



Bill comes due for courts dealing with bankruptcy

Saturday, October 15, 2005

By Marc Silvestrini

Copyright © 2005 AP Wire

Forget the rain. The flood that had bankruptcy court clerks scrambling on Friday was created by a storm of last-minute filings.

Friday was the last day consumers could file bankruptcy petitions before the arrival Monday of a new federal law that sets stricter standards for seeking protection from creditors.

Eugene S. Melchionne, a Waterbury-based attorney who specializes in bankruptcy cases, said more than 600 new cases had been filed by 2:30 p.m. in the U.S. Bankruptcy Court's Connecticut District, far above the average of 300 new cases per day the court has seen over the past two weeks.

So many new bankruptcy cases have been filed in Connecticut in the past fortnight, Melchionne said, the bankruptcy courts in Hartford, New Haven and Bridgeport are running out of hearing dates, rooms in which to hold the hearings and trustees to conduct them.

By law, the courts must set a hearing date within 45 days of the filing of a new bankruptcy case.

"We're just exhausted," Melchionne said, noting that his paralegal reported to work at 3 a.m. Friday to get a head start on filing the firm's last batch of cases. He and his staff put in full days at the office last Saturday and Sunday to keep up with the workload.

Melchionne, who estimated his office alone would file about 35 cases on Friday, said he has filed more bankruptcy cases in the past two weeks than in the first nine months of the year.

Across the nation, thousands of consumers crowded into courthouses Friday to file bankruptcy petitions ahead of the new law.

Residents arrived before dawn at U.S. Bankruptcy Court in Denver; a line of more than 300 stretched outside the building before noon. Some pushed

babies in strollers, while others nibbled on breakfast burritos or sipped coffee, resigned to a long wait.

Colleen Christian, a nursing assistant from rural Cotopaxi, Colo., brought her 14-year-old son Aron to help her with computer work.

"It was a very hard decision, because I've incurred these debts and I need to pay them," she said. "But it was such a weight."

The bankruptcy court in Atlanta was so crowded that only people with bankruptcy paperwork were being allowed on the floor where the court is.

A federal bankruptcy court clerk in New York city said several hundred people showed up, filling three or four court rooms.

Across the nation, about 100,000 petitions were filed in the first three days this week, according to Burlingame, Calif.-based Lundquist Consulting, which compiles bankruptcy statistics. The firm said 102,863 were filed last week, a record expected to fall.

The new law, the most sweeping reform of the U.S. Bankruptcy Code in decades, takes effect Monday, setting new limits on personal bankruptcy filing and requiring people to get professional credit counseling before they may file petitions. It will prohibit most filers with above-average income from filing Chapter 7 petitions that allow debts to be wiped out.

Instead, people deemed by a "means test" to have at least \$100 a month left over after paying certain debts and expenses will have to submit a five-year repayment plan under the more restrictive Chapter 13.

At the U.S. Bankruptcy Court in Denver, clerk Brad Bolton said the number of filings set a record every day this week, with nearly 2,000 filed Thursday alone.

"We've never seen anything like this," he said, standing in a corridor near the courthouse door. "Every day has just gotten worse than the day before."

The Associated Press contributed to this report.