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MORE CONSUMERS FILE FOR BANKRUPTCY PROTECTION



The economic recovery effort has not slowed consumer bankruptcy filings. They surged 14% in February compared with a year earlier, according to the American Bankruptcy Institute. The 111,693 cases filed last month also represented a 9% increase from January, the report said. "The debt-stress overhang from years of consumer spending has a more acute impact now because of troubling economic times," says Samuel Gerdano, American Bankruptcy Institute executive director. And that financial distress is driving more Americans to file for Chapter 7 bankruptcy, which — if approved — allows a court to discharge most unsecured consumer debt, including credit card bills.

When a stricter bankruptcy law took effect in 2005, a major goal was to require more families to rely on Chapter 13 bankruptcy, which requires filers with regular income to repay debts in full, or in part, over several years. Yet the number of Chapter 13 filings decreased 3% last month from January, the American Bankruptcy Institute says.

Before the housing crisis, financially strapped consumers could often avoid bankruptcy by tapping the rising value of their homes and taking out home equity loans. "People have borrowed money to avoid filing for bankruptcy," says Robert Lawless, professor of law at the University of Illinois. "When consumer credit tightens up, as we've seen, that does increase the (bankruptcy) filing rate." Business bankruptcy filings are rising, too. In February, there were 6,557 business filings, compared with 6,390 a year earlier, according to Automated Access to Court Electronic Records. Last year, there were 1.47 million bankruptcy filings, up 32% from 2008, according to data released by the Administrative Office of the U.S. Courts on Tuesday. Chapter 7 filings rose 41% in 2009, while Chapter 13 filings were up just 12%.

The bankruptcy rate has risen each year since the law was changed in 2005. "We are already on a faster pace in 2010 than we were a year ago," Gerdano says. "Consumer filings will likely surpass 1.5 million filings this year."

Source: USA Today

COMPARING THIS RECESSION TO PREVIOUS ONES: JOB LOSSES

Issue 23

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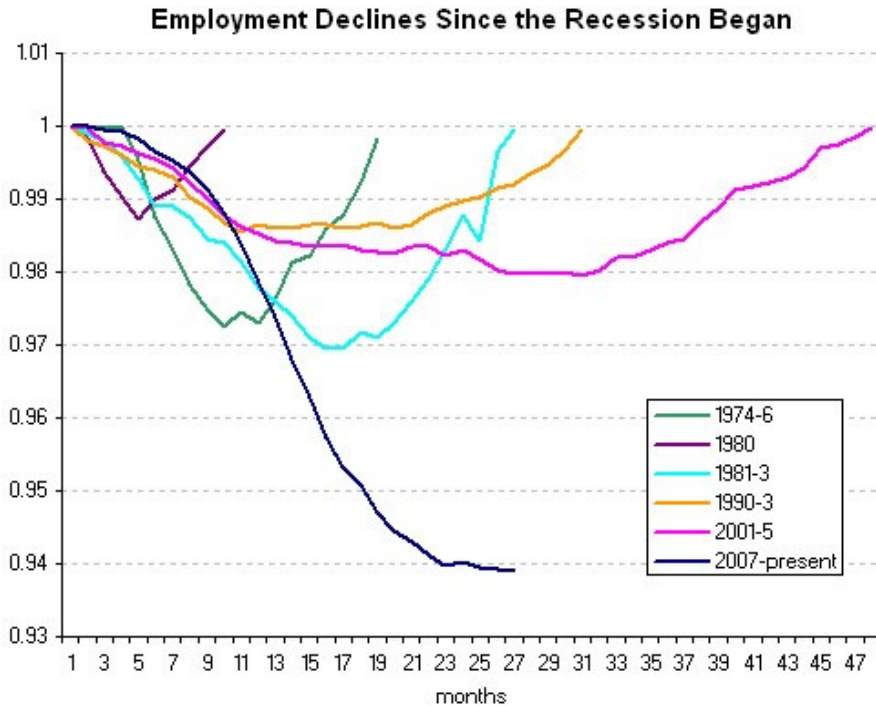
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The economy lost 36,000 jobs in February, not quite as bad as most forecasters had expected. The recent consensus forecast had been for a net loss of 68,000 jobs, largely because of the snowstorms that battered the East Coast in February.

The chart above shows job losses in this recession compared to other recent ones; the blue line represents the current downturn. Since the recession began in December 2007, the economy has had a net loss of about 6.1 percent of its nonfarm payroll jobs. Many economists have concluded that the recession technically ended last summer even though the job market has not picked up since then.

The unemployment rate (measured by a different government survey, and based on the number of people without jobs but looking for work) held steady at 9.7 percent.

Source: The New York Times

IRONSIDE'S INDUSTRY INSIGHT ... Credit & Collection Executives are Doubtful About Economic Recovery



Confidence in the economic recovery has eroded in the accounts receivable management industry (ARM), according to the results of InsideARM.com's quarterly Credit & Debt Collection Industry Confidence Survey.

The ARM Confidence Index—a weighted index calculated from the responses—slipped nearly 5 percent to 60.2 in the winter 2010 survey, compared to the results in fall 2009. This index provides a snapshot of the level of confidence industry leaders have for positive future performance.

“In our mid-January survey, ARM professionals expressed gradually lowering expectations for debt collection performance this year,” said Patrick Lunsford, senior editor at insideARM.com. Collection agency respondents ranked expected performance six months from now at an average of 3.64 on a scale of one to five, down from 3.78 in the fall 2009 survey. ARM professionals registered a similar drop in expectations for performance 12 months down the road.

As another indicator that current economic conditions remain challenging for the ARM industry, 84 percent of agencies report that they are “somewhat” or “very” likely to modify their collection strategies. The most popular strategy shifts included accepting more payment arrangements (66.2 percent), and making more settlement-in-full offers (42.3 percent).

“If there is positive news from the survey, it's that the ARM industry is hiring,” said Lunsford, adding that a tough economy means an increased demand for collection services. More than 46 percent of collection agency professionals indicated their companies added positions in the fourth quarter of 2009. In the next six months, 52.8 percent of collection agency respondents expect their companies to be larger.

Source: ACA International



Saldutti, LLC Continues Expansion

The firm is pleased to announce the addition of Thomas B. O'Connell, Esq. to the firm. A New Jersey native, Tom joins the team as an Associate Attorney where he will handle complex commercial litigation and creditor rights.

A graduate of the University of Virginia, Tom received a B.A. and is bilingual in Spanish. In addition, he was a member of the Dean's List and National Society of Collegiate Scholars. Tom continued his education at Rutgers University School of Law where he was a recipient of the Dean's Scholarship Fund and served as Articles Editor for the Rutgers Law Journal. During his time at Rutgers, Tom worked with the Honorable Pamela Dembe, First Judicial District of Pennsylvania in Philadelphia. He also served as an Ethics Analyst for the Office of Attorney Ethics of the Supreme Court of New Jersey in Trenton. Upon receiving his Juris Doctorate degree from Rutgers, Tom was a Judicial Law Clerk for the Honorable Joseph F. Lisa of the Superior Court of New Jersey - Appellate Division. Tom resides in Philadelphia and enjoys sports and outdoor activities in his spare time.

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