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B&M group fails bid to liquidate

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The US Court of Appeals in Boston has rejected another bid by a minority group of creditors of the Boston & Maine Railroad to force liquidation of the bankrupt line.

Co., which is the B&M's single largest bondholder. It owns, \$10.3 million of the first mortgage bonds, about 25 percent of the total.

Insurance companies, which petitioned the B&M into bankruptcy three years ago, claim the railroad cannot be saved and its continued operation will eventually result in the loss of their security. The remaining bondholders of this minority group are the Connecticut Mutual Life Insurance Co. and Metropolitan Like Insurance Co.

The appeals court found that B&M assets are far in excess of the estimated \$75 million needed to fully satisfy all of the bondholders.

The two companies, which now hold \$4.1 million in B&M first mortgage bonds contend that by preventing them from foreclosing the court is unconstitutionally depriving them of their property.

The court noted that an ICC administrative judge found that the value of the railroad ranged from a low of \$151 million up to \$375 million, depending on how much of it was sold as a going concern.

The appeals court, in an opinion written by Judge Levin H. Campbell, said the bondholders failed to prove their claim.

"Even though some of these properties have depreciated since the time the estimates were made the value of the B&M continues to be substantially in excess of the value needed to satisfy the bondholders. Much of the value is in real estate that, if present trends continue, may appreciate rather than depreciate over time," Judge Campbell said.

Campbell said the prospects for reorganization of the B&M are not so dim that the court should step in, short circuit the proceedings before the Interstate Commerce Commission, and "summarily substitute its own premature and likely ill-informed judgment" or reorganizability.

The appeals court also upheld US District Court Judge Francis J. W. Ford's action in approving a number of B&M expenditures including the hiring of Harvard Prof. Paul W. Cherington as chief executive officer at \$112,000 a year and repairs for the Hoosac Tunnel in western Massachusetts.

The ICC has put off until September 1974 hearing on the B&M trustees plan to sell off real estate and unprofitable trackage (including Boston area commuter lines to the MBTA) and recapitalize the B&M as a much smaller but self-sustaining freight railroad.

Greyhound Computer said it extended its offer for the common stock of **Bresnahan Computer** for one week.

The liquidation bid was opposed by **Frederic C. Dumaine's Passaconaway**

Allstate Insurance said it agreed in principle to purchase **PMI Investment** for an undisclosed sum.

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