



# COURT NEWS



Chief Judge Barry Russell

2005

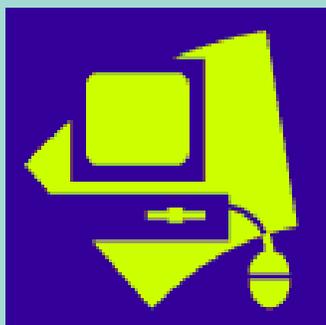
Jon D. Ceretto, Executive Officer/Clerk

## **eFILE BECOMES MANDATORY**

On February 28, 2005, *Second Amended General Order 02-01* became effective making *eFile* usage **mandatory** as of **June 1, 2005**.

The mandatory electronic filing policy provisions are set forth in paragraph 19 of the Order. Attorneys who manually file documents capable of being filed electronically in at least five cases or adversary proceedings within a single calendar year will thereafter be required to file all such documents electronically in all cases and adversary proceedings using the *eFile* system. The Court will monitor compliance with this requirement. Failure to comply with the electronic filing requirement may result in an *Order to Show Cause* why sanctions or other consequences should be not imposed.

The General Order also incorporates current practices as new paragraphs 17 and 18, and improves clarity. If you wish to view *Second Amended General Order 02-01*, visit the Court's web site at [www.cacb.uscourts.gov](http://www.cacb.uscourts.gov) at *Notices & Orders -> General Orders -> USBC*.



"...*eFile* usage [will be] mandatory as of June 1, 2005... Failure to comply with the electronic filing requirement may result in an Order to Show Cause..."



*eFile* is a convenient, cost-effective method of filing with the Court that saves you time and money. Many of you are aware that the Court has lost more than a third of its staff since 2000, and will soon be forced to make its largest staff reduction ever. *eFile* enables the Court to continue to provide excellent service because it is more efficient. *eFile* currently accepts the electronic submission of chapter 7 and chapter 13 voluntary petitions, Motions for Relief from the Automatic Stay, and complaints from registered attorneys.

If you are not already registered to use *eFile*, you can register online from the *eFile* home page, which can be accessed at <https://efile.cacb.uscourts.gov> or through the *Electronic Services -> eFile* buttons of the Court's web site. The *eFile* Support Center is available to assist you and may be reached at (213) 894-2365 from 9:00 a.m. to 4:00 p.m., Monday through Friday (excluding federal holidays).

## COURT FACES FURTHER BUDGET CONSTRAINTS IN FISCAL YEAR 2005

The Court recently received its budget for FY05, and is once again facing a bleak year. Since the year 2000, the Court has lost 143 positions, more than one-third of its staffing due to budget cuts. This year's budget contains another significant shortfall and the Court will soon need to implement yet another involuntary staff reduction in the near future, which will be the largest in the Court's history.

Although the Court continues to endure difficult circumstances, it is making every effort to streamline operations and increase the overall efficiency of both case processing and public service, primarily through the use of technology. Despite fewer staff members to perform the work of the Clerk's Office, the Court is committed to continue providing superior service to all.

## RIVERSIDE DIVISION PARTICIPATES IN THE INLAND EMPIRE BANKRUPTCY FORUM

The Inland Empire Bankruptcy Forum presented "An Evening With Our Judges" on January 25, 2005, at the Riverside Golf Club. The speaker panel included the Honorable David N. Naugle, the Honorable Mitchel R. Goldberg, the Honorable Meredith A. Jury, and the Honorable Peter H. Carroll. About 60 guests attended, and many participated in a question and answer session covering bankruptcy issues with the panel.

## JUDGES FORM STUDENT CREDIT EDUCATION TASK FORCE

Recently, the bankruptcy judges of the Central District of California formed the Student Credit Education Task Force, charging it with developing a district-wide program for educating students on the responsible use of consumer credit. The Task Force is an outgrowth of the national movement by bankruptcy courts to help increase students' financial literacy so as to combat the widespread and growing difficulties students are encountering with consumer credit once they are in college. The program will primarily focus on educating students about the need for wise financial management, and of the negative impact of too much personal credit card debt. *Court News* will keep you updated on any further developments in this worthy cause.



## COURT TO BEGIN POSTING ALL WRITTEN OPINIONS IN TEXT-SEARCHABLE FORMAT

In compliance with the *E-Government Act of 2002*, the Court will begin posting all written opinions (both published and unpublished) issued on or after April 16, 2005, in a text-searchable format on its web site. These opinions will be posted on the Court's web site at [www.cacb.uscourts.gov](http://www.cacb.uscourts.gov) under **Publications -> Opinions**.

The Court presently posts published opinions on its web site; however, they are not text-searchable. Opinions issued prior to April 16, 2005, will remain on the web site, but will not be converted to text-searchable format.

## CHANGES TO PROCEDURE FOR IRS REVIEW IN SIGNIFICANT BANKRUPTCY CASES

The Office of the Chief Counsel of the Internal Revenue Service recently issued **Notice CC-2005-004: Changes to Procedures for Associate Chief Counsel Review in Significant Bankruptcy Cases**. This notice specifies which cases will receive an expedited review based on the likelihood of involving substantive tax issues. The notice can be accessed at <http://www.irs.gov/pub/irs-ccdm/cc-2005-004.pdf>.

## NORTHERN DIVISION WELCOMES A NEW MAGISTRATE JUDGE

In January 2005, the Northern Division welcomed Magistrate Judge Rita Coyne Federman to the District. The active U.S. District Court judges for the Central District of California appointed Judge Federman to a four-year term as a part-time magistrate judge on December 27, 2004. She is a former judicial staff attorney for San Luis Obispo County Superior Court, where she also served as Judge Pro Tempore. In addition, Judge Federman served as a staff attorney for the U.S. District Court from 1991-1999. Judge Federman will preside over hearings in Courtroom 202 two-three days per month, as she takes the place of Magistrate Judge Willard W. McEwen, who retired in December 2004.

## Court Statistics January - December 2004

	2005 ANNUAL ESTIMATE	2004 TOTAL	% CHANGE 05 vs 04
<b>Case Commencement:</b>			
Chapter 7	46,718	54,892	-15%
Chapter 11	265	302	-12%
Chapter 13	3,276	5,445	-40%
<b>*TOTAL</b>	<b>50,259</b>	<b>60,639</b>	<b>-17%</b>
<b>Complaints:</b>			
Dischargeability	1,258	1,693	-26%
Recover Money/Property	664	2,629	-75%
All Other	245	419	-41%
<b>TOTAL</b>	<b>2,167</b>	<b>4,741</b>	<b>-54%</b>
<b>Motions:</b>			
Personal Property	2,633	4,172	-37%
Real Property	1,415	3,655	-61%
Unlawful Detainer	583	673	-13%
Other RFS	297	448	-34%
Dismiss	5,133	7,992	-36%
Dismiss/Convert	76	217	-65%
Fees, Employment, Expenses	7,848	9,400	-17%
<b>TOTAL</b>	<b>23,430</b>	<b>26,557</b>	<b>-12%</b>
<b>National Filing Trends</b>			
	<b>12-Month period ending 09/2004</b>	<b>12-Month period ending 09/2003</b>	<b>% Change 04 vs 03</b>
Chapter 7	1,153,865	1,177,292	-2.0%
Chapter 11	10,368	10,144	2.2%
Chapter 13	454,412	473,763	-4.1%
<b>*TOTAL</b>	<b>1,618,645</b>	<b>1,661,199</b>	<b>-2.6%</b>

\*Excludes Chapter 9, Chapter 12, and Section 304 filings

For more information, visit our web site at [www.cacb.uscourts.gov](http://www.cacb.uscourts.gov).

## 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
<b>Largest Cases</b>	USA Sogo Inc.	LA-03-18660-SB	03/31/03	7	\$177	\$314	Order granting sales of estate property entered on 12/22/04.
	Imperial Credit Industries, Inc.	LA-03-28969-ES	07/17/03	11	\$169	\$291	Status hearing continued to 4/14/05.
	Vista Hospital Systems, Inc.	RS-03-18901-DN	06/10/03	11	\$142	\$132	Stipulations and Orders filed to modify automatic stays and compromises of plan in January and February, 2005.
	InterDent Service Corporation	SA-03-13594-JR	05/09/03	11	\$139	\$348	Final Decree and Order Closing Case on 1/26/05.
	Brett Livingston Strong	SV-05-10137-KL	01/11/05	11	\$184	\$21	Order for examination under FRBP 2004, filed on 2/8/05.
<b>High Profile Cases*</b>	Illuminations.com, Inc.	LA-04-10427-SB	01/12/04	11	\$52	\$55	Hearing held for Order approving conversion from Ch 11 to Ch 7 on 2/25/05.
	Spectrum Restaurant Group, Inc.	SA-03-15911-RA	08/06/03	11	\$39	\$107	Order extending time to Object to claims to 190 days after the filed date of the claim.
	Strouds Acquisition Corporation	LA-03-23620-ER	05/20/03	11	\$27	\$36	Order confirming plan on 1/5/05.
	Lux Corporation d/b/a Mr. Rags	SA-03-10697-JR	01/28/03	11	\$20	\$29	Status Conference hearing continued to 4/12/05 @ 2:30p.m.
	Clothestime Stores, Inc.	SA-03-14555-RA	06/13/03	7	\$15	\$49	Order approving employment of professional Wertz & Company LLP as Chapter 7 Trustee's accountant entered 12/22/04.
	Botanicals International Extracts	LA-03-18788-BB	04/01/03	11	\$10	\$15	Order approving professional fees entered on 1/19/05.
	Tri-City Mental Health Center	LA-04-13167-BR	02/13/04	9	\$1-10	\$10-50	Hearing continued to 3/5/05 for approval of disclosure statement for Tri-City's Ch. 9 plan of adjustment.
	Aaron Tonken	LA-04-12883-EC	02/10/04	7	\$1-10	\$10-50	Order for relief from stay by David Schwimmer granted on 2/18/05. Not yet filed.
	American Restaurant Group, Inc. dba Stuart Anderson's Restaurants	LA-04-30732-TD	09/28/04	11	\$33	\$223	Hearing set for 3/25/05 for 5th AMENDED Disclosure Statement and to accompany the joint plan of reorganization.
	Checkmate Staffing, Inc.	SA-03-19318-JR	12/29/03	11	\$22	\$31	Order entered 12/13/04 re: Disclosure Statement and Plan to be filed by 4/4/05.
	Santa Paula Memorial Hospital	ND-03-13454-RR	12/22/03	11	\$18	\$6	Disclosure statement approved, a hearing will be held on 4/6/05.
	Sega Gameworks LLC	LA-04-15404-BB	03/09/04	11	\$26	\$36	ORDER granting/approving the assumption and assignment of disputed Leases on 2/17/05.
	Jeffrey and Nan Bennett	RS-03-26484-MG	11/14/03	11	\$21	\$27	Status Report of filed on 2/25/05.
	Fujita Corporation USA	LA-04-27072-ES	08/05/04	11	\$5	\$111	Status conference continued to 6/9/05.
	Franchise Pictures, LLC	LA-04-27996-MT	08/18/04	11	\$0-50	Over \$100	In Feb 2005, professionals were hired for accounting and paralegal and office administrators.

\*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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