

Bond Case Briefs

Municipal Finance Law Since 1971

BANKRUPTCY - MICHIGAN

In re City of Detroit, Michigan

United States Court of Appeals, Sixth Circuit - October 3, 2016 - F.3d - 2016 WL 5682704 - 63 Bankr.Ct.Dec. 45

Hearing was held on city's proposed Chapter 9 plan. The United States Bankruptcy Court for the Eastern District of Michigan entered order confirming proposed plan, and pensioners filed separate appeals, which were all dismissed as equitably moot in separate orders entered by the District Court. Pensioners Appealed.

Consolidating appeals, the Court of Appeals held that:

- Pensioners' appeals from Chapter 9 plan confirmation order were equitably moot, and
- Equitable mootness was viable doctrine that applied in Chapter 9 cases just as it applies in cases under Chapter 11.

Pensioners' appeals from bankruptcy court order confirming the Chapter 9 plan of large city, which had effect of reducing pension benefits accorded to city employees and retirees, were equitably moot, where pensioners had failed to obtain stay pending appeal, where plan had been substantially consummated inasmuch as numerous significant, even colossal, actions had been undertaken or completed, many irreversible, in reliance on plan, and where the relief that pensioners requested on appeal would necessarily rescind bargain that was at heart of city's negotiated plan and adversely affect countless third parties, including the entire city population.

Equitable mootness is viable doctrine that determines whether it is prudential to allow bankruptcy appeal, and that applies in Chapter 9 cases just as it applies in cases under Chapter 11.