

## Sec. 8—Powers of Congress

## Cl. 4—Naturalization and Bankruptcies

This interpretation has been ratified by the Supreme Court. In *Hanover National Bank v. Moyses*,<sup>1306</sup> it held valid the Bankruptcy Act of 1898, which provided that persons other than traders might become bankrupts and that this might be done on voluntary petition. The Court has given tacit approval to the extension of the bankruptcy laws to cover practically all classes of persons and corporations,<sup>1307</sup> including even municipal corporations<sup>1308</sup> and wage-earning individuals. The Bankruptcy Act has, in fact been amended to provide a wage-earners' extension plan to deal with the unique problems of debtors who derive their livelihood primarily from salaries or commissions. In furthering the implementation of this plan, the Supreme Court has held that a wage earner may make use of it, notwithstanding the fact he has been previously discharged in bankruptcy within the last six years.<sup>1309</sup>

### Liberalization of Relief Granted and Expansion of the Rights of the Trustee

As the coverage of the bankruptcy laws has been expanded, the scope of the relief afforded to debtors has been correspondingly enlarged. The act of 1800, like its English antecedents, was designed primarily for the benefit of creditors. Beginning with the act of 1841, which opened the door to voluntary petitions, rehabilitation of the debtor has become an object of increasing concern to Congress. An adjudication in bankruptcy is no longer requisite to the exercise of bankruptcy jurisdiction. In 1867, the debtor for the first time was permitted, either before or after adjudication of bankruptcy, to propose terms of composition that would become binding upon acceptance by a designated majority of his creditors and confirmation by a bankruptcy court. This measure was held constitutional,<sup>1310</sup> as were later acts, which provided for the reorganization of corporations that are insolvent or unable to meet their debts as they mature,<sup>1311</sup> and for the composition and extension of debts in proceedings for the relief of individual farmer debtors.<sup>1312</sup>

Nor is the power of Congress limited to adjustment of the rights of creditors. The Supreme Court has also ruled that the rights of a purchaser at a judicial sale of the debtor's property are within reach

<sup>1306</sup> 186 U.S. 181 (1902).

<sup>1307</sup> *Continental Bank v. Rock Island Ry.*, 294 U.S. 648, 670 (1935).

<sup>1308</sup> *United States v. Bekins*, 304 U.S. 27 (1938), distinguishing *Ashton v. Cameron County Dist.*, 298 U.S. 513 (1936).

<sup>1309</sup> *Perry v. Commerce Loan Co.*, 383 U.S. 392 (1966).

<sup>1310</sup> *In re Reiman*, 20 Fed. Cas. 490 (No. 11,673) (D.C.S.D.N.Y. 1874), cited with approval in *Continental Bank v. Rock Island Ry.*, 294 U.S. 648, 672 (1935).

<sup>1311</sup> *Continental Bank v. Rock Island Ry.*, 294 U.S. 648 (1935).

<sup>1312</sup> *Wright v. Vinton Branch*, 300 U.S. 440 (1937); *Adair v. Bank of America Ass'n*, 303 U.S. 350 (1938).