

History of the United States Bankruptcy Court for the Western District of Pennsylvania in Pittsburgh

The Bankruptcy Court is located in the U.S. Steel Tower on Grant Street in downtown Pittsburgh. The Court handles cases for the Pittsburgh and Johnstown Counties. The Pittsburgh Counties consist of Allegheny County and the surrounding counties of Armstrong, Beaver, Butler, Fayette, Greene, Lawrence, Washington, and Westmoreland. The Johnstown Counties consist of Bedford, Blair, Cambria, Indiana, Somerset and Clearfield County.

According to the United States Constitution, Congress holds the ability to establish “uniform Laws on the subject of Bankruptcies throughout the United States.”¹ Congress passed three short-lived versions of a national bankruptcy law with the Bankruptcy Act of 1800 (2 Stat. 19, repealed in 1803), the Bankruptcy Act of 1841 (4 Stat. 440, repealed 1843), and the Bankruptcy Act of 1867, (14 Stat. 521, repealed 1878).

The 1867 Act established the federal position of register in bankruptcy. The district court was responsible for appointing one or more registers in each congressional district to assist the district court judges in carrying out their duties under the Act. Major Samuel Harper was appointed Register in Bankruptcy for Pittsburgh in May of 1867.² The Court of Bankruptcy was held in his office at 93 Diamond Street.³ Harper served as Register until his death in 1889.⁴

Albert York Smith then replaced Harper as Register in Bankruptcy.⁵ Smith conducted his duties as Register from his office in the Bakewell Law Building at 440 Diamond Street. In nearby Allegheny City, John N. Purviance served as Register at 116 Federal Street.⁶ Appointed in 1867, Purviance served for four years.⁷ Noah Shafer then replaced Purviance in 1872 and served until the repeal of the Bankruptcy Act of 1867 in 1878.⁸

Congress finally established a long lasting national bankruptcy law with the Bankruptcy Act of 1898⁹, also referred to as the Nelson Act. This legislation remained in effect for 80 years and provided the foundation for modern bankruptcy law. Under the Bankruptcy Act of 1898, the United States District Courts sat as “courts of bankruptcy” and appointed Referees “to assist in expeditiously transacting the bankruptcy business”. Referees performed the bulk of the judicial and administrative work on bankruptcy

¹ U.S. Const. art. I, § 8, cl. 4.

² *History of Grace Church Parish*, p. 276 (1903).

³ Geo. H. Thurston, *Directory of Pittsburg & Allegheny Cities*, p. 192 (1869).

⁴ After the repeal of the Bankruptcy Act of 1867 in 1878, state law often operated in place of federal law. See Katie Drell Grissel, *Stern v. Marshall – Digging for Gold and Shaking the Foundation of Bankruptcy Courts (or Not)*, 72 La. L. Rev. 647 (2012).

⁵ John W. Jordan, *A Century and a Half of Pittsburg and Her People*, p. 268 (1906).

⁶ The Pittsburgh Gazette, Jan. 6, 1869, at p.7.

⁷ A.D. Harlan, *Pennsylvania Constitutional Convention 1872 and 1873: Its members and officers and the result of their labors*, p. 76 (1873).

⁸ *In Memoriam. Noah W. Shafer, Esq.*, 60 PLJ 193 (1912).

⁹ 30 Stat. 544

cases, including conducting the “first meetings of creditors”. Referees’ decisions on substantive matters were subject to review by the District Court.



Upon the passage of the Bankruptcy Act of 1898, William R. Blair was appointed Referee for Allegheny County.¹⁰ At the turn of the century, Blair conducted matters in the Bankruptcy Court in the St. Nicholas Building, formerly the St. Nicholas Hotel, at 450 Fourth Avenue on the corner of Grant and Fourth. At the time, this location was in close proximity to the federal courts housed in the old United States Post Office and Courthouse on the corner of Fourth and Smithfield Street. Both buildings have been razed. Blair served as a Referee in Bankruptcy until he passed away in 1920.

After Blair’s passing, Watson B. Adair was appointed Referee in Bankruptcy for Pittsburgh. Adair held Court in the St. Nicholas Building until 1935, when Adair moved to the U.S. Post Office and Courthouse built on Grant Street referred to at the time as the Federal Building. During Adair’s tenure in 1950, the area saw what was thought to be an alarmingly high number of bankruptcies with 58 cases filed.¹¹ Considered a scholar in his field, Adair assisted in the drafting of the Chandler Bankruptcy Act of 1938.¹² Adair served as the second president of the National Association of Referees in Bankruptcy. Adair’s service as Referee spanned from 1920 until he retired in 1953.¹³

Stephen P. Laffey succeeded Adair as Referee in Bankruptcy in July of 1953.¹⁴ Laffey previously served as Clerk of Courts for the U.S. District Court. Referee Laffey held court in the Federal Building and he remained Referee until 1972. Laffey would later go on to become the City of Pittsburgh Chief Magistrate Judge.



¹⁰ *William R. Blair*, 26 Bull. Com. L. League Am. 119 (1921).

¹¹ *Bankruptcy Cases’ Rise Not Great*, Pittsburgh Post-Gazette, Dec 22, 1953, at p. 21.

¹² 52 Stat 840.

¹³ 34 J. Nat’l Ass’n Ref. Bankr. 95 (1960).

¹⁴ 2 George Swetnam, *The Bicentennial history of Pittsburgh and Allegheny County*, p. 590 (1956).

In 1972, Gerald K. Gibson was appointed to replace Referee Laffey.¹⁵ Prior to his appointment, Judge Gibson served as a part-time Referee in Cambria County. During Gibson's tenure, many changes took place in the field of bankruptcy law. In 1973, the Supreme Court changed the title of the judicial position from referee to bankruptcy judge.¹⁶ The position of bankruptcy judge also changed greatly under the Bankruptcy Reform Act of 1978.¹⁷ The 1978 Act created bankruptcy courts and sought to empower the President with the ability to appoint Bankruptcy Judges for a 14-year term with Senate confirmation after a five-year transition period. However, before the President's appointment powers vested, the Supreme Court struck down the 1978 Act in Northern Pipeline Constr. Co. v. Marathon Pipe Line Co., 458 U.S. 50 (1982). In 1984, Congress responded to the Supreme Court's decision by passing the Bankruptcy Amendments and Federal Judgeship Act of 1984.¹⁸ The 1984 Amendments authorized the Circuit Courts of Appeals to appoint bankruptcy judges for 14-year terms.



The Pittsburgh Court moved to the 16th Floor of the new Federal Building (now William S. Moorhead Federal Building) at 1000 Liberty Avenue. Judge Gibson would serve as Chief Judge of the U.S. Bankruptcy Court for the Western District of Pennsylvania from 1976 until his death in 1985. At the time of his death, Judge Gibson was the third most senior Bankruptcy Judge in the United States.

Judge Bernard Schaffler served as Clerk of the U.S. District Court until his appointment as Bankruptcy Judge in 1976. Judge Schaffler served as Bankruptcy Judge in Pittsburgh until 1980, when he returned to private practice.¹⁹

Judge Joseph L. Cosetti replaced Judge Schaffler in July of 1980.²⁰ Judge Cosetti served as Chief Bankruptcy Judge from June 24, 1985 until January 1, 1994. In March of 1985, Warren W. Bentz joined Judge Cosetti on the bench. Judge Bentz served as a Bankruptcy Judge from March of 1985 until September 2009. Initially appointed to the Bankruptcy Court in Erie, Judge Bentz also heard cases in the Pittsburgh Court due to an increasing caseload across the Western District of Pennsylvania. Judge Bentz served as Chief Bankruptcy Judge from January 1, 1994 to January 1, 1997.

On November 27, 1985, the Third Circuit Court of Appeals appointed Judge Bernard Markovitz to replace Judge Gibson. Judge Markovitz was appointed Chief Bankruptcy Judge for the Western District of Pennsylvania on January 1, 1997 and held that position until January 8, 2000. Judge

¹⁵ *Gerald Gibson, bankruptcy judge, dies*, Pittsburgh Press, Jun 14, 1985, at B-4.

¹⁶ Bankr. R. 901(7)(1973)(repealed 1978)

¹⁷ 92 Stat. 2667

¹⁸ 98 Stat. 333

¹⁹ *Cosetti Picked As U.S. Bankruptcy Judge*, Pittsburgh Press, April 16, 1980, at A-18.

²⁰ *Id.*

Markovitz retired on April 21, 2010. Judge Markovitz returned to the Court as a recall judge from January 3, 2011 until March 31, 2012 while there was an open judgeship.

After the passage of the 1984 Amendments, the Court saw a dramatic rise in the number of bankruptcy filings. This increase in filings led to the addition of another bankruptcy judge position in Pittsburgh.²¹ Judge Judith K. Fitzgerald filled this newly created judicial seat on October 30, 1987. Judge Fitzgerald became the first woman to serve as Bankruptcy Judge in the Western District of Pennsylvania. She served as Chief Bankruptcy Judge for the Western District of Pennsylvania from January 8, 2000 until January 1, 2005.

On September 22, 1995, the Third Circuit Court of Appeals appointed Judge M. Bruce McCullough as U.S. Bankruptcy Judge for the Western District of Pennsylvania. Judge McCullough replaced Judge Cosetti, who remained on the bench and took recall status.²² Judge McCullough served as Chief Bankruptcy Judge for the Western District of Pennsylvania from January 1, 2005 until September 22, 2009. Judge McCullough remained on the bench until his death in 2010.

In November of 1997, the Court relocated from the William S. Moorhead Federal Building to the 53rd and 54th Floors of the U.S. Steel Tower.²³ The move positioned the Bankruptcy Court across the street from U.S. District Court housed in the U.S. Post Office & Courthouse. The move alleviated overcrowding in the Federal Building that sometimes forced attorneys and clients to hold meetings within its stairwells. The new space also allowed for significant upgrades to the Court's technological capabilities and overall appearance.

The Bankruptcy Court now offers courtrooms complete with video conferencing for out of town participants. The Court began using video conferencing in 1998 to assist in conducting court matters between the Johnstown and Pittsburgh courtrooms. In 2004, video conferencing capabilities were established between the Erie and Pittsburgh locations. The Bankruptcy Court now manages its dockets on CM/ECF (case management / electronic case filing). The Court began maintaining electronic dockets on CM/ECF on September 3, 2002. Attorneys began filing electronically with the Court on February 3, 2003.

On April 4, 2004, Thomas P. Agresti was appointed as a Bankruptcy Judge for the Western District of Pennsylvania. Judge Agresti's appointment filled the position that was vacated when Judge Bentz took recall status. Although Judge Agresti filled



²¹ Janet Williams, *Increase in Bankruptcy Petitions Puts Load on Court*, Pittsburgh Press, March 9, 1987, at B-1.

²² Marylynn Pitz, *New Control in the Courtroom*, Pittsburgh Post-Gazette, June 19, 1995, at D-2.

²³ Marylynn Pitz, *Bankruptcy Court gets new quarters*, Pittsburgh Post-Gazette, Nov 10, 1997, at B-1.

the vacant position in Erie, he initially only heard cases from Pittsburgh. Judge Agresti began serving as Chief Judge for the U.S. Bankruptcy Court for the Western District of Pennsylvania on September 22, 2009, and he assumed all of the Erie Division bankruptcy cases at that time. Prior to assuming the bench, Judge Agresti was a Chapter 7 Panel Trustee in the Erie Division for 22 years.

On October 6, 2005, Jeffery A. Deller became a Bankruptcy Judge for the Western District of Pennsylvania in Pittsburgh. Judge Deller's appointment returned him to the Bankruptcy Court where he once served as a Deputy Clerk.

On November 28, 2011, Carlota M Böhm joined the judiciary for the United States Bankruptcy Court for the Western District of Pennsylvania in Pittsburgh. Judge Böhm filled the position previously held by Judge McCullough. Judge Böhm previously served the Bankruptcy Court as a law clerk to Judges Schaffler and Cosetti. Judge Böhm was a panel trustee for chapter 7 cases for many years.

Photograph of St. Nicholas Building provided by Pittsburgh City Photographer Collection, 1901-2002, AIS.1971.05, Archives Service Center, University of Pittsburgh.

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Pittsburgh Bankruptcy Court Judges

Gerald K. Gibson was appointed full-time Bankruptcy Judge in Pittsburgh 1972 and served until 1985. Judge Gibson presided over such notable bankruptcies as the Penn Coal Company and the first Pittsburgh Penguins case.

Bernhard Schaffler became a Bankruptcy Judge in 1976 and served until 1980 when he returned to private practice.

Joseph L. Cosetti was appointed to the bench in 1980 to replace Judge Schaffler. Judge Cosetti served in Pittsburgh until 1994, during which time he presided over the complex Allegheny International, Inc. bankruptcy and reorganization. Judge Cosetti also served as a recall judge from 1994 to 2004.

Warren W. Bentz began serving in 1985 and heard Pittsburgh cases until 1997. Judge Bentz presided over several notable cases, including the bankruptcies of steel manufacturers Wheeling-Pittsburgh Steel and Sharon Steel. Judge Bentz also served as a recall judge from 1997 until 2004.

Bernard Markovitz was appointed to the bench in 1985 to replace Judge Gibson. Judge Markovitz served the Court until 2012. During his tenure, Judge Markovitz was assigned such notable cases as the Guterl Specialty Steel Corporation, former Pittsburgh Steeler Rocky Bleier and Pittsburgh Hockey Associates, the Pittsburgh Penguins' second bankruptcy filing.

Judith K. Fitzgerald was appointed to a newly created judicial seat in 1987. Judge Fitzgerald presided over the noteworthy bankruptcies of Papercraft Corporation, Pittsburgh Corning Corporation, and Mid-Valley, Inc.

M. Bruce McCullough was appointed to replace Judge Cosetti in 1995 and remained on the bench until his death in 2010. During his tenure, Judge McCullough presided over the Allegheny Health, Education & Research Foundation case. Judge McCullough also acted as the mediator in the Pittsburgh Penguins' second bankruptcy filing.

Thomas P. Agresti assumed the position vacated by Judge Bentz in 2004. One of the more prominent cases assigned to Judge Agresti was the matter of Countrywide Home Loans, Inc.

Jeffery A. Deller was appointed Bankruptcy Judge in 2005. Judge Deller was assigned the bankruptcy of one of Pittsburgh's landmark buildings, the Pittsburgh Hilton Hotel.

Carlota M. Böhm was appointed Bankruptcy Judge in November 2011 to fill the seat left vacant by the death of Judge McCullough.