

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re: :  
: :  
Application for Exemption from the Electronic : General Order M-487  
Public Access Fees by John D. Martin, :  
: :  
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This matter is before the Court upon the application and request by John D. Martin (the "Applicant") for exemption from the fees imposed by the Electronic Public Access Fee Schedule adopted by the Judicial Conference of the United States Courts.

The Court finds, based upon the attached letter received on June 24, 2015, that the Applicant has demonstrated that an exemption is necessary in order to avoid unreasonable burdens and to promote public access to information.

Accordingly, the Applicant shall be exempt from the payment of fees for access via PACER to the electronic case files maintained in this Court to the extent such use is incurred in connection with the project described in the attached letter and application. The Applicant shall not be exempt from the payment of fees incurred in connection with other uses of the PACER system in this Court.

Additionally, the following limitations apply:

1. This fee exemption applies only to the Applicant, and is valid only for the purposes stated above.
2. This fee exemption applies only to the electronic case files of this Court that are available through the PACER system;
3. By accepting this exemption, the Applicant agrees not to sell for profit any data obtained as a result of receiving this exemption.
4. This exemption is valid from June 24, 2015 through July 31, 2016.

This exemption may be revoked at the discretion of the Court at any time. A copy of this Order shall be sent to the PACER Service Center.

Dated: New York, New York  
July 8, 2015

  
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CECELIA G. MORRIS  
Chief United States Bankruptcy Judge

BAYLOR  
UNIVERSITY

June 24, 2015

U. S. Bankruptcy Court  
Southern District of New York  
One Bowling Green  
New York, NY 10004

Attn: Emmanuel Panopoa

Dear Chief Judge Cecilia G. Morris:

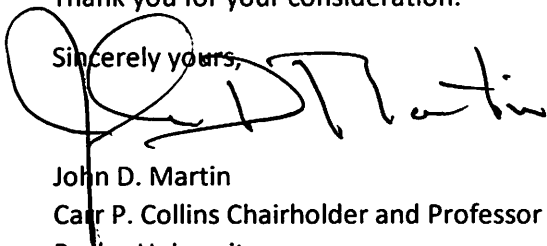
My name is John Martin and I am Professor of Finance at Baylor University in Waco, TX . This summer I am engaged in a study of the valuation process used in the Chapter 11 bankruptcy and reorganization process. Specifically, I am studying the efficacy of fresh start accounting by newly reorganized firms as the basis for valuing the post-bankruptcy firm.

A primary data resource for my work is found in the PACER database. My sample of bankruptcies exceeds 1,000 firms (I am using the UCLA LoPucki bankruptcy database) but my focus for this summer is on those firms that qualify for fresh start accounting (228 firms). My PACER Account Number is 4590170 which I have used to finalize the data collection process and to estimate the cost of data queries. I estimate the cost per query to be \$3.00 to \$12.00 per firm depending on the size of the requisite disclosure statement. The data will be collected within a period of one calendar year.

In accordance with Judicial Conference policy, I agree not to sell, transfer, redistribute, or use for commercial purposes the data obtained through PACER. I intend to publish the results of the study in an academic journal and data will be sufficiently aggregated such that no bankruptcy- or firm-specific information will be disclosed.

Thank you for your consideration.

Sincerely yours,



John D. Martin  
Cair P. Collins Chairholder and Professor of Finance  
Baylor University  
254-710-4473

# Proposal Review Synopsis

Title (preliminary): Valuation of Bankrupt Firms

Principal Researcher: John D. Martin, Professor of Finance and holder of the Carr P. Collins Chair in Finance, Baylor University.

Requested Duration: 12 Months

Funding: Jarmin Bass Fund and Baylor University Summer Research Fund.

## Overview of the Research Proposal:

Valuation plays a critical role in the reorganization of firms that file Chapter 11 since it is a key determinant of both the amount and form of compensation received by the firm's creditors when the firm exits bankruptcy. Moreover, the valuation estimate is determined in an administrative process that entails negotiation between the various claimants such that there is no assurance that the value estimate is an unbiased estimate of the post-bankruptcy market value of the firm. In fact, it is not clear that such an unbiased estimate is even the goal of the valuation process.

In this paper we compare two separate valuations of the bankrupt firm to the ex-post bankrupt firm's market value. These include the expert opinions provided by the bankrupt firm's financial advisors. The advisors typically use a combination of market multiples (e.g., EBITDA multiples) and discounted cash flow and use the midpoint of the alternative valuations as their estimate of enterprise value. In addition to the opinions of financial advisors, members of the financial accounting community sometimes provide value estimates in the form of fresh start accounting.<sup>1</sup> Gilson, et. al. (2000) found that fresh start accounting valuations provided more accurate indicators of market values of firms exiting bankruptcy and reorganization than they estimates using discounted cash flow and management's cash flow forecast.

## Database Resources:

- Compustat
- Lynne M. LoPucki's Bankruptcy Research Database
- Pacer

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<sup>1</sup> Not all bankrupt firms have the option of adopting fresh start accounting. There are two basic requirements for a firm to adopt fresh start accounting: First, the firm's liabilities must exceed its assets. Second, in the final reorganization plan the pre-bankruptcy stockholders must hold less than 50% of the post-bankrupt firm's stock.