

Bankruptcy Filings Up 30 Percent in Last 12 Months

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June 4, 2008...Bankruptcy filings leapt up 30 percent for the 12 months ending March 31 -- from 676,000 in 2007 to nearly 902,000 this year -- according to data from the Administrative Office of the U.S. Courts.

Despite the sharp rise, the filings are below the high point of 1.8 million in 2006, the year after implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

The data reveals wide regional variations, with some regions losing manufacturing jobs, some hit by the mortgage crisis and others still feeling the financial effects of Hurricane Katrina in Louisiana.

The top five states for bankruptcy filings per capita in the 2008 data are Tennessee, 6.7 per 1,000 population; Georgia at 5.45; Alabama at 5.29, Illinois at 5.16; and Michigan at 4.82 per 1,000.

Robert M. Lawless, law professor and bankruptcy expert at the University of Illinois School of Law, did a comparative analysis of each bankruptcy court district for the post-2005 act period between April 2006 and March 2008. He showed that Nevada's filings shot up 283 percent during that period, followed by California's Eastern District at 261 percent, Rhode Island Bankruptcy Court at 251 percent, California's Central District up 245 percent and Louisiana's Middle District up 221 percent.

In the last year alone, the court figures show the Eastern District of California filings rose 83 percent, the highest recorded nationally for an individual district. That was followed by Nevada at 82 percent.

The Nevada and California areas were hit by the real estate market downturn, while Louisiana may reflect the hurricane's financial damage.

The court statistics include all bankruptcy filings, both business and nonbusiness and include Chapter 7 liquidation filings, Chapter 11 reorganizations and Chapter 13 individual debt adjustment.