

# **Bond Case Briefs**

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## **Detroit Creditors Seek Delay in Trial After Syncora Deal.**

A group of Detroit creditors led by Financial Guaranty Insurance Co. asked a judge to push back for a week the trial on the bankrupt city's \$7 billion debt-cutting plan.

FGIC, which faces claims on about \$1.1 billion in Detroit pension debt it insured, and other creditors said in a filing yesterday that they wanted until Sept. 22 to consider their next steps in light of the settlement announced last week between the city and bond insurer Syncora Guarantee Inc.

On Sept. 10, U.S. Bankruptcy Judge Steven Rhodes halted a trial on the fairness of Detroit's plan after the city settled with Syncora, which backed more than \$300 million of the pension debt. Rhodes postponed the trial until today to give time to work out the details of their agreement.

FGIC and other creditors were ordered to join Syncora and other creditors in mediation sessions last week by the chief federal judge in Detroit. In yesterday's filing, New York-based FGIC said it needed to make changes to its witness list and reconsider expert testimony after the Syncora deal.

Detroit's bankruptcy plan hinges on a bargain with philanthropic foundations and the state government, who agreed to shore up the city's public pension system with more than \$800 million. In exchange, Detroit pledged not to use its art collection to pay debts.

FGIC has said the city could use the collection to boost payments to creditors whose claims the insurer may otherwise be forced to cover.

The creditor group asked Rhodes to hold a hearing today to consider the request for a delay.

The case is *In re City of Detroit*, 13-bk-53846, U.S. Bankruptcy Court, Eastern District of Michigan (Detroit)

By Steven Church Sep 14, 2014 9:26 PM PT

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