



COURT NEWS

Chief Judge Barry Russell

2005

Jon D. Ceretto, Executive Officer/Clerk

BANKRUPTCY FILINGS SOAR BEFORE NEW BANKRUPTCY LAW TAKES EFFECT

Overview

Like other bankruptcy courts throughout the nation, the Central District of California was flooded with last minute Chapter 7 filers. Although we saw a doubling of our filing level in September 2005 over the same period in 2004, we did not expect the mad rush during the final four day period from Thursday, October 13 through Sunday, October 16 where the court received 15,773 petitions. The majority of the filings prior to this four day period were being handled electronically, but newspaper articles and other media exposure caused an avalanche of *In Pro Per* filers at the intake counters at all five divisions. Friday set an all time record high of 8,943 received petitions, with over 40% *In Pro Per*.

In stark contrast, Monday, October 17th saw a record low filing of 17 petitions.

To accommodate the crunch, law clerks, externs, purchasing clerks and any available court personnel were working case initiation departments and managed lines, reviewed petitions or performed any number of tasks to assist intake window clerks. Several attorneys from



LOS ANGELES DIVISION

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Federal Holidays Court Closed	Court open for Emergency Matters Only	Contact Information for Emergency Matters Only
Friday, November 11, 2005 (Veteran's Day)		Los Angeles: (213) 895-8401
Thursday, November 24, 2005 (Thanksgiving Day)	Friday, November 25, 2005	Riverside: (951) 774-1102 Santa Ana: (714) 338-5330
Monday, December 26, 2005 (Christmas Day Observed)	Friday, December 23, 2005	Santa Barbara: (805) 884-4875
Monday, January 2, 2006 (New Year's Day Observed)	Friday, December 30, 2005	San Fernando Valley (818) 587-2865

The Clerk's Office will be open for emergency matters only on the "Emergency Matters Days" listed above. Some judges may have court calendars on these dates. If you have questions about whether hearings are being held for a particular judge, please contact the appropriate Courtroom Deputy. The *eFile* Support Center will be open during regular business hours (9:00 a.m. - 4:00 p.m.) on these days. If you have emergency petition or subsequent pleading to file, please contact the appropriate divisional office to make filing arrangements.

COURT ADOPTS INTERIM RULES

On October 3, 2005, the Court filed General Order 05-02, in which the Court adopts the Interim Bankruptcy Rules. These rules became effective on October 17, 2005. General Order 05-02 can be accessed from the Court's web site <www.cacb.uscourts.gov> under *Notices and Orders -> General Orders-> USBC-> 05-02*. The interim rules are designed to implement the substantive and

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the local Bar took pity on the overburdened Clerk's Office and reviewed petitions from *Pro Se* filers for completeness prior to reaching the windows. One judge was hearing installment fee applications in the Intake areas in order to speed lines along. Judges and managers purchased meals, snacks and drinks for the hard working staff who worked throughout the weekend and as late as 11:00 pm. The Federal Protective Service and US Marshal's deployed additional staff to ensure order.

On both Thursday and Friday, several hundred petitioners were already lined up outside the Los Angeles Federal Building prior to its opening. On Friday, the line started as early as 6:00 am and peaked at about 450 by noon. It was taking up to four hours to just to pass through the lines and the magnetometer and enter the building. By 3:00 pm, the lines outside of the building were gone, but then at 3:55 pm, 5 minutes before the Clerk's Office normally closes, a line of over 100 additional filers appeared in addition to the lines inside the building awaiting service. The US Post Office saw record sales in money orders as the Court strongly encouraged the use of the drop box to avoid lengthy waits. By 6:30 pm, 30 minutes after the building closing time, all petitioners had been serviced in Los Angeles.

Similar stories can be told for the Court's Riverside, Santa Ana, Woodland Hills and Santa Barbara divisions, including judges scanning documents and filers being serviced up to 11:00 pm. In an unprecedented step, the Clerk's Office opened up a staffed drop box in Los Angeles on Sunday, October 16. In spite of the rain, petitioners lined up prior to the opening time of 10:00 am and 1,176 petitions were received by 7:00 pm including 310 petitions electronically filed. By Sunday evening, the court had over 13,000 petitions in backlog.

Summary Statistics

Period	2005 Filings	2004 Filings
10/14 (Friday)	8,943	225
10/1 to 10/16	28,583	2,292
1/1 to 10/16	83,101	49,934



SAN FERNANDO VALLEY DIVISION

In Pro Per Debtor Preparation

The long lines and waiting times were exacerbated by the desperation and lack of preparation of many of the debtors. In Los Angeles, debtors showed up with checks but no paperwork, hoping to pay the filing fee and file for bankruptcy without a petition or the other required paperwork. Papers were, more often than not, lacking or in disarray, and staff had to direct debtors to the post office for money orders and stamps, the on-site copy service for copies and forms, and nearby stores for envelopes. Many filers had traveled long distances, with kids and strollers in tow. In the Riverside Division, one filer without the required creditor matrix offered \$200 to a member of the Clerk's Office to type the matrix in the required format. In the Riverside Division, which distributed numbers to those waiting in line, filers were offering to buy lower numbers from those in line ahead of them. On Friday, there were two incidents in the San Fernando Valley Division in which debtors had to be restrained by the U.S. Marshals Service.

In spite of the long lines, the sense of teamwork prevailed even amongst the crowds of filers waiting in line. Debtors shared stamps, envelopes, information, and advice. An attorney wrote a check for \$9 to help a debtor who mistakenly obtained a money order for only \$200. Attorneys who had purchased money orders in bulk in the amount of \$209 sold them to debtors who needed them. And many filers even expressed gratitude and appreciation to Clerk's Office staff for all of the help they received throughout the day.

LOCAL BANKRUPTCY RULES AND FORMS CHANGES

To accommodate the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, the Court has revised and added certain Local Bankruptcy Rules and forms. The changes are outlined in [Public Notice 05-014 \(10/06/05\)](#) and [Public Notice 05-016 \(10/13/05\)](#).

Local Bankruptcy Rule 1006-1 Application for Payment of Filing Fees in Installments and/or Waiver of Filing Fee was revised to add a procedure for an application to waive the filing fee for a voluntary petition, and change the procedure for an application to pay the voluntary petition filing fee in installments.

Five new mandatory Relief From Stay forms were added and four mandatory Relief From Stay forms were revised. The new Relief From Stay forms are: F 4001-1M.IS, F4001-1O.IS, 4001-1M.TCS, 4001-1O.TCS, and F 4001-1O.TCS and 4001-1M.TS. The revised forms are: F 4001-1M.RP, F 4001-M.UD, F 4001-1O.DENY and F 4001-1O.RP.

In addition to the Relief From Stay Forms, five new forms were added to the 4001 series. They are numbered 4001-1.1 through 4001-1.4. Three new forms were added to the 3015 series. They are numbered 3015-1.8 through 3015-1.10. The reaffirmation agreement forms numbered F 4008-1.1 through F 4008-1.4 were also revised. Additional Local Bankruptcy Rule forms related to the new law are being considered.

The Local Bankruptcy Rules and forms are located on the Court's web site <www.cacb.uscourts.gov> under [Procedures/Rules/Forms](#).

FEE CHANGE REMINDERS

As a result of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. 109-8, many fees to file, convert and reopen bankruptcy cases changed on October 17, 2005. The fee changes were outlined in [Public Notice 05-008 \(08/22/05\)](#) and [Public Notice 05-013 \(10/06/05\)](#). For additional fee information, please go the Court's web site <www.cacb.uscourts.gov> and click on [General Information -> Fee Schedule -> Abbreviated Fee Schedule effective October 17, 2005](#).

Item	Old Amount	New Amount
Chapter 7 Filing	\$209.00	\$274.00
Chapter 9 and 11 Filing	\$839.00	\$1,039.00
Chapter 13 Filing	\$194.00	\$189.00
Chapter 15 Filing	\$839.00	\$1,039.00
Chapter 7 to 11 Conversion	\$645.00	\$780.00
Chapter 13 to 11 Conversion	\$645.00	\$850.00
Reopen Chapter 7	\$155.00	\$220.00
Reopen Chapter 13	\$155.00	\$150.00
Reopen Chapter 9 or 11	\$800.00	\$1,000.00

TAX INFORMATION GUIDANCE UNDER 11 U.S.C. § 521

All tax information provided in accordance with section 521 of the Bankruptcy Code is subject to the Judicial Conference's Policy on Privacy and Public Access to Electronic Case Files ([Http://www.privacy.uscourts.gov/Policy.htm](http://www.privacy.uscourts.gov/Policy.htm)) ("JCUS policy")(JCUS-SEP/OCT 01, pp. 49-50). In accordance with the JCUS policy, the debtor should redact personal identifiers in any tax information filed with the court or provided to the trustee or creditor(s), in either electronic or paper form. Court employees are not responsible for redacting any of the personal identifying information. The responsibility for redacting personal identifiers rests solely with the debtors. For further information, please see [Public Notice 05-018 \(10/18/05\) RE: Director's Interim Guidance Regarding Tax Information Under 11 U.S.C. § 521, located at the Notices and Orders/Public Notice](#) section on Court's web site <www.cacb.uscourts.gov>.

COURT ADOPTS INTERIM RULES

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procedural changes mandated by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the Act) and is intended to bridge the gap between the effective date of the Act on October 17, 2005 and the promulgation of rules by the Supreme Court. The Interim Rules will remain in effect until further order of the Court.



20 Largest and Other Cases of Interest Filed in the Last 24 Months*						
Debtor Name	Case Number	Date Filed	Chapter	Asset Level in Millions	Liability Level in Millions	Last Milestone
Jill Kelly Productions, Inc.	SV-05-15389-KT	08/08/05	11	\$1-10	\$1-10	Order Setting Last Day To File Proofs of Claim: Due by 11/15/2005. Government Proof of Claim due by 3/25/2006.
Sierra Nevada Public Financing - City of San Joaquin	LA-05-27696-BR	08/03/05	9	\$1-10	\$10-50	Order setting hearing for approval of disclosure statement and order for filing a chapter 9 plan of reorganization and disclosure statement; hearing on 11/29/05.
Burstein Technologies	LA-05-23985-EC	06/16/05	11	Over \$100	\$10-50	Order to dismiss case was filed on 8/3/05.
Trigem Texas Inc.	SA-05-14047-JB	06/08/05	11	Over \$100	Over \$100	Order Granting Motion by Stipulation Approving Operating Budget and Setting Forth Procedure for the Expenditure of Funds not Contained in the Operating Budget.
Trigem America Corp.	SA-05-13972-RA	06/03/05	11	Over \$100	Over \$100	Four Applications for Compensation filed in October 2005 totaling approx. \$0.5M.
WattsHealth Foundation, dba UHP Healthcare	LA-05-22627-TD	05/31/05	11	\$55	\$45	Several Applications for Compensation filed in October 2005 totaling approx. \$1.6M.
GSM Wireless	SA-05-13514-JR	05/19/05	11	\$10-50	\$10-50	Order Granting Motion to Extend Exclusivity Period for Filing a Chapter 11 Plan through 1/16/06; and The Debtor's exclusive right to obtain acceptances of a plan is extended through 3/17/06.
Queen's Seaport Development	LA-05-15175-VZ	03/16/05	11	\$47	\$29	ORDER: The debtor is hereby granted a 60 day extension to assume or reject the leases and each of them to January 14, 2006.
Rancho Las Flores Development	RS-05-12224-MG	03/11/05	11	\$11	\$8	Stipulation and ORDER thereon to substitute responsible person for the estate --Steven Speier will substitute in for and replace Mark Ladeda as the responsible person for the debtors. Motion for appt. of Trustee withdrawn.
Brett Livingston Strong	SV-05-10137-KT	01/11/05	7	\$184	\$21	Converted to a Chapter 7 case on 10/20/05.
American Restaurant Group, Inc. dba Stuart Anderson's Restaurants	LA-04-30732-TD	09/28/04	11	\$33	\$223	Proof of Claim Exhibits to Debtors' Third Omnibus Objections to Claims filed; over 700 claims represented.
Franchise Pictures, LLC	SV-05-13855-MT	08/18/04	11	\$0-50	Over \$100	ORDER to extend time by stipulation re motion to further extend the debtors' exclusivity periods to file plans of reorganization and to obtain acceptances thereof [to 12-27-2005]
Sega Gameworks LLC	LA-04-15404-BB	03/09/04	11	\$26	\$36	Several Applications for Compensation filed in October 2005 totaling approx. \$3.0M.
Tri-City Mental Health Center	LA-04-13167-BR	02/13/04	9	\$1-10	\$10-50	Hearing for approval of the disclosure statement describing Ch. 9 plan of adjustment continued to 10/11/05; no docketed information listed in Oct.
Aaron Tonken	LA-04-12883-EC	02/10/04	7	\$1-10	\$10-50	Order Re: relief from stay to proceed against non-debtor parties in state court action; Alternate Order to follow.
Illuminations.com, Inc.	LA-04-10427-SB	01/12/04	11	\$52	\$55	No significant actions since 9/17/05, when an Order approving cash disbursements was filed.
Checkmate Staffing, Inc.	SA-03-19318-JR	12/29/03	11	\$22	\$31	No significant actions since August.
Santa Paula Memorial Hospital	ND-03-13454-RR	12/22/03	11	\$18	\$6	Order Granting Motion for 2004 Examination; Signed on 10/21/2005.
Jeffrey and Nan Bennett	RS-03-26484-MG	11/14/03	11	\$21	\$27	No significant actions since last reported milestone.
Persistence Capital, LLC	SV-05-16450-KT	09/13/05	11	\$85	\$29	New Filing

*based on a combination of Asset and Liability Levels, Number of creditors, high activity, and/or name recognition

Court News

is published by the United States Bankruptcy Court for the Central District of California as an informational service for the practitioners and public of our Court.

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Suggestions and comments are always welcome.
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