

# Judge Rhodes and his royal entourage tour Detroit

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US Bankruptcy Judge Steven Rhodes embarked on a bus tour of Detroit last week in preparation for upcoming hearings—set to begin August 21—to confirm and finalize the Plan of Adjustment drawn up by Emergency Manager Kevyn Orr.

The three-hour tour, covering some 60 miles of territory across the city, was a “highly scripted” affair, involving “weeks of secret planning,” according to the *Detroit Free Press*. Jones Day attorneys corroborated this assessment, saying the tour followed “a scripted narrative agreed to in advance by lawyers for the city and creditors.”

The tour remained secret at Rhodes' insistence, and the media enforced an information blackout prior to the departure of the bus. “So shrouded in secrecy was the bus-capade that most of the 14 or 15 travelers...evacuated the bus before its final stop at a Southfield parking lot where news media awaited,” wrote Tom Walsh for the *Free Press*. Media were not allowed on board the bus, and the sole cameraman riding along was specifically instructed to delete any footage he might accidentally take of Judge Rhodes.

Federal marshals provided tight security for Rhodes and his entourage. This was no act of paranoia. Like the feudal aristocracy in the years prior to the French Revolution, Rhodes and his cohorts were rightly fearful of the destitute masses struggling to survive just outside the glass of their carriage. Indeed, these latter day lords of urban pillage might have faced harsh retribution from the population if their vehicle had stalled in the wrong place.

It goes without saying that the judge—who last year ran to the safety of his private chambers after a single protester shouted out in court before being dragged off—did not dare leave the safety of bus to greet the “little people” he was about to further impoverish.

On board with Rhodes were attorneys from law firms Jones Day and Pepper Hamilton and bond insurers Syncora and Financial Insurance Guarantee Corporation (FIGC), as well as Rhodes' personal staff. The bond insurers are currently pressing for the sale of the masterpieces of the Detroit Institute of Arts to pay off their claims and complaining that City of Detroit pensioners—who are seeing their pensions and health benefits slashed—are receiving “preferential treatment.”

The tour began in heavily blighted areas of the Brightmoor area, before proceeding to neighborhoods supposedly slated for “revitalization.” In Brightmoor, the bus cruised past sights which have become emblematic of the Motor City: once flourishing residential blocks overgrown by grass and weeds, countless burned out homes, commercial buildings in various states of decay and collapse, entire areas devastated by decades of deindustrialization.

The only rational response to such scenes would be to prosecute the corporate and banking executives responsible for this social misery. Their ill-gotten gains would have to be seized in order to pay restitution to the victims of this social crime and rebuild the city, fully fund social services, and end the conditions of rising mass unemployment and endemic poverty.

Peering out through the windows of their plush caravan and viewing the social devastation their class strategy has produced, however, the creditors and legal henchmen accompanying Rhodes saw only confirmation of the need to reward the perpetrators and impose even greater deprivations on a city that symbolizes the failure of their economic and social system.

As conceived by Robert Hertzberg of the law firm Pepper Hamilton, the purpose of the tour was to hammer home with Rhodes the need to approve savage

cuts to social outlays contained in the Plan of Adjustment. Hertzberg told the *Free Press* he “believed the tour provided the judge the necessary context for why the city must slash more than \$7 billion in debt.”

In comments recalling the social blindness of Marie Antoinette, Jones Day attorney Greg Shumaker said the tour was “eye opening” and noted, “you do not get a sense of the scale of the problem unless you actually go and travel around like we did. It's one thing to look at a house decayed; it's another thing to see entire neighborhoods decimated.”

Jones Day—whose ambitious law partner Kevyn Orr likened his role as the city’s emergency manager to King George—has played a central role in the political conspiracy to throw Detroit into bankruptcy and use federal laws to slash pensions and privatize city assets. For this Shumaker and his fellow legal hit men have been richly rewarded.

A newly released report shows that during the first nine months of the bankruptcy, legal teams and financial consultants hired by the city have charged at least \$51.19 million in fees and expenses. Jones Day charged the city at least \$17.35 million through March of this year while Ernst and Young charged more than \$3.69 million, Conway MacKenzie at least \$8.34 million, and Dentons at least \$7.41 million.

In comments last week Judge Rhodes made it clear that he needed little convincing to impose the dictates of Wall Street contained in Orr’s bankruptcy restructuring plan. Rhodes said the city's current revenue projections were excessively optimistic and need to be “harmonized” with the more severe estimates contained in the Plan of Adjustment, according to *ABC Local Detroit*.

Rhodes said the city of Detroit would have to take a more aggressive approach to cutting its costs in order to insure the viability of the Plan of Adjustment, noting that “contingency” funds set aside in case of a decline in revenues must be increased from one to five percent to meet the parameters outlined in the plan.

Rhodes further said more funds needed to be set aside to compensate financial consulting firm Ernst & Young and to facilitate the operations the financial control board, the State Financial Review Commission, being imposed by the state government as a condition for the city to exit bankruptcy.

The city of Detroit, once the world's premier

industrial center, has been ravaged by decades of factory closings, mass layoffs, and school closures enforced by the banks and corporations. Rather than any genuine effort at “revitalization,” the agenda of those who rode alongside Judge Rhodes is to profit by robbing and cannibalizing the social wealth built up in Detroit through decades of collective labor by the working class. Amid the wreckage, these layers see only golden opportunity for lucrative real estate development projects and direct asset grabs targeting pensions, social services and public infrastructure.



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