WILL NOT BE INCREASED OR REOPENED FOR A PERIOD OF 30 DAYS FROM DATE OF THIS REQUEST. Guest Initials _____

[illegible]

7/15/02

SIGNATURE OF CO-AUTHORIZER / ED MANAGER DATE

WHEN YOU NEED TO WIN, YOU NEED TO QUIT.

GAMBLING PROBLEM? CALL

1-800-777-9690 in Mississippi

WHITE - Guest file YELLOW - Cage

Exhibit 125

(Official Form 1) (8/97)

FORM B1 United States Bankruptcy Court ... Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle): Orlous, G. T. Middle:

All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names): 2001 MAR 28 P 4

All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names): all:

Street Address of Debtor (No. & Street, City, State & Zip Code): P.O. Box 1723 Harvey, LA 70059-1723 City, State & Zip Code):

P.O. Box 1723 Harvey, LA 70059-1723

County of Residence or of the Principal Place of Business: Jefferson Parish

Mailing Address of Debtor (if different from street address):

P.O. Box 1723 Harvey, LA 70059-1723

County of Residence or of the Principal Place of Business: Jefferson Parish

Mailing Address of Joint Debtor (if different from street address):

n1-12363

Location of Principal Assets of Business Debtor (if different from street address above):

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☒ Individual(s) ☐ Railroad
☐ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☐ Chapter 11 ☒ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☒ Consumer/Non-Business ☐ Business

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Filing Fee (Check one box)

☒ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Statistical/Administrative Information (Estimates only)

☒ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

THIS SPACE IS FOR COURT USE ONLY

Estimated Number of Creditors	1-15	16-49	50-99	100-199	200-999	1000-over
	☐	☐	☐	☐	☐	☐

Estimated Assets	$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
	☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts	$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
	☐	☐	☐	☐	☐	☐	☐	☐

Exhibit 145

Special Orders

1723

15. Postmaster: The following named persons or representatives of the organization listed below are authorized to accept mail addressed to this (these) post office box(es) or caller number(s). Valid identification and proof of physical address must be provided with each name. Continue on back if necessary.

a. Name(s) of applicant(s) (Same as item 3)

GABRIEL T. PORTEOUS, JR.

b. Name of box customer (Same as item 1)

GABRIEL T. PORTEOUS, JR.

c. Other Authorized Representative

CARMELLA PORTEOUS

d. Other Authorized Representative

Customer note: The Postal Service may consider it valid evidence that a person is authorized to remove mail from the box if that person possesses a key or combination to the box.

HARVEYSLA
MAR 20 2001
NY 10036

Use a separate form for each number or consecutive group of numbers, and type of service. File part 2 by box or caller number.

18. Signature of applicant (Same as item 3)

I have read the instructions and agree to comply with the applicable conditions. I certify that the statements made by me are true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including multiple damages and civil penalties). See complete Privacy Act Statement on the reverse.

PS Form 1093, July 1998

GABRIEL T. PORTEOUS, JR.

1728

GABRIEL T. PORTEOUS, JR.

3. Name of person applying, title (if applicable), and name of organization (If different from item 1)

GABRIEL T. PORTEOUS, JR.

4. Will this box be used for soliciting or doing business with the public? (Check one)

a. Yes ☐ b. No ☑

5. Address (Number, street, apt. no.; city, state, and ZIP Code). When address changes, cross out address here and print new address on back

6. Telephone number

Date application received

3/20/01

7. Sign

Use separate form for each number or consecutive group of numbers, and type of service. File part 2 by box or caller number.

PS Form 1093, July 1998

FORM B6B
(10/89)

In re Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12363 Section "A"
Debtor (If known)

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
14. Government and corporate bonds and other negotiable and nonnegotiable instruments.	X			
15. Accounts receivable.	X			
16. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X			
17. Other liquidated debts owing debtor including tax refunds. Give particulars.	X			
18. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
19. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.	X			
20. Patents, copyrights, and other intellectual property. Give particulars.	X			
21. Licenses, franchises, and other general intangibles. Give particulars.	X			
22. Automobiles, trucks, trailers, and other vehicles and accessories.		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
23. Boats, motors, and accessories.	X			
24. Aircraft and accessories.	X			
25. Office equipment, furnishings, and supplies.	X			
26. Machinery, fixtures, equipment and supplies used in business.	X			

Exhibit 141

HP Exhibit 0141

1040 U.S. Individual Income Tax Return 2000

GABRIEL T & CARMELLA G/PORTEOUS JR

Filing Status

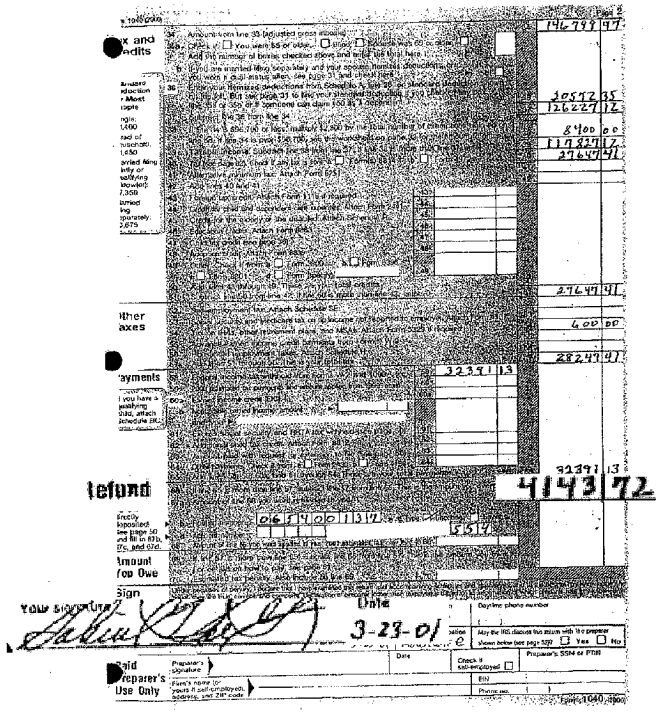
Exemptions

CATHERINE PORTEOUS DAUGHTER

Income

Adjusted Gross Income

Exhibit 141 (continued)



146793 97
30572 95
126227 12
8400 00
137327 12
27647 41
27647 41
400 00
28247 41
32371 13
92371 13
4143 72
Refund
Amount You Owe
Sign
Your signature
Date
3-23-01
Daytime phone number
May the IRS discuss this return with the preparer shown below (see page 53)? Yes No
Preparer's SSN or PTIN
Check if self-employed
EIN
Phone no.
Paid Preparer's Use Only
Preparer's signature
Firm's name (or yours if self-employed), address, and ZIP code
Form 1040 (2000)

Exhibit 142

HP Exhibit 0142

F2220U3:20030716113:9999 scanned on STATEMENTMANAGER by Operator Statement Manager on Jul 17, 2003 at 07:48:38 AM - Page 37 of 122.

0 53200 416 047178 8

SC EXHIBIT - 00025

[redacted]DGE G THOMAS PORTEOUS JR

Acct # [redacted]

MAR 23 to APR 23, 2001

Page 1 of 1

ther withdrawals including charges and fees

ate	Description		
4-23	Service Fee	11.00	

eposits and other additions

ate	Description		
3-27	Deposit	2,000.00	0000006301104
4-02	ACH Credit Usc Treas 310 [redacted] Fed Salary	7,705.53	70010AAAC6270
4-13	ACH Credit Ue Treasury Irs Tax Refund	1,147.72	
4-23	Interest Payment	208.03	
		3.02	0000000000000
4-23	Deposit	17.00	0000006270007

our minimum balance this statement period was $ 559.07 .

ees and charges

When you maintain the required minimum balance during the statement period, the monthly service fee on your account is waived.

ND OUT HOW AFFORDABLE TERM LIFE INSURANCE CAN BE FOR YOU AND YOUR
BY CALLING THE ONE QUOTE. CALL TODAY FOR YOUR FREE, NO OBLIGATION
ER INSURANCE QUOTE AT 1-888-663-8376 OR GO TO WWW.THEONEQUOTE.COM
ICE IS NOT A DEPOSIT, NOT FDIC INSURED; NO BANK GUARANTEE.

DO YOU KNOW YOU CAN BANK ANYTIME DAY OR NIGHT? JUST CALL BANK ONE BY
HONE AT 1-800-777-8837 TO DO YOUR BANKING FROM ANY TELEPHONE. TRANSFER
UNDS, GET BALANCE INFORMATION, BALANCE YOUR CHECKBOOK AND MORE. CALL
TODAY TO SEE FOR YOURSELF THAT BANKING HAS NEVER BEEN EASIER.

In re Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12363 Section "A"

SCHEDULE I - CURRENT INCOME OF INDIVIDUAL DEBTOR(S)

Debtor's Marital Status: Married	DEPENDENTS OF DEBTOR AND SPOUSE		
Debtor's Age: Spouse's Age:	NAMES	AGE	RELATIONSHIP
	Catherine A. Porteous	19	Daughter

EMPLOYMENT:	DEBTOR	SPOUSE
Occupation	Judge	
Name of Employer		
How long employed		
Address of Employer	United States of America 500 Camp Street New Orleans, LA 70130	

Income: (Estimate of average monthly income)	DEBTOR	SPOUSE
Current monthly gross wages, salary, and commissions (pro rate if not paid monthly.)	$ 7,531.52	$ 0.00
Estimated monthly overtime	$ 0.00	$ 0.00
SUBTOTAL	$ 7,531.52	$ 0.00
LESS PAYROLL DEDUCTIONS		
a. Payroll taxes and social security	$ 0.00	$ 0.00
b. Insurance	$ 0.00	$ 0.00
c. Union dues	$ 0.00	$ 0.00
d. Other (Specify)	$ 0.00	$ 0.00
[illegible]	$ 0.00	$ 0.00

TOTAL NET MONTHLY TAKE HOME PAY $ 7,531.52

Regular income from operation of business or profession or farm (attach detailed statement)	$ 0.00	$ 0.00
Income from real property	$ 0.00	$ 0.00
Interest and dividends	$ 0.00	$ 0.00
Alimony, maintenance or support payments payable to the debtor for the debtor's use or that of dependents listed above.	$ 0.00	$ 0.00
Social security or other government assistance (Specify)	$ 0.00	$ 0.00
Pension or retirement income	$ 0.00	$ 0.00
Other monthly income (Specify)	$ 0.00	$ 0.00
TOTAL MONTHLY INCOME	$ 7,531.52	$ 0.00

TOTAL COMBINED MONTHLY INCOME $ 7,531.52 (Report also on Summary of Schedules)

Describe any increase or decrease of more than 10% in any of the above categories anticipated to occur within the year following the filing of this document: NONE

Exhibit 142

HP Exhibit 0142

F3220U3:20030716113:9999 scanned on STATEMENTMANAGER by Operator Statement Manager on Jul 17, 2003 at 07:48:38 AM - Page 17 of 122.

0 53200 416 047170 8

SC EXHIBIT - 00025

GE G THOMAS FORTOUS JR

Acct # [redacted]

MAR 23 to APR 23, 2001

Page 4 of 4

ther withdrawals including charges and fees

ate	Description	
4-23	Service fee	11.00

eposits and other additions

ate	Description		
4-02	ACH Credit Soc Trsp a Fed Salary	2,000.00	000000392011061
	ATM Abc Credit Ck Treasury 220 [redacted] ATM Tax Refund	7,705.51	700108806056230
			200130130153477
4-20	Deposit	238.83	000000063742007
4-22	Interest Payment	3.09	000000000000000
4-23	Deposit	27.00	000000063700076

our minimum balance this statement period was $ 359.02 .

ees and charges When you maintain the required minimum balance during the statement period, the monthly service fee on your account is waived.

IND OUT HOW AFFORDABLE TERM LIFE INSURANCE CAN BE FOR YOU AND YOUR
BY CALLING TRE ONE QUOTE. CALL TODAY FOR YOUR FREE, NO OBLIGATION
FE INSURANCE QUOTE AT 1-888-663-8376 OR GO TO WWW.TRELONEQUOTE.COM
ACK IS NOT A DEPOSIT, NOT FDIC INSURED; NO BANK GUARANTEE.

ID YOU KNOW YOU CAN BANK ANYTIME DAY OR NIGHT? JUST CALL BANK ONE BY
HONE AT 1-800-797-8837 TO DO YOUR BANKING FROM ANY TELEPHONE. WHEREVER
UNDAY, GET BALANCE INFORMATION, BALANCE YOUR CHECKBOOK AND MORE. CALL
TODAY TO SEE FOR YOURSELF THAT BANKING HAS NEVER BEEN EASIER.

UNITED STATES BANKRUPTCY COURT

Eastern District of Louisiana

In re: Gabriel T. Porteous, Jr. [redacted] Carmella A. Porteous [redacted] Case No. 01-12353 Section "A"

Chapter 13

STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
148,450.00	Joint Gross Income	1999
148,799.00	Joint Gross Income	2000
35,325.00	Joint Gross Income	2001

2. Income other than from employment or operation of business

None ☒ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint

3. Payments to creditors

3. Payments to creditors

90 days immediately preceding the commencement of this case.

None ☐ a. List all payments on loans, installment purchases or goods or services, and other debts, aggregating more than $600 to any creditor, m commencement of this case. (Married debtors payments by either or both spouses whether or separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING

Normal Installments

☒ one year immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

4. Suits and administrative proceedings, executions, garnishments and attachments

None ☒ a. List all suits and administrative proceedings to which the debtor is or was a party within one year immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

Exhibit 302

Print Key Output — Page 1

69SSI V4R4M0 990521 — TRRASUR8 — 07/10/02 13:48:44

Display Device . . . . . : CREDIT1
User . . . . . : CREDIT

02400 00 — Customer Transaction Inquiry — 13:49 7/10/02

PORTEOUS, GABRIEL J.,Jr — D.O.B.: 12/15/46 — Customer #: 002004694

00059019	MK-MRK	P	3/02/01	S	500.00	.00 3/03/01
	CHP	A	3/03/01	G	500.00-	
00059013	MK-MRK	P	3/02/01	S	500.00	.00 3/27/01
	CSH	A	3/27/01	G	500.00-	
00059012	MK-MRK	P	3/02/01	S	500.00	.00 3/27/01
	CSH	A	3/27/01	G	500.00-	
00059011	MK-MRK	P	3/02/01	S	500.00	.00 3/27/01
	CSH	A	3/27/01	G	500.00-	
00059002	MK-MRK	P	3/02/01	S	500.00	.00 3/03/01
	CHP	A	3/03/01	G	500.00-	
00059000	MK-MRK	P	3/02/01	S	500.00	.00 3/03/01
	CHP	A	3/03/01	G	500.00-	
00058997	MK-MRK	P	3/02/01	S	500.00	.00 3/03/01
	CHP	A	3/03/01	G	500.00-	

None ☑ b. Describe all property that has been attached, garnished or seized under any legal or equitable process within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

5. Repossessions, foreclosures and returns

None ☑ List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

6. Assignments and receiverships

None ☑ a. Describe any assignment of property for the benefit of creditors made within 120 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

7. Gifts

None ☑ List all gifts or charitable contributions made within one year immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than $200 in value per individual family member and charitable contributions aggregating less than $100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ 8. Losses

List all losses from fire, theft, other casualty or gambling within one year immediately preceding the commencement of this case or since the commencement of this case.

joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

9. Payments related to debt counseling or bankruptcy

None ☑ List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within one year immediately preceding the commencement of this case.

Exhibit 337

Gabriel Thomas Portesous, Jr.
Net Gambling Wins/ (Losses) by Casino
March 28, 2000 - March 28, 2001

Casino	Date	Wins	Losses	Net Wins/Loss by Casino
Beau Rivage	4/13/2000	100.00		
Beau Rivage	4/15/2000	400.00		
Beau Rivage	7/14/2000	900.00		1,400.00
Treasure Chest	4/6/2000	500.00		
Treasure Chest	5/11/2000	300.00		
Treasure Chest	5/27/2000	83.00		
Treasure Chest	6/2/2000		(30.00)	
Treasure Chest	6/6/2000	80.00		
Treasure Chest	7/8/2000		(275.00)	
Treasure Chest	7/27/2000		(3,900.00)	
Treasure Chest	8/27/2000		(28.00)	
Treasure Chest	10/20/2000		(90.00)	
Treasure Chest	11/3/2000		(177.00)	
Treasure Chest	11/6/2000		(2,900.00)	
Treasure Chest	12/7/2000	765.00		
Treasure Chest	2/10/2001	10.00		
Treasure Chest	3/2/2001		(500.00)	
Treasure Chest	3/10/2001		(60.00)	
Treasure Chest	3/19/2001		(10.00)	(6,233.00)
Casino Magic	9/15/2000		(2,530.00)	
Casino Magic	10/13/2000	780.00		(1,750.00)
Grand Casino Biloxi	4/16/2000	3.75		3.75
Caesar's Tahoe	12/26/2000	1,350.00		1,350.00
Grand Gulfport	4/28/2000		(44.05)	
Grand Gulfport	4/29/2000	470.00		
Grand Gulfport	6/27/2000	805.00		
Grand Gulfport	6/28/2000	44.15		
Grand Gulfport	7/18/2000	71.25		
Grand Gulfport	8/19/2000		(200.00)	
Grand Gulfport	8/20/2000		(118.75)	
Grand Gulfport	2/16/2001		(39.50)	
Grand Gulfport	2/26/2001		(20.00)	
Grand Gulfport	2/27/2001		(1,972.05)	(1,003.95)
			$	($ (6,233.20)
TOTAL:		$ 6,662.15	$ (12,8[illegible]	

Exhibit 133

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA

DOCKETED
JUL 2 2001
WARREN A. GUNTZ, JR., CLERK
UNITED STATES BANKRUPTCY COURT
NEW ORLEANS, LA.

IN RE:	§	CASE NO.	
GABRIEL T. FORTEOUS and CARMELLA A. FORTEOUS P.O. BOX 1723 HARVEY, LA 77059	§ § §	01-12363	
DEBTORS	§	DATE: 05/29/01	

ORDER CONFIRMING THE DEBTOR'S PLAN AND RELATED ORDERS

ORDER CONFIRMING THE DEBTOR'S PLAN AND RELATED ORDERS

After notice and a hearing, wherein the Court considered the matters on file herein, including the Summary and Analysis of Chapter 13 Plan, the recommendation of the Chapter 13 Trustee, and lan, the Court finds that the Plan meets the requirements of be confirmed.

IT IS ORDERED THAT:

IT IS ORDERED THAT:

1. The Debtor's Plan is confirmed.

2. The Debtor shall pay the sum of $1,600.00 per month to S.J. Beaulieu, Jr., Trustee, payable at P. O. Box 6537, New York, NY 10249, on the 28th day of each month, beginning the 28th day of April, 2001, for a period of 36 months, or for a longer term if necessary to insure that all of the allowed claims provided for under the plan have been paid in accordance with the terms of the Plan, as modified by the terms of this order or other subsequent court order.

3. The Trustee shall make disbursements pursuant to provisions of the plan as modified by this order, and Sec. 1326 of the Bankruptcy Code. The Trustee shall make disbursements monthly, unless otherwise provided by the Plan, but shall not be required to pay any dividend in an amount less than $15.00. Dividends not

The debtor(s) shall not incur additional debt during the term of this Plan except upon written approval of the Trustee.

for such debt to be unallowable and non-dischargeable.

Judge Porteous's Casino Markers Post-Confirmation Order

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
7/18/2001	Treasure Chest	1	$500	7/19/2001
7/23/2001	Treasure Chest	1	$1,000	7/23/2001
8/20-21/2001	Treasure Chest	8	$8,000	8/20-21/2001 ($5,000) 9/9/2001 ($2,000) 9/15/2001 ($1,000)
9/28/2001	Harrah's	2	$2,000	10/28/2001

Judge Porteous's Casino Markers Post-Confirmation Order (cont.)

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
10/13/2001	Treasure Chest	2	$1,000	10/13/2001
10/17-18/2001	Treasure Chest	9	$5,900	10/17/2001 ($1,500) 11/9/2001 ($4,400)
10/31-11/01/2001	Beau Rivage	6	$3,000	11/1/2001
11/27/2001	Treasure Chest	2	$2,000	11/27/2001
12/11/2001	Treasure Chest	2	$2,000	12/11/2001

Judge Porteous's Casino Markers Post-Confirmation Order (cont.)

Date	Casino	Number of Markers	Dollar Amount	Repayment Date(s)
12/20/2001	Harrah's	1	$1,000	11/9/2002
2/12/2002	Grand Casino Gulfport	1	$1,000	2/12/2002
4/1/2002	Treasure Chest	3	$2,500	4/1/2002
5/26/2002	Grand Casino Gulfport	1	$1,000	5/26/2002
7/4-5/2002	Grand Casino Gulfport	3	$2,500	7/5/2002 ($1,200) 8/11/2002 ($1,300)
Total:		**42**	**$149,400**	

Exhibit 313

Print Key Output — Page 1

69551, V4R4M0 990521 — TREASURE — 07/10/02 13:47:24

Display Device . . . . . : CREDIT1
User . . . . . : CREDIT

#2400 00 — Customer Transaction Inquiry — 13:47 7/10/02

PORTEOUS, GABRIEL J.,Jr — D.O.B.: 12/15/46 — Customer #: 002004694
NEW ORLEANS LA 70130-3313 — Date Estab.: 9/05/94

Sel	Item #	Type	Sts	Date/Shft	Amount	Curr Bal	Pymt	Description
	00064746	MK	MRK	P	8/21/01 S	1,000.00	.00	9/09/01
			CSH	A	9/09/01 D	1,000.00		
	00064744	MK	MRK	P	8/21/01 S	1,000.00	.00	8/21/01
			CHP	A	8/21/01 S	1,000.00		
	00064739	MK	MRK	P	8/21/01 S	1,000.00	.00	9/09/01
			CSH	A	9/09/01 D	1,000.00		
	00064730	MK-MRK		P	8/21/01 S	1,000.00	.00	9/15/01
			CSH	A	9/15/01 D	1,000.00		
	00064729	MK	MRK	P	8/21/01 S	1,000.00	.00	8/21/01
			CHP	A	8/21/01 S	1,000.00-		
	00064685	MK	MRK	P	8/20/01 S	1,000.00	.00	8/20/01
			CHP	A	8/20/01 S	1,000.00-		
	00064680	MK-MRK		P	8/20/01 D	1,000.00	.00	8/20/01
			CHP	A	8/20/01 S	1,000.00-		
	00064677	MK	MRK	D	8/20/01 D	1,000.00	.00	8/20/01
			CHP	A	8/20/01 S	1,000.00-		
			CHP	A	5/16/01 S	500.00-		
	00061230	MK-MRK		P	5/07/01 S	1,000.00	.00	5/09/01
			CSH	A	5/09/01 S	1,000.00-		

EAIMTL +

Exhibit 341(a)

VISA

30-Second Acceptance Certificate

Place the sticker ▲ here to request your card.

YES! I want this new Visa® Gold card with a 0% introductory APR!

Reply before: August 21, 2001

4722191710115 055 053

Gabriel T. Porteous
4801 Neyrey Dr
Metairie, LA 70002-1426

Please cross out and change name or address if necessary.

2122

1. Tell us about yourself

Social Security Number [redacted]

Date of Birth 12/15/46

Home Phone [redacted]

2. Sign Here

I have read the Agreement To Terms, IMPORTANT DISCLOSURES and Miscellaneous Information on the reverse and agree to be bound as specified therein. If this application is approved, I agree to receive Capital One's Privacy Notice later with other account information. I authorize Capital One to obtain my credit report. *This offer is nontransferable. To avoid delays, please provide all information requested.*

Signature Gabriel T. Porteous

Date 8/13/01

4722-53,54

Exhibit 341(b)

GOLD VISA ACCOUNT SEP 14 - OCT 13, 2001

Account Summary

Previous Balance	$88.00
Payments, Credits and Adjustments	$88.00
Transactions	$147.94
Finance Charges	
New Balance	
Minimum Amount Due	
Payment Due Date	
Total Credit Line	
Total Available Credit	
Credit Line for Cash	
Available Credit for Cash	$57.00

Payments, Credits and Adjustments

1	04 OCT	PAYMENT RECEIVED - THANK YOU	$88.00-

Transactions

	DATE		
2	17 SEP	LUCYS RESTURANT NEW ORLEANS LA	$39.03
3	05 OCT	MIDDENDORFS RESTAURAN MANCHAC (AKER LA	80.00
4	05 OCT	JCPENNEY CO 0549 METAIRIE LA	23.91

At your service

To call Customer Relations or to report a lost or stolen card:
1-800-638-5227

For free online account service and special customer offers, log on to:
www.capitalone.com

Send payments to
Attn: Remittance Processing
Capital One Services
P.O. Box 60000
Seattle, WA 98190-6000

Send inquiries to:
Capital One Services
P.O. Box 85015
Richmond, VA 23285-5015

New Balance	$142.94
Minimum Amount Due	$15.00
Payment Due Date	November 13, 2001

Total enclosed $

Please print address changes below using blue or black ink.

Street Apt. #

City State ZIP

Home Phone Alternate Phone

Capital One Services
P.O. Box 60000
Seattle, WA 98190-6000

008701

GABRIEL T PORTEOUS
4801 NEYREY DR
METAIRIE LA 70002-1426

Exhibit 324

BANKING INFORMATION

DATE REQUESTED/INITIAL	DATE RECEIVED	AVG. BALANCE	CURRENT BALANCE	DATE ACCT. OPENED	ACCOUNT NUMBER
15 [illegible]	7-5-02	High 4	High 4	5-1-89	[redacted]

NOTES AND COMMENTS

Robins, Thomas

CHANGE REQUEST

DATE 7 7 7 7 02

D.O.B. 12-15-46

AMT. FROM 2000 TO 2500

DECREASE AMT FROM

Temp. INCREASE DUE TO CONSIDER CHECK-IN TRANSIT AS CLEAR

CHECK AMOUNT CHECK # DEPOSIT DATE

THE APPLICANT REQUESTING THE DECREASE UNDERSTANDS THAT THE ABOVE MENTIONED CREDIT LINE WILL NOT BE INCREASED OR REOPENED FOR A PERIOD OF 30 DAYS FROM DATE OF THIS REQUEST. Guest Initials

[illegible]

7/4/02

SIGNATURE OF LOAN AUTHORIZER ID NUMBER DATE

WHEN YOU NEED TO WIN, YOU NEED TO QUIT.

GAMBLING PROBLEM? CALL

1-888-777-0696 in Mississippi

WHITE - Guest file YELLOW - Cage

Exhibit 325

08/12/03 10:25 GRAND CASINO GULFPORT Page
KKCTRPNT Patron Transaction Report

Patron#: 00302741 PORTEOUS, G THOMAS

Type	Stat	Loc.	Issued	Refer.#1	Refer.#2	Amount	Balance	
CRDT PCHK	CLR	CB01	081102	RC009715		-1300.00	0.00	
CRDT PCHK	DEP1	CB01	080302	RC009715		1300.00	1300.00	
CRDT PCHK	ISSD	FW16	080202	RC009715	VC092602	1300.00	1300.00	
CRDT CCHK	RDMD	FW16	080202	RP001259	VC092602	-300.00	0.00	
CRDT MRKR	RDMD	FW16	080202	MK183833	VC092602	-1000.00	300.00	
CRDT CCHK	ISSD	FW22	070502	RP001259	VC091138	300.00	1300.00	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1000.00	1000.00	
CRDT MRKR	ISSD	0104	070502	MK183917		500.00		2500.00
CRDT MRKR	ISSD	0112	070402	MK183833		1000.00		2000.00
CRDT MRKR	ISSD	0112	070402	MK183825		1000.00		1000.00
CRDT MRKR	RDMD	0111	052602	MK179892	VC089076	-1000.00	0.00	
CRDT MRKR	ISSD	0111	052602	MK179892		1000.00	1000.00	
CRDT MRKR	RDMD	0107	021202	MK169742	VC083957	-1000.00	0.00	
CRDT MRKR	ISSD	0107	021202	MK169742		1000.00	1000.00	
CRDT PCHK	CLR	CB01	060501	CC157172		-100.00	0.00	
CRDT PCHK	DEP1	CB01	052801	CC157172		100.00	100.00	
CRDT MRKR	RDMD	0312	052701	MK141325	VC069982	-500.00	100.00	
CRDT PCHK	ISSD	FW26	052701	CC157172		100.00	600.00	
CRDT MRKR	RDMD	FW26	052701	MK141028	VC069975	-500.00	500.00	
CRDT MRKR	ISSD	0312	052701	MK141325		500.00	1000.00	
CRDT MRKR	VOID	0314	052701	MK141324		-500.00	500.00	
CRDT MRKR	ISSD	0314	052701	MK141324		500.00	1000.00	
CRDT MRKR	ISSD	0306	052601	MK141028		500.00	500.00	
CRDT MRKR	CLR	CB01	041201	MK131405		-1000.00	0.00	
CRDT MRKR	CLR	CB01	041201	MK131402		-1000.00	1000.00	
CRDT MRKR	DEP2	CB01	040401	MK131405		1000.00	2000.00	
CRDT MRKR	DEP2	CB01	040401	MK131402		1000.00	2000.00	
CRDT MRKR	RTN1	CB01	040301	MK131402		1000.00	2000.00	
CRDT MRKR	RTN1	CB01	040301	MK131405		1000.00	1000.00	
CRDT MRKR	CLR	CB01	032401	MK131405		-1000.00	0.00	
CRDT MRKR	CLR	CB01	032401	MK131402		-1000.00	1000.00	
CRDT MRKR	DEP1	CB01	031601	MK131405		1000.00	2000.00	
CRDT MRKR	DEP1	CB01	031601	MK131402		1000.00	2000.00	
CRDT MRKR	ISSD	0103	022701	MK131405		1000.00	2000.00	
CRDT MRKR	ISSD	0103	022701	MK131402		1000.00	1000.00	

Judge Porteous's 5th Circuit Testimony

64

BY MR. FIT
Q. So, wl
When you
lower?
A. Presu
Q. Okay.
A. Right
Q. As I
A. Yes,
Q. Judge
aren't yo
A. Yes,
Q. Would
credit ex
that enab
marker ac
the custo
customer
authorize
instituti
customer'
of time."
A. I bel
complaint
contained

10 Q. Judge Porteous, you're familiar with the term "marker,"
11 aren't you?
12 A. Yes, sir.
13 Q. Would it be fair to state that, "A marker is a form of
14 credit extended by a gambling establishment, such as a casino,
15 that enables the customer to borrow money from the casino. The
16 marker acts as the customer's check or draft to be drawn upon
17 the customer's account at a financial institution. Should the
18 customer not repay his or her debt to the casino, the marker
19 authorizes the casino to present it to the financial
20 institution or bank for negotiation and draw upon the
21 customer's bank account any unpaid balance after a fixed period
22 of time." Is that accurate?
23 A. I believe that's correct and probably was contained in the
24 complaint or -- or the second complaint. There's a definition
25 contained.

65

borrowing
agree that
iod in
Chest
ely eight
ve records
ith
acts like
easure
credit,
s
a check
violation
didn't

Exhibit 125

(Official Form 1) (9/97)

FORM B1 United States Bankruptcy Court ... ntary Petition

Name of Debtor (if individual, enter Last, First, Middle): Orions, G. T. Middle):

All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names): 2 8 P 4

All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):

Street Address of Debtor (No. & Street, City, State & Zip Code): P.O. Box 1723 Harvey, LA 70059-1723 ...y, State & Zip Code):

P.O. Box 1723 Harvey, LA 70059-1723

County of Residence or of the Principal Place of Business: Jefferson Parish

Mailing Address of Debtor (if different from street address):

P.O. Box 1723 Harvey, LA 70059-1723

County of Residence or of the Principal Place of Business: Jefferson Parish

Mailing Address of Joint Debtor (if different from street address):

n1-12363

Location of Principal Assets of Business Debtor (if different from street address above):

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☑ Individual(s) ☐ Railroad
☐ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☐ Chapter 11 ☑ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☑ Consumer/Non-Business ☐ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

THIS SPACE IS FOR COURT USE ONLY

Estimated Number of Creditors	1-15	16-49	50-99	100-199	200-999	1000-over
	☐	☐	☐	☐	☐	☐

Estimated Assets	$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	$100,000,001 to $500 million	More than $500 million
	☐	☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts	$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	$100,000,001 to $500 million	More than $500 million
	☐	☐	☐	☐	☐	☐	☐	☐	☐

Exhibit 127

United States Bankruptcy Court
Eastern District of Louisiana

In re: Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12363 Section "A"
Chapter 13

SUMMARY OF SCHEDULES

AMOUNTS SCHEDULED

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	ASSETS	LIABILITIES	OTHER
A - Real Property	YES	1	$ 225,110.00		
B - Personal Property	YES	3	$ 28,050.27		
C - Property Claimed as Exempt	YES	1			
D - Creditors Holding Secured Claims	YES	1		$ 158,278.13	
E - Creditors Holding Unsecured Priority Claims	YES	2		$ 0.00	
F - Creditors Holding Unsecured Nonpriority Claims	YES	4		$ 196,246.73	
G - Executory Contracts and Unexpired Leases	YES	1			
H - Codebtors	YES	1			
I - Current Income of Individual Debtor(s)	YES	1			$ 7,531.52
J - Current Expenditures of Individual Debtor(s)	YES	1			$ 6,583.00
Total Number of sheets in ALL Schedules ➤		16			
Total Assets ➤			$ 253,160.27		
Total Liabilities ➤				$ 354,524.86	

UNITED STATES BANKRUPTCY COURT
Eastern District of Louisiana

In re: Gabriel T. Porteous, Jr. [redacted] Carmella A. Porteous [redacted] Case No. 01-12363 Section "A"
Chapter 13

STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
148,459.00	Joint Gross Income	1999
146,789.00	Joint Gross Income	2000
35,395.00	Joint Gross Income	2001

2. Income other than from employment or operation of business

None ☒ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

3. Payments to creditors

None ☐ a. List all payments on loans, installment purchases of goods or services, and other debts, aggregating more than $600 to any creditor, made within 90 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING

Normal installments

None ☒ b. List all payments made within one year immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

4. Suits and administrative proceedings, executions, garnishments and attachments

None ☒ a. List all suits and administrative proceedings to which the debtor is or was a party within one year immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

FORM B6B
(10/89)

In re Gabriel T. Porteous, Jr. Carmella A. Porteous, Debtor — Case No. 01-12353 Section "A" (If known)

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITH-OUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
14. Government and corporate bonds and other negotiable and nonnegotiable instruments.	X			
15. Accounts receivable.	X			
16. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X			
17. Other liquidated debts owing debtor including tax refunds. Give particulars.	X			
18. Equitable or future interest, life estates, and rights or powers exercisable for benefit of the debtor other than those listed in Schedule of Real Property.	X			
19. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
20. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.	X			
21. Patents, copyrights, and other intellectual property. Give particulars.	X			
22. Licenses, franchises, and other general intangibles. Give particulars.	X			
23. Automobiles, trucks, trailers, and other vehicles and accessories.		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
		2000 Jeep Cherokee (Lease)	C	NO CASH VALUE
24. Boats, motors, and accessories.	X			
25. Aircraft and accessories.	X			
26. Office equipment, furnishings, and supplies.	X			
27. Machinery, fixtures, equipment and supplies used in business.	X			

In re Gabriel T. Porteous, Jr. Carmella A. Porteous Case No. 01-12363 Section "A"

SCHEDULE I - CURRENT INCOME OF INDIVIDUAL DEBTOR(S)

Debtor's Marital Status: Married	DEPENDENTS OF DEBTOR AND SPOUSE		
Debtor's Age: Spouse's Age:	NAMES	AGE	RELATIONSHIP
	Catherine A. Porteous	18	Daughter

EMPLOYMENT:	DEBTOR	SPOUSE
Occupation	Judge	
Name of Employer		
How long employed		
Address of Employer	United States of America 500 Camp Street New Orleans, LA 70130	

Income: (Estimate of average monthly income)	DEBTOR	SPOUSE
Current monthly gross wages, salary, and commissions (pro rate if not paid monthly.)	$ 7,531.52	$ 0.00
Estimated monthly overtime	$ 0.00	$ 0.00
SUBTOTAL	$ 7,531.52	$ 0.00
LESS PAYROLL DEDUCTIONS		
a. Payroll taxes and social security	$ 0.00	$ 0.00
b. Insurance	$ 0.00	$ 0.00
c. Union dues	$ 0.00	$ 0.00
d. Other (Specify)	$ 0.00	$ 0.00
SUBTOTAL OF PAYROLL DEDUCTIONS	$ 0.00	$ 0.00
TOTAL NET MONTHLY TAKE HOME PAY	$ 7,531.52	
Regular income from operation of business or profession or farm (attach detailed statement)	$ 0.00	$ 0.00
Income from real property	$ 0.00	$ 0.00
Interest and dividends	$ 0.00	$ 0.00
Alimony, maintenance or support payments payable to the debtor for the debtor's use or that of dependents listed above.	$ 0.00	$ 0.00
Social security or other government assistance (Specify)	$ 0.00	$ 0.00
Pension or retirement income	$ 0.00	$ 0.00
Other monthly income (Specify)	$ 0.00	$ 0.00
TOTAL MONTHLY INCOME	$ 7,531.52	$ 0.00

TOTAL COMBINED MONTHLY INCOME $ 7,531.52 (Report also on Summary of Schedules)

Describe any increase or decrease of more than 10% in any of the above categories anticipated to occur within the year following the filing of this document: NONE

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS
EMPLOYEE EARNINGS STATEMENT

D05LAECNOLAE MONTHLY PAY PERIOD 06 ENDING 05/31/00
LOUISIANA EASTERN

PORTEOUS JR., G. THOMAS [redacted] 03 00/06
DEPOSIT 065000029 RETIREMENT CODE 2
SALARY 141,300.00

PAY PERIOD EARNINGS	DAYS	PAY	YTD EARNINGS
REGULAR	30.0	11,775.00	70,266.66
GROSS EARNINGS		11,775.00	70,266.66

PAY PERIOD DEDUCTIONS	DEDUCTIONS	YTD DEDUCTIONS
FICA	889.72	5,320.06
FEDERAL TAX MS-M EXEMPT-02 EXTRA-0000	2,603.27	15,564.22
STATE TAX LA MS-M EXEMPT-02 EXTRA-000	313.91	1,876.30
HEALTH INSURANCE PLAN 105		135.03
GOV/T LIFE INS. PLAN BASIC	48.36	288.48
OPTION-A (STANDARD)	3.03	18.18
OPTION-B (ADDITIONAL)	230.75	918.13
OPTION-C (FAMILY)	9.75	19.50
HEALTH INSURANCE PRE-TAX	144.69	723.45

NET PAY **7,531.52**

MESSAGES :
THE FOLLOWING TWO CHANGES BECAME EFFECTIVE MAY 1, 2000:

(1) FEDERAL EMPLOYEES GROUP LIFE INSURANCE ELECTIONS MADE DURING THE 1999 OPEN ENROLLMENT PERIOD

(2) NEW LIFE INSURANCE RATES FROM OPTION C-FAMILY COVERAGE FOR AGES 65 AND OVER

THESE CHANGES ARE REFLECTED IN THIS PAYCHECK.

UNITED STATES BANKRUPTCY COURT

Eastern District of Louisiana

In re: Gabriel T. Porteous, Jr. [redacted] Cornelia A. Porteous [redacted] Case No. 01-12363 Section "A"

Chapter 13

STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
145,450.00	Joint Gross Income	1999
148,799.00	Joint Gross Income	2000
35,325.00	Joint Gross Income	2001

2. Income other than from employment or operation of business

None ☒ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each under chapter 12 or chapter 13 must state income for is filed, unless the spouses are separated and a joint

3. Payments to creditors

3. Payments to creditors

90 days immediately preceding the commencement of this case.

None ☐ a. List all payments on loans, installments purchases of goods or services, and other debts, aggregating more than $600 to any creditor, made within 90 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING

Normal Installments

one year immediately preceding the commencement of this case

☒ to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

4. Suits and administrative proceedings, executions, garnishments and attachments

None ☒ a. List all suits and administrative proceedings to which the debtor is or was a party within one year immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ b. Describe all property that has been attached, garnished or seized under any legal or equitable process within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

5. Repossessions, foreclosures and returns

None ☑ List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

6. Assignments and receiverships

None ☑ a. Describe any assignment of property for the benefit of creditors made within 120 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

7. Gifts

None ☑ List all gifts or charitable contributions made within one year immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than $200 in value per individual family member and charitable contributions aggregating less than $100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None ☑ **8. Losses**

List all losses from fire, theft, other *casualty or gambling* within one year immediately preceding the commencement of this case or since the commencement of this case.

under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

9. Payments related to debt counseling or bankruptcy

None ☑ List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within one year immediately preceding the commencement of this case.

Exhibit 148

Your Rights and Responsibilities In Chapter 13

Send Plan Payments To:

S. J. Beaulieu, Jr.
Chapter 13 Trustee
P.O. Box 6537
New York, NY 10249

(504) 831-1313

agree with the claims and will pay them as filed.

All creditors listed in your schedules are ordered by the Court not to contact you in any way about your debt. If any of them continue to mail notices to you, notify your attorney. Should you get a telephone call a visit from a creditor, let the creditor know that you are in Chapter 13. Get the name of the person who contacts you and do not discuss your debt with them. Should you be served with a summons to go to court, do not i immedial

6. CRE

You may thing on without p Court. Tl cards or you or a buys som approval, the Court could order the goods returned.

7. SALE OF PROPERTY

You may not sell any of your property while in Chapter 13 without first obtaining Court approval.

8. PAYMENTS TO CREDITORS OUTSIDE THE PLAN

Your Chapter 13 Plan may or may not include your house, mobile home or car payments. Make sure that you understand which creditors are to be paid by the Trustee and which you are supposed to pay directly. If you are supposed to make any payments yourself, you must make them as well as your Chapter 13 payments on time. If you do not remain current with your direct payments, the Court will allow your creditor to foreclose on your home or other collateral.

6. CREDIT WHILE IN CHAPTER 13

You may not borrow money or buy anything on credit while in Chapter 13 without permission from the bankruptcy Court. This includes the use of credit cards or charge accounts of any kind.

me Tax
e taxing
to them.
t to use

ou have
ou must
provide us the name and address of the attorney representing you in the lawsuit, the case number and the court in which it is filed, and a report at least every six months on the status of the suit.

Exhibit 133

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA

DOCKETED

JUL 2 2001
WARREN A. CUNTZ, JR., CLERK
UNITED STATES BANKRUPTCY COURT
NEW ORLEANS, LA.

IN RE:	§	CASE NO.
GABRIEL T. PORTEOUS and CARMELLA A. PORTEOUS P.O. BOX 1723 HARVEY, LA 77059	§ § §	01-12363
DEBTORS	§	DATE: 05/29/01

ORDER CONFIRMING THE DEBTOR'S PLAN AND RELATED ORDERS

ORDER CONFIRMING THE DEBTOR'S PLAN AND RELATED ORDERS

After notice and a hearing, wherein the Court considered the matters on file herein, including the Summary and Analysis of Chapter 13 Plan, the recommendation of the Chapter 13 Trustee, and , the Court finds that the Plan meets the requirements of confirmed.

IT IS ORDERED THAT:

IT IS ORDERED THAT:

1. The Debtor's Plan is confirmed.

2. The Debtor shall pay the sum of $1,600.00 per month to S.J. Beaulieu, Jr., Trustee, payable at P. O. Box 6537, New York, NY 10249, on the 28th day of each month, beginning the 28th day of April, 2001, for a period of 36 months, or for a longer term if necessary to insure that all of the allowed claims provided for under the plan have been paid in accordance with the terms of the Plan, as modified by the terms of this order or other subsequent court order.

3. The Trustee shall make disbursements pursuant to provisions of the plan as modified by this order, and Sec. 1326 of the Bankruptcy Code. The Trustee shall make disbursements monthly, unless otherwise provided by the Plan, but shall not be required to pay any dividend in an amount less than $15.00. Dividends not

The debtor(s) shall not incur additional debt during the term of this Plan except upon written approval of the Trustee.

for such debt to be unallowable and non-dischargeable.

Exhibit 339

S. J. Beaulieu, Jr.
CHAPTER 13 TRUSTEE

433 Metairie Road, Suite 515
Metairie, Louisiana 70005
(504) 831-1313

December 20, 2002

Mr. Claude C. Lightfoot, Jr.
3500 N. Causeway Boulevard Suite 450
Metairie, LA 70002

RE: Gabriel T. Porteous, Jr.
Carmella A. Porteous
Bankruptcy Case No. 01-12363

Dear Claude:

I have no objection to the above captioned debtors' request to refinance their home, at the terms listed in the attached Disclosure Statement.

Sincerely,

S.J. Beaulieu, Jr.
Chapter 13 Trustee

Exhibit 340

S. J. Beaulieu, Jr.
CHAPTER 13 TRUSTEE

433 Metairie Road, Suite 515
Metairie, Louisiana 70005
(504) 831-1313

January 2, 2003

Mr. Claude C. Lightfoot, Jr.
Suite 450
3500 N. Causeway Blvd.
Metairie, LA 70002

In Re: Gabriel & Camella Porteous
Case No. 01-12363

Dear Mr. Lightfoot,

As per your request, I have reviewed the new car lease agreements in the above captioned case. It appears that the creditors would not be adversely affected by the new leases. Therefore, I have no objection to the debtors entering into the new leases.

Sincerely,

S.J. Beaulieu, Jr.
Chapter 13 Trustee

SBJ/dbe