

BANKRUPTCY BY THE NUMBERS

ED FLYNN
GORDON BERMANT

Executive Office for United States Trustees¹
Burke, Virginia

Edward.Flynn@usdoj.gov
Gordon.Bermant@verizon.net

A Day in Bankruptcy:

Generally, articles containing bankruptcy statistics discuss annual volumes of activity. In this article we look at what occurs in a typical business day in the bankruptcy courts across the United States.² There are 202 staffed locations in the bankruptcy courts nationwide. Excluding weekends and federal holidays, the bankruptcy courts are open for business about 250 days per year.

TOTAL CASE FILINGS: In an average working day, 6,310 new cases are filed. (Ten years ago the daily volume of filings was under 4,000, and 20 years ago fewer than 1,500 cases were filed per day.) About one-third of these cases are joint filings by married couples, so at least 8,000 individuals declare bankruptcy in a given day. Of the new cases, about 600 are filed in California and six are filed in Alaska. About 60 cases per day are filed outside the United States. Most of these are filed in Puerto Rico, but cases are occasionally filed in the U.S. Virgin Islands, Guam, and the Northern Marianas.

CHAPTER 7: In a typical working day 4,440 chapter 7 cases are filed and assigned to approximately 1,200 panel trustees (of course, not every trustee receives new cases each working day). About 90 of these are business cases and the rest are consumer cases. The consumer debtors will list about \$200 million in general unsecured debt, of which about \$80 million is credit card debt. The vast majority of these cases (96% - 97%) are closed as no asset cases, generally about four to five months after filing. However, about 160 asset cases are closed each day by chapter 7 trustees, and these cases result each day in over \$5 million collected and distributed by chapter 7 trustees.

Among consumer chapter 7 debtors who file on a typical day, there are about:

- 133 who owe at least \$75,000 in credit card debt;
- 191 others who owe between \$50,000 and \$75,000 in credit card debt;
- 32 with over \$50,000 in medical debt;
- 18 who owe at least \$500,000 in unsecured debt;
- 500 who are either retired or disabled;
- 200 who are age 70 or older.

CHAPTER 11: In a typical working day about 45 chapter 11 cases are filed. About six of these cases are filed at the bankruptcy court in New York City and two are filed in Delaware. Seven other high volume bankruptcy courts generally receive one to two new cases per day, while the other 81 judicial

¹ All views expressed in this article are those of the authors, and do not necessarily represent the views of the Executive Office for United States Trustees or the Department of Justice.

² Statistics used in this article were taken from a variety of sources. A list of these sources is available from the authors upon request.

districts receive less than one new case per day. About every other day there is a chapter 11 filing by a publicly held company, and about every seven working days a chapter 11 case involving a company with over \$1 billion in assets is filed. In a typical working day 16 chapter 11 cases are confirmed – most of which involve companies that filed one to three years prior.

CHAPTER 13: Each working day 1,823 chapter 13 cases are filed and assigned to about 200 standing chapter 13 trustees serving nationwide. About one-third of these debtors will eventually complete their repayment plan – the rest will have their cases either dismissed or converted to chapter 7. Currently, a little over 500 chapter 13 debtors complete their repayment plans each working day. This number has been rising in recent years, commensurate with past increases in chapter 13 filings. Each day chapter 13 trustees distribute about \$18 million to creditors.

CHAPTER 12: Over the last three years, chapter 12 relief has been available only about one-half the time. When it is available, about three chapter 12 cases are filed per day. Only a few judicial districts receive more than one chapter 12 case in a typical month.

OTHER ACTIVITY: In a typical working day, employees of the United States Trustee Program file about 14 substantial abuse motions pursuant to §707 (b), four actions against bankruptcy petition preparers, and three complaints objecting to discharge pursuant to §727, and refer at least several cases to U.S. Attorneys for possible criminal charges. Chapter 7 and chapter 13 trustees discover 32 cases with identity problems at meetings of creditors. Most are innocent mistakes regarding the social security numbers, but some are deliberate instances of intended fraud, identity theft, or other deception. The bankruptcy noticing center mails about 400,000 notices to creditors and parties in interest.

Total professional fees and expenses in consumer cases amount to about \$8 million per day. About two-thirds of this amount is payments to debtors' attorneys, while the remainder is for court filing fees, and payments to trustees and other professionals. We hesitate to estimate total daily professional fees and expenses in business bankruptcies. However, we have seen numerous news accounts of the larger business bankruptcies where professional fees are from \$100,000 to over \$1 million per day, and total professional fees in business cases are probably higher than in consumer cases.

The ABI gains six new members each working day, and its website has more than 80,000 pages viewed per day. Clearly, a day in the life of the bankruptcy world is a busy place in this country.