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Arch Coal Paid Bonuses Days Before Bankruptcy

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Recent court documents show that Arch Coal paid executives more than \$8 million in bonuses just days before the company declared bankruptcy.

Arch Coal filed for Chapter 11 bankruptcy in early January. In the days leading up to that filing, the company gave its CEO John Eaves, a bonus of \$2.7 million and made payments to other top executives.

Company board members and other insiders also converted thousands of so-called phantom stocks to cash. Thaya Brooke Knight specializes in financial regulation studies at the Cato Institute, a conservative think tank. She says phantom stocks are generally used to incentivize executives.

"Now if you give a bunch of share of phantom stock on the day before you know that the stock price is going to plummet, its just a really weird time to do something like this," Knight said.

Arch Coal declined to comment on the timing of the bonuses.