

2006

Honorable Vincent P. Zurzolo
Chief Judge

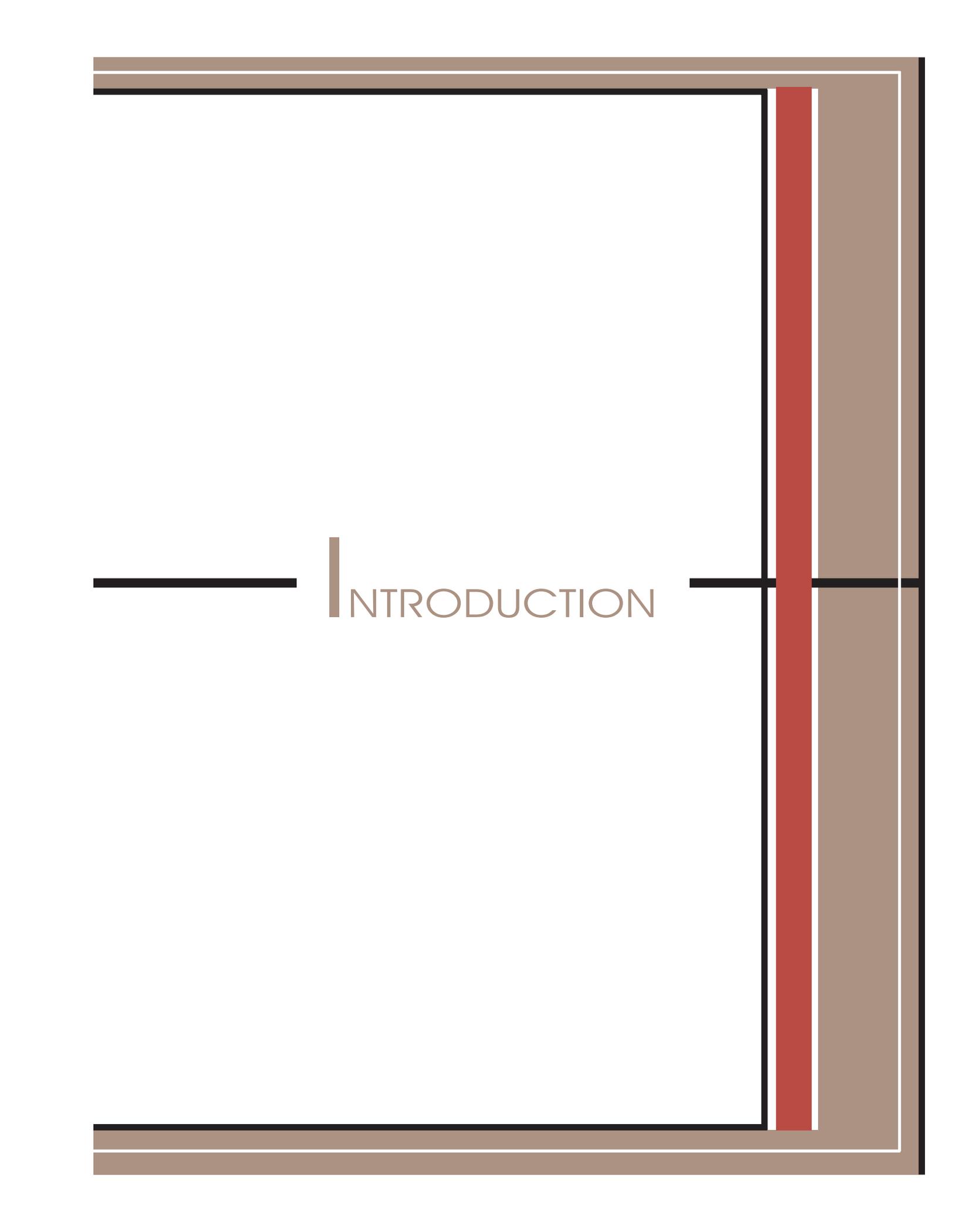
Jon D. Ceretto
Executive Officer/Clerk of Court

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INTRODUCTION

EXECUTIVE SUMMARY

- In early 2006, the Clerk's Office managed an extraordinary number of pleadings and claims associated with cases filed prior to enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005.
- The Central District Bankruptcy Court overhauled many of its operational procedures affected by BAPCPA, including its case management system, rules, forms, requirements, and fees.
- The Court adopted two versions of CM/ECF (3.0 and 3.1) within months of each other.
- The Court began providing 24 hour electronic filing access through the ECF portion of the nationally-supported CM/ECF case management software.
- Clerk's Office staff spent 2,000 hours training each other on how to use ECF, and also trained hundreds of attorneys on its use.
- A CM/ECF website was launched, providing the Bar and the public with news and information about the system, procedures and rules, access to the help desk, and the training schedule.
- A total of 17,845 bankruptcy cases were filed in the district during 2006.
- Clerk's Office staff began using an automated quality control (QC) function and achieved 100% QC on all ECF filings by the end of 2006.
- There has been a 15% decrease in the Bankruptcy Court's operating budget, from \$22.4 million in fiscal year 2000 to \$19 million in fiscal year 2006.
- Clerk's Office staffing decreased by 39% between 2001 and 2006.
- With the help of KPMG, the Administrative Office of US Courts (A.O.) audited the Court's financial related activities. They issued a "No Findings" report for the 39 month period ending June 30, 2005.
- The A.O.'s Bankruptcy Program Indicators for the 12-month period ending March 30, 2006 reflect the Court excelled in these case processing performance measures, and had the lowest median disposition time of any court for chapter 13 cases.
- The Court closed more than 60,000 bankruptcy cases in 2006.
- The Clerk's Office launched a new version of the Court's website, specifically designed to be more user-friendly and assist *pro se* debtors by providing basic information about the bankruptcy process and a list of contacts for *pro bono* services.
- A new network core switch and hardware for backing up data were installed, significantly enhancing connection speed and backup capacity.
- A Continuity of Operations Plan (COOP) was finalized in 2006 and all staff were provided with an overview.

- After the third successful summer college level intern program, Clerk's Office staff began development of a two-year career intern program.
- A new web-based employee recognition program was developed, and an employee recognition team was identified to recommend awards.
- Ten Clerk's Office Employees accepted early retirement/buy out separation incentives, eliminating the need to involuntarily separate individuals.
- The Court held its second annual Fall Education Seminar for Court staff from throughout the district.
- In an effort to reduce the time and expense for chapter 13 trustees holding multiple 341(a) meetings and confirmation hearings, the clerk's Office reassigned about 1,700 chapter 13 cases from six Los Angeles Division judges to just four judges.

MISSION OF THE COURT

TO PROVIDE EFFICIENTLY JUSTICE TO ALL PARTIES AFFECTED BY BANKRUPTCY
IN THE MOST POPULOUS AND DIVERSE DISTRICT IN THE COUNTRY.



THE BANKRUPTCY JUDGES OF THE CENTRAL DISTRICT OF CALIFORNIA

**Vincent P.
Zurzolo**

In Coming
Chief Judge

**Photo
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Appointed
4/18/88

Barry

Russell

Out Going
Chief Judge

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Appointed
9/1/74

**David N.
Naugle**

**Photo
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Appointed
3/1/76

**Geraldine
Mund**

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Appointed
2/9/84

**Samuel L.
Bufford**

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Appointed
11/25/85

**John E.
Ryan**

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Appointed
10/1/86

**James N.
Barr**

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Appointed
1/12/87

**Robin L.
Riblet**

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Appointed
3/30/88

**Kathleen
Thompson**

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Appointed
4/4/88

**Alan M.
Ahart**

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Appointed
4/4/88

**Mitchel R.
Goldberg**

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Appointed
6/1/88

**Robert W.
Alberts**

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Appointed
2/18/92

THE BANKRUPTCY JUDGES OF THE CENTRAL DISTRICT OF CALIFORNIA

**Ernest M.
Robles**

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Appointed
6/12/93

**Thomas B.
Donovan**

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Appointed
3/21/94

**Erithe A.
Smith**

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Appointed
5/2/94

**Meredith A.
Jury**

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Appointed
11/24/97

**Ellen
Carroll**

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Appointed
2/17/98

**Sheri
Bluebond**

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Appointed
2/1/01

**Peter H.
Carroll**

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Appointed
8/1/02

**Maureen A.
Tighe**

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Appointed
11/24/03

**Theodor C.
Albert**

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Appointed
6/1/05

**Richard M.
Neiter**

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Appointed
2/18/06

**Victoria S.
Kaufman**

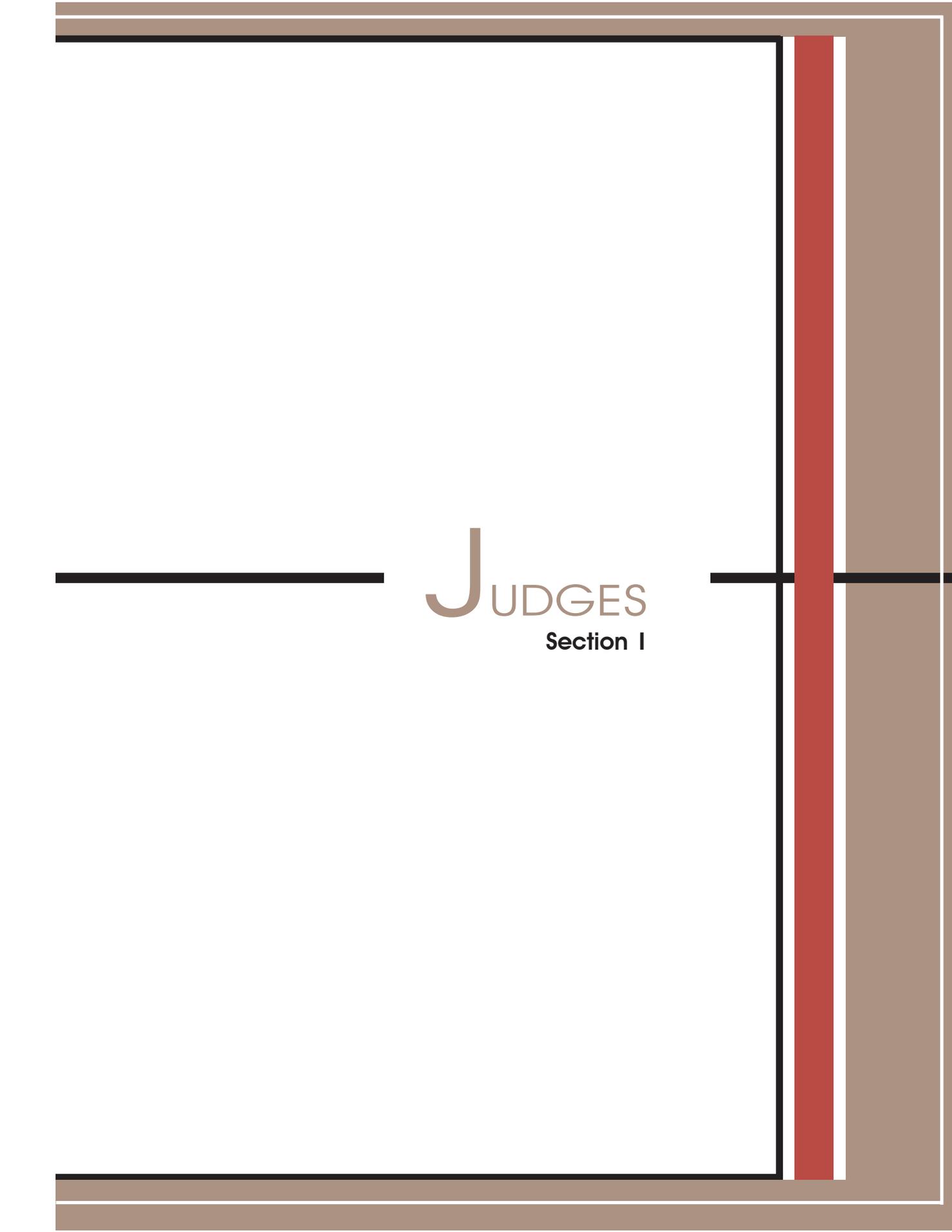
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Appointed
5/2/06

**Robert
Kwan**

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Appointed
2/5/07



JUDGES
Section I

CHIEF JUDGE

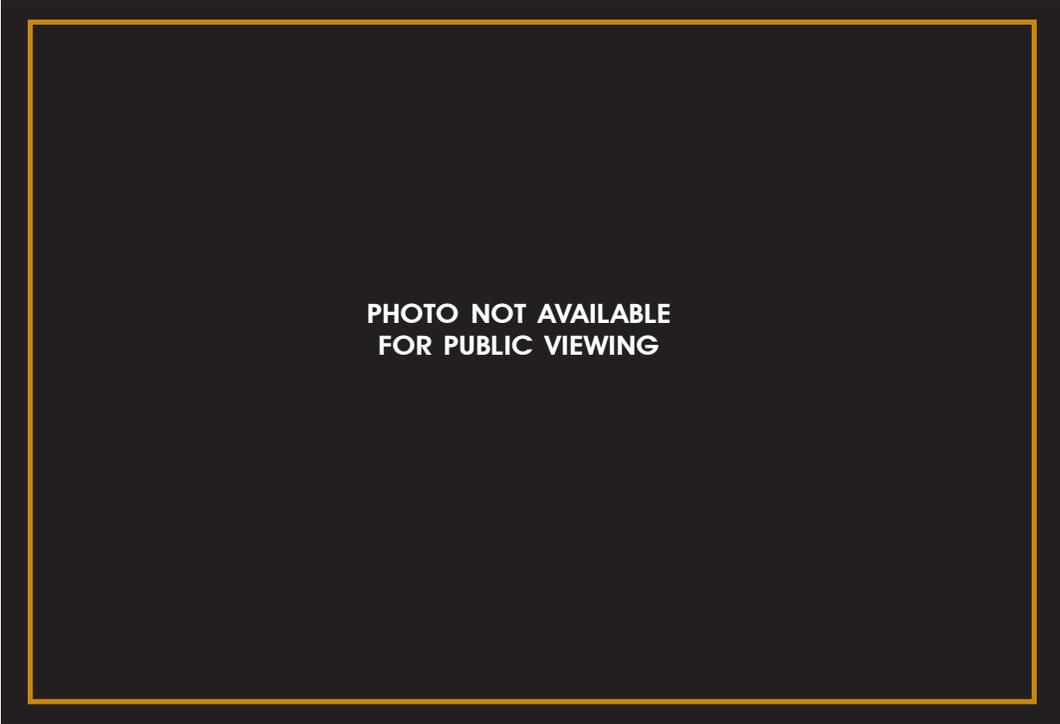


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Honorable Vincent P. Zurzolo, Chief Judge and Honorable Barry Russell, Former Chief Judge

Judge Barry Russell's four-year term as Chief Bankruptcy Judge ended on December 31, 2006. During his term as Chief Judge, Judge Russell oversaw the implementation of BAPCPA at the Court, and the conversion of the Court's case management system to the nationally supported CM/ECF system (the largest conversion in the nation). He also expanded the Court's Mediation Program and formed the Student Credit Education Task Force. In addition to being a recipient of the American Bar Association's Franklin N. Flaschner Judicial Award, Judge Russell became the first bankruptcy judge to be named "Outstanding Jurist" by the Los Angeles County Bar Association in 2004.

Now in his second term as a bankruptcy judge, Judge Vincent P. Zurzolo will be serving as Chief Bankruptcy Judge from January 2007 through December 2010. Since his appointment to the bench in 1988, Judge Zurzolo spearheaded the Debtor Assistance Project (DAP) which provides free or low-cost legal services to qualifying debtors in Los Angeles County. He also played a key role in the design of the Roybal Federal Building and Courthouse, enabling the bankruptcy judges to work under one roof.

NEW JUDGES

The formal induction for Judge Richard M. Neiter was held on March 23, 2006. Chief Bankruptcy Judge Barry Russell administered the *Oath of a Bankruptcy Judge*. Judge Neiter brings over 40 years of legal experience to the bench. His professional activities include chairing the Debtor/Creditor Relations and Bankruptcy Committee of the State Bar of California, and serving on the Executive Committee for the Commercial Law and Bankruptcy Section of the Los Angeles County Bar Association.

PHOTO NOT AVAILABLE FOR PUBLIC VIEWING

Chief Bankruptcy Judge Barry Russell administers the Oath to Judge Richard M. Neiter

PHOTO NOT AVAILABLE FOR PUBLIC VIEWING

Circuit Judge Richard A. Paez administers the Oath to Judge Victoria S. Kaufman

On May 31, 2006, Circuit Judge Richard A. Paez administered the *Oath of a Bankruptcy Judge* to Judge Victoria S. Kaufman at a formal induction ceremony. Prior to her appointment, Judge Kaufman practiced bankruptcy law at Paul, Hastings, Janofsky & Walker LLP. During her practice, she represented both debtors and creditors ranging from individuals to a diverse variety of industries.

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Honorable Robert Kwan

RETIREMENTS

Honorable Robert W. Alberts

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On February 17, 2006, Judge Robert W. Alberts retired from the bankruptcy bench in Santa Ana. Judge Alberts was appointed to the bench in 1992, after 27 years of legal experience in private practice. He was active in several committees during his term, including the Education Committee, Judicial Practices Committee and U.S. Trustee's Liaison Committee.

Honorable James N. Barr

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On May 1, 2006, Judge James N. Barr retired after 19 years as a bankruptcy judge. During his tenure, Judge Barr played a key role in the formation of the Orange County Bankruptcy Forum. He also helped found and serve as the first president of American Inn of Court, an organization comprised of judges, lawyers, law professors and law students who discuss topics including legal ethics, skills, and professionalism.

JUDGE RELOCATIONS

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Honorable Erithe A. Smith

In January 2006 Judge Erithe A. Smith relocated her chambers from the Los Angeles division to the Santa Ana division, filling the vacancy created by Judge Robert W. Alberts' retirement. Judge Smith's Los Angeles cases were reassigned to Judge Richard M. Neiter.

Honorable John E. Ryan

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Judge John E. Ryan retired after his twentieth year on the bankruptcy bench in 2006. One of Judge Ryan's most significant contributions was to preside over Orange County's bankruptcy, filed in 1994. He served on the Bankruptcy Appellate Panel (BAP) for the Ninth Circuit between 1997 and 2003, including a term as presiding judge.

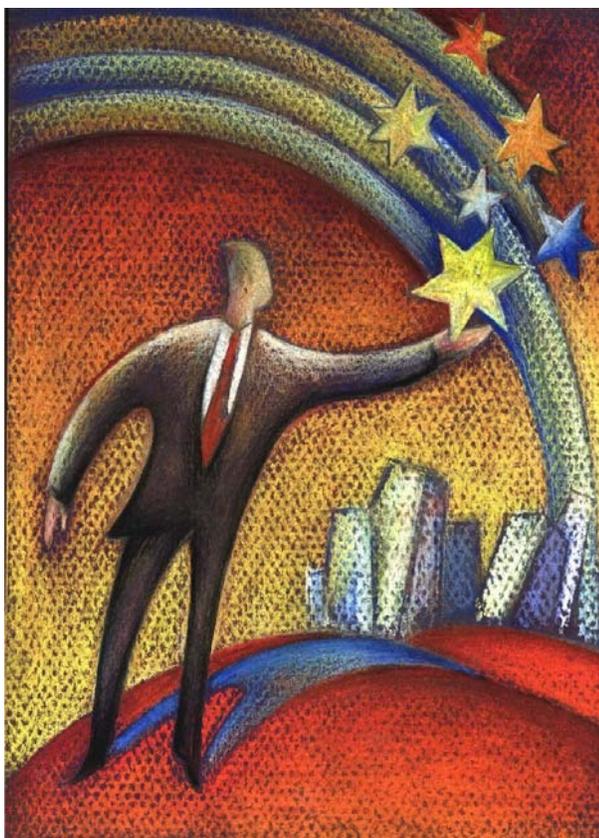
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Honorable Theodor C. Albert

In May 2006 Judge Theodor C. Albert relocated his chambers from the Los Angeles division to the Santa Ana division following the retirement of Judges James N. Barr, Judge Albert's Los Angeles cases were reassigned to Judge Victoria S. Kaufman.

SPECIAL MENTION**BAPCPA MENTION**

Shortly after the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) on April 20, 2005, Chief Judge Barry Russell appointed a judicial task force to ready the Court for the many changes resulting from the most extensive overhaul of the Bankruptcy Code since its enactment in 1978. The task force, known as the Legislation Implementation Task Force, was chaired by Retired Judge John E. Ryan and composed of eight other judges, including the chairs of the Court's Case Management, Chapter 13, Rules, and U.S. Trustee Liaison committees, and members of the Clerk's Office management staff. In addition to revising the Court's rules, forms, and procedures in their respective committees' areas, the judges served as liaisons to the various bar associations in their respective divisions. A subcommittee consisting of the judges on the Rules Committee and approximately two dozen volunteer attorneys and paralegals worked on revising the Court's mandatory relief from stay forms and creating new forms to conform to the new relief from stay provisions of the BAPCPA. The members of the Chapter 13 Committee also consulted the chapter 13 trustees and members of the bar in their divisions in developing various new procedures for chapter 13 cases necessitated by new provisions of the BAPCPA. Following the October 17, 2005 effective date of most of the BAPCPA's provisions, the Task Force continued to monitor whether other changes to the Court's rules, forms, and procedures were necessary. Having completed its work, the Task Force was disbanded in mid-2006, with subsequent BAPCPA-related issues to be handled by the applicable judicial committee.

LONG RANGE PLAN DEVELOPED

In 2005, a Long Range Planning Committee was formed to outline and project the goals of the Court for about ten years. The Committee included Judges David Naugle (Chair), Sheri Bluebond, Robin Riblet, John Ryan, Maureen Tighe, and Vincent Zurzolo.

The Committee judges updated the September 2001 edition of the Long Range Plan (LRP) by deleting goals already accomplished and by streamlining the format of the LRP. Once the judges had reviewed and tentatively approved the structure and content of the document, it was circulated to the Clerk's Office executive managers and to the Clerk's Office staff as a whole, where it formed the basis of an open forum discussion at the Fall 2005 district-wide training seminar in Universal City. It was also circulated to various attorneys acting through bar associations and the bankruptcy forums, the United States Trustee, and panel trustees and their staffs.

The Committee was then expanded to include representatives of each of these constituencies. The lawyers and trustees found an arena to communicate with the U.S. Trustee and with the Court concerning various areas that need attention and ultimately improvement. Finally, the Committee as a whole vetted the individual recommendations received from the Clerk's Office, the U.S.

Trustee, and the lawyer and trustee representatives, some of which had been provided to the expanded Committee members by the various associations. The Committee voted on dozens of specific items, and came up with a draft LRP for consideration by the Board of Judges. The Board of Judges approved this LRP at its meeting on September 8, 2006.

The Plan is divided into five strategic areas listed in alphabetical order: Case Management, Community Outreach, Facilities and Security, Human Resources and Information Management. Following these categories of strategic issues and objectives are aspirational goals in the areas of Leadership and Ethics. These goals are unchanging and form the foundation of the Court's vision and operations.

JUDGES HONORED

Judge Kathleen Thompson was named Judge of the Year by the San Fernando Valley Bar Association at its annual Judges' Night Dinner on February 16, 2006.

Judge Alan M. Ahart was elected to the Editorial Advisory Board of the American Bankruptcy Law Journal. His term as an associate editor of the Journal also officially ended on December 31, 2006.

Judge Samuel L. Bufford was elected vice-chair of the American Bar Association's National Conference of Federal Court Judges, after serving as secretary of the Conference.

PUBLICATIONS BY JUDGES

Judge Alan M. Ahart's article entitled "The Inefficacy of the New Eviction Exceptions to the Automatic Stay" was published by the American Bankruptcy Law Journal.

Judge Samuel L. Bufford published three law review articles last year:

- International Rule of Law and the Market Economy – An Outline, 12 Sw. J. L. & Trade Am. 303 (2006)
- International Insolvency Case Venue in the European Union: the Parmalat and DaisYTEK Controversies, 12 Colum. J. Eur. L. 429 (2006)
- Japan's New Laws on Business Reorganization: An Analysis, 39 Cornell International Law Journal 1 (2006) (with Kazuhiro Yamagida)

OUTREACH

Los Angeles Division Hosts Foreign Judges

On June 26, 2006, the Los Angeles Division hosted a delegation of Tunisian judges. Coordinated by Judge Bufford, the delegation was provided with a tour of operations at the Los Angeles Division. The Court's Executive Officer/Clerk, Jon D. Ceretto, met with the group and provided an overview of the bankruptcy system, Local Bankruptcy Rules, judicial procedures, and automation programs. The visiting delegation sat in on hearings, and were provided with an overview of the Mediation Program by Judge Russell and Judge Goldberg.

The Court hosted a delegation of five Russian judges during the week of November 13, 2006. Judge Neiter coordinated the program at the Los Angeles Division and included the visiting judges at his hearings, where he provided insight about the various matters on his calendar. The Executive Officer provided an overview of the Court, and explanation of the Court's operating systems and processes as well as a tour of the division.

Bankruptcy Mediation Program Continues in Forefront of Federal ADR Programs



The Central District Bankruptcy Court established its Bankruptcy Mediation Program almost 12 years ago, in July 1995, and has remained in the forefront of developing alternative dispute resolution in bankruptcy cases since then. The robust and well-respected Program continues to provide the Court and the public with effective and reliable assistance in resolving disputes without much of the time and expense associated with litigation, and is still the largest bankruptcy court mediation program in the nation.

In 2006, the Court made significant progress in implementing technological improvements. For example, we added many enhancements to the automated custom software that is used to track cases assigned to the Program and generate statistical reports, as a result of which we are able to provide comprehensive reports to the Court and the public regarding the status of virtually every aspect of the Program.

We created fillable .pdf versions of all of the Program's Official Forms, which have been posted to the Mediation section of the Court's website for use by our mediators and the public. We also shared our technological expertise with other federal courts, including the United States District Court for the Central District of California and the United States Bankruptcy Court for the Southern District of California.

In addition, we began updating the customized software program that is used to analyze data collected from a comprehensive questionnaire that we send to all parties and attorneys who attend mediation conferences. The data generated via this software program indicates that approximately 90% of the respondents were satisfied with the mediation process, approximately 96% of the respondents would use the Program again, and approximately 93% would use the same mediator again. This analysis reflects the public's continuing high regard for the Program.

In September, we arranged for the Straus Institute for Dispute Resolution of Pepperdine University School of Law to conduct an advanced mediation training program in the Fall entitled "Pro Se Dynamics in Mediation." We also began scheduling additional training programs for our mediators for 2007.

The Pepperdine training program tied in nicely with the *Pro Se* program that we are in the process of developing, which will provide for volunteer attorneys to represent *pro se* litigants at mediation conferences, at no cost to the litigants. The *Pro Se* program will be similar in structure to the Debtor Assistance Project, in which volunteer attorneys assist debtors at reaffirmation hearings and in non-dischargeability litigation. In October, our Court and the District Court for the Central District of California hosted the eighth annual joint luncheon to honor our mediators and the District Court's settlement officers for their service in 2005-2006. Over 100 guests attended the event, including the Hon. Margaret M. Morrow, Judge of the United States District Court for the Central District of California, Chair of the Civil Justice Report Act and Alternative Dispute Resolution Committee and the District's Mediation Program Administrator; and the Hon. Barry Russell, Chief Judge of the United States Bankruptcy Court for the Central District of California and Administrator of our Court's Mediation Program. Bankruptcy Judges Alan M. Ahart, Sheri Bluebond, and Maureen A. Tighe, and many District Court and Magistrate judges also attended the event.

Judge Morrow and Chief Judge Russell provided the audience with an update of the Courts' ADR programs. Judge Morrow announced, among other things, the District Court's intention to expand its panel to include many of our Court's mediators and advised the audience that the District Court will be issuing written invitations to many of our bankruptcy attorney-mediators in the near future.



Chief Judge Russell commended the Program's continued success, noting that over 3,550 cases have been assigned to mediation since the Program's inception and that the settlement rate has consistently averaged 63% since that time. He noted that there are presently about 200 mediators on the panel, and described some of the particularly noteworthy results achieved by the mediators, such as the shortest mediation conference which settled in 30 minutes, and the longest mediation conference which settled in 12.5 hours.

We recognized the following mediators for their outstanding achievements on the panel in 2006 and awarded each of them with certificates recognizing their accomplishments: Franklin C. Adams, Catherine E. Bauer, Edythe L. Bronston, Rebecca Callahan, David Gill, Herman Glatt, Herbert Katz, Allan P. Leguay, Penelope Parmes, Mark C. Schnitzer, Benjamin Seigel, Brian J. Sheppard, and Joel B. Weinberg.

The following charts display the matters assigned to the Program by Code chapter as well as the distribution of mediation matters within the various divisions of the Court.

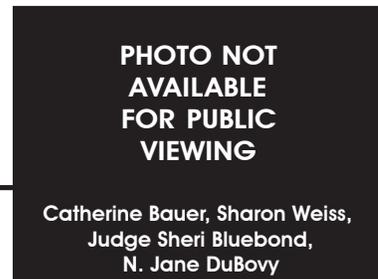


Figure 1

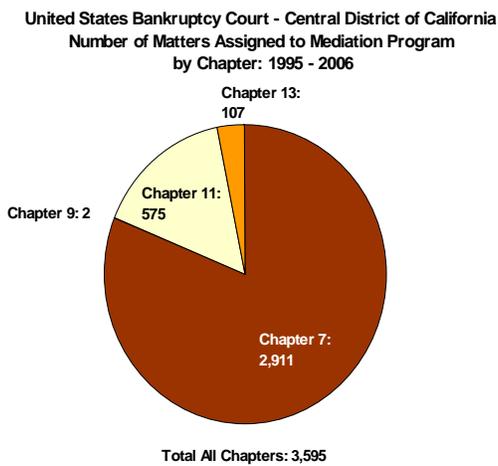
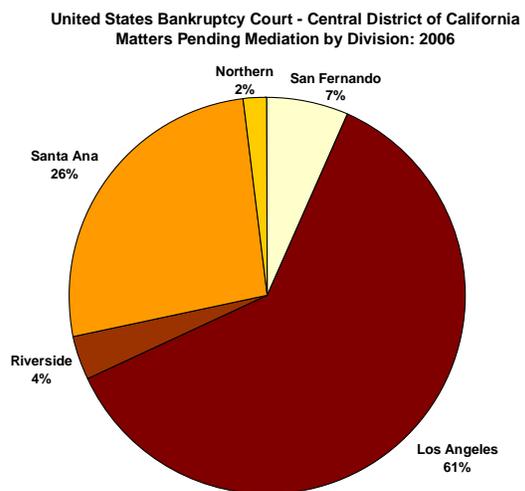


Figure 2



Free and Low Cost Legal Assistance Provided to Low Income Debtors in All Divisions

The Court, in cooperation with local bar associations, continued to provide *pro bono* services to qualifying *pro se* debtors throughout the district. First introduced in 1997 at the Los Angeles and San Fernando Valley divisions, *pro bono* services were expanded to all five divisions within the district by 2000. *Pro bono* services are especially important in the Central District of California, as the percent and number of *pro se* filers have always been substantial relative to other bankruptcy courts.

As a result of BAPCPA, although there was a more than 80% drop in bankruptcy filings in 2006, there remained a steady demand for *pro bono* services in the district. As part of the redesign of the Court's Web site, a prominent button was added to the home page titled "Don't Have An Attorney?" This button accesses referrals of participating free and low cost legal assistance programs serving the district, as well as general information about bankruptcy.

Los Angeles/San Fernando Valley Divisions



The Debtor Assistance Project (DAP) works closely with a number of other legal clinics in the communities served by the Los Angeles and San Fernando Valley divisions to provide free and low-cost legal services to qualifying debtors. The DAP is a program of the Public Counsel Law Center, the largest *pro bono* law office in the nation. Founded in 1970, Public Counsel is the public interest law firm of the Los Angeles County Bar Association and the Beverly Hills Bar Association, as well as the Southern California affiliate of the Lawyer's Committee for Civil Rights Under Law.

BAPCPA-related requirements have substantially increased the time required to prepare a typical filing. Consequently, about 16% of DAP attorneys stopped volunteering after the effective date of BAPCPA. Nevertheless, the DAP has continued to recruit additional volunteers and maintains a roster of 150 *pro bono* attorneys.

The DAP received over 1,100 calls from the public in 2006, virtually the same volume of calls handled in 2005 despite an 83% decrease in chapter 7 filings in the wake of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA). Of these 1,100 calls, 891 individuals were screened through the DAP's telephone hotline and provided with an array of free services ranging from counsel and advice to referrals. DAP volunteer attorneys assisted 97 debtors with chapter 7 petitions, non-dischargeability adversary proceedings, and mediation placements. An additional 141 *pro se* debtors received free legal counseling from volunteer attorneys at reaffirmation agreement hearings in the Los Angeles and San Fernando Valley divisions. Another 50 additional individuals received free bankruptcy counseling at community drop-in clinics.

Riverside Division

The Riverside Division's *pro bono* program has been operated by the Public Service Law Corporation since 2001. During 2006, this program assisted seven debtors with general legal assistance.

Santa Ana Division

In 2006, the Orange County Bankruptcy *pro bono* program, which is co-sponsored by the Orange County Bar Association, the Orange County Bankruptcy Forum, and the Public Law Center, continued to provide much-needed legal assistance to low-income residents.

Northern Division

Five local attorneys provided *pro bono* services on a rotating basis at Northern Division Reaffirmation Agreement hearings during 2006. The attorneys assisted approximately 98% of *pro se* debtors attending the 40 hearings held throughout the year.

HIGH PROFILE CASES

The Court is significantly impacted by the filing of high profile cases as they are more complex, require more time for hearings, and generate a large volume of pleadings, claims, and public interest. The following high profile cases were filed in the district in 2006:

- Robert Blake, aka Michael J. Gubitosi, filed a chapter 11 case (SV 06-10125 GM) on February 3, 2006, listing \$500,000 in assets and \$50-100 million in liabilities.
- APX Holdings, LLC (LA 06-10875 EC) filed a chapter 11 case on March 16, 2006, with assets listed at over \$100 million and liabilities at over \$100 million.
- Marion Knight, aka Suge Knight, filed for chapter 11 bankruptcy (LA 06-11187 VZ) on April 4, 2006, listing \$4 million in assets and \$137 million in liabilities.
- Knight's company Death Row Records, also filed a chapter 11 case (LA 06-11205 VZ) on April 4, 2006, with undetermined assets and \$111 million in liabilities.
- PureBeauty, Inc. (SV 06-10545 KT) filed for chapter 11 bankruptcy on April 18, 2006, listing \$10-50 million in assets and \$50 million in liabilities.
- Bodies in Motion filed for chapter 11 bankruptcy (SV 06-10931 GM) on June 20, 2006, with assets listed at \$10-50 million and liabilities at \$50 million.
- The Los Osos Community Services District in San Luis Obispo filed for bankruptcy on August 25, 2006 (ND 06-10548 RR). This appears to be the largest chapter 9 filing in the district since the Orange County bankruptcy case in 1994, with assets listed at \$1-10 million and liabilities at less than \$1 million.
- Santa Barbara Beach Holding, LLC (ND 06-10887 RR) filed a chapter 11 case on November 22, 2006, listing assets at \$54 million and liabilities at over \$75 million.
- Ownit Mortgage Solutions, Inc. filed for chapter 11 bankruptcy (SV 06-12579 KT) on December 28, 2006, with assets listed at \$1-10 million and liabilities at over \$100 million.

JUDICIAL COMMITTEES

The judicial committees, established by the Court Governance Plan, address Court-related issues. These committees are responsible for providing feedback and guidance to the entire Board of Judges regarding Court operations and administrative issues. Clerk's Office management staff attend the committee meetings and provide support to the committees. Chief Judge Barry Russell and Executive Officer/Clerk of Court Jon D. Ceretto are *ex-officio* members of each committee.

2006 Judicial Committee Assignments:

EXECUTIVE

Barry Russell, Chair

Sheri Bluebond
Mitchel R. Goldberg
John E. Ryan
Erithe A. Smith
Maureen A. Tighe
Vincent P. Zurzolo

CASE MANAGEMENT

Vincent P. Zurzolo, Chair

Sheri Bluebond, Chair
Ellen Carroll
Mitchel R. Goldberg
John E. Ryan
Kathleen Thompson

CHAPTER 13

Kathleen Thompson, Chair

Alan M. Ahart
Theodore C. Albert
Peter H. Carroll
Meredith A. Jury
Victoria S. Kaufman
Ernest M. Robles

EDUCATION AND TRAINING/RETREAT

Geraldine Mund, Chair

Theodore C. Albert
Samuel L. Bufford
Peter H. Carroll
Thomas B. Donovan
Meredith A. Jury
Victoria S. Kaufman
Richard M. Neiter

LONG RANGE/STRATEGIC PLANNING

David Naugle, Chair

Ellen Carroll
Robin L. Riblet
John E. Ryan
Maureen A. Tighe
Vincent P. Zurzolo

PRO SE

Vincent P. Zurzolo, Chair

Samuel L. Bufford
Peter H. Carroll
Geraldine Mund
Erithe A. Smith

RULES

Maureen A. Tighe, Chair

Alan M. Ahart
Meredith A. Jury
Victoria S. Kaufman
Richard M. Neiter
Erithe A. Smith
Kathleen Thompson

SPACE AND SECURITY

John E. Ryan, Chair

Geraldine Mund
David N. Naugle
Robin L. Riblet
Vincent P. Zurzolo

US TRUSTEE LIAISON

Alan M. Ahart, Chair

Thomas B. Donovan
Meredith A. Jury
Richard M. Neiter
Maureen A. Tighe

TASK FORCES, AD HOC COMMITTEES

Alternative Dispute Resolution

Barry Russell, Chair

COURT GOVERNANCE PLAN TASK FORCE

Robin L. Riblet, Chair

Peter H. Carroll
Victoria S. Kaufman
Vincent P. Zurzolo

DIVERSITY OUTREACH TASK FORCE/PICO

Geraldine Mund, Chair

Theodore C. Albert
Robin L. Riblet
Ernest M. Robles
Maureen A. Tighe

LEGISLATION IMPLEMENTATION TASK FORCE (DISBANDED AS OF JUNE 2006)

John E. Ryan, Chair

Alan M. Ahart
Theodore C. Albert
Samuel L. Bufford
Meredith A. Jury
David N. Naugle
Kathleen Thompson
Maureen A. Tighe

PRO SE SELF HELP CENTER

Maureen A. Tighe, Chair

Richard M. Neiter

STUDENT CREDIT EDUCATION TASK FORCE

Geraldine Mund, Chair

Samuel L. Bufford
Meredith A. Jury
Robin L. Riblet
Erithe A. Smith
Vincent P. Zurzolo

Board of Judges

The Board of Judges consists of all of the bankruptcy judges in the Central District. The purpose of the Board of Judges is outlined in the *Court Governance Plan* and includes establishing overall administrative policies for the Court.

The Chief Judge plays a strategic leadership role in Court management and stewardship by defining goals, ensuring the Court is administered effectively and efficiently, and setting management principles and standards of the Court. The Chief Judge serves a four-year term, and has many diverse duties that include:

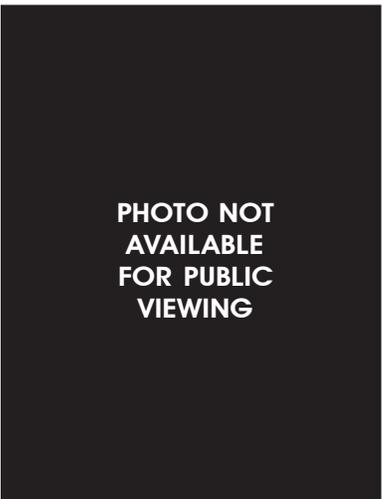


Chief Judge Barry Russell

- Serving as chief presiding officer of the Court.
- Delegating responsibility and maintaining oversight of financial management, personnel, procurement, space and facilities, property management, and property disposal.
- Chairing the Executive Committee and Board of Judges.
- Keeping all judges fully informed in a timely manner of matters of Court-wide interest.
- Serving as spokesperson for the Court.
- Monitoring the case management system, identifying problems, and initiating change.
- Creating judicial committees.

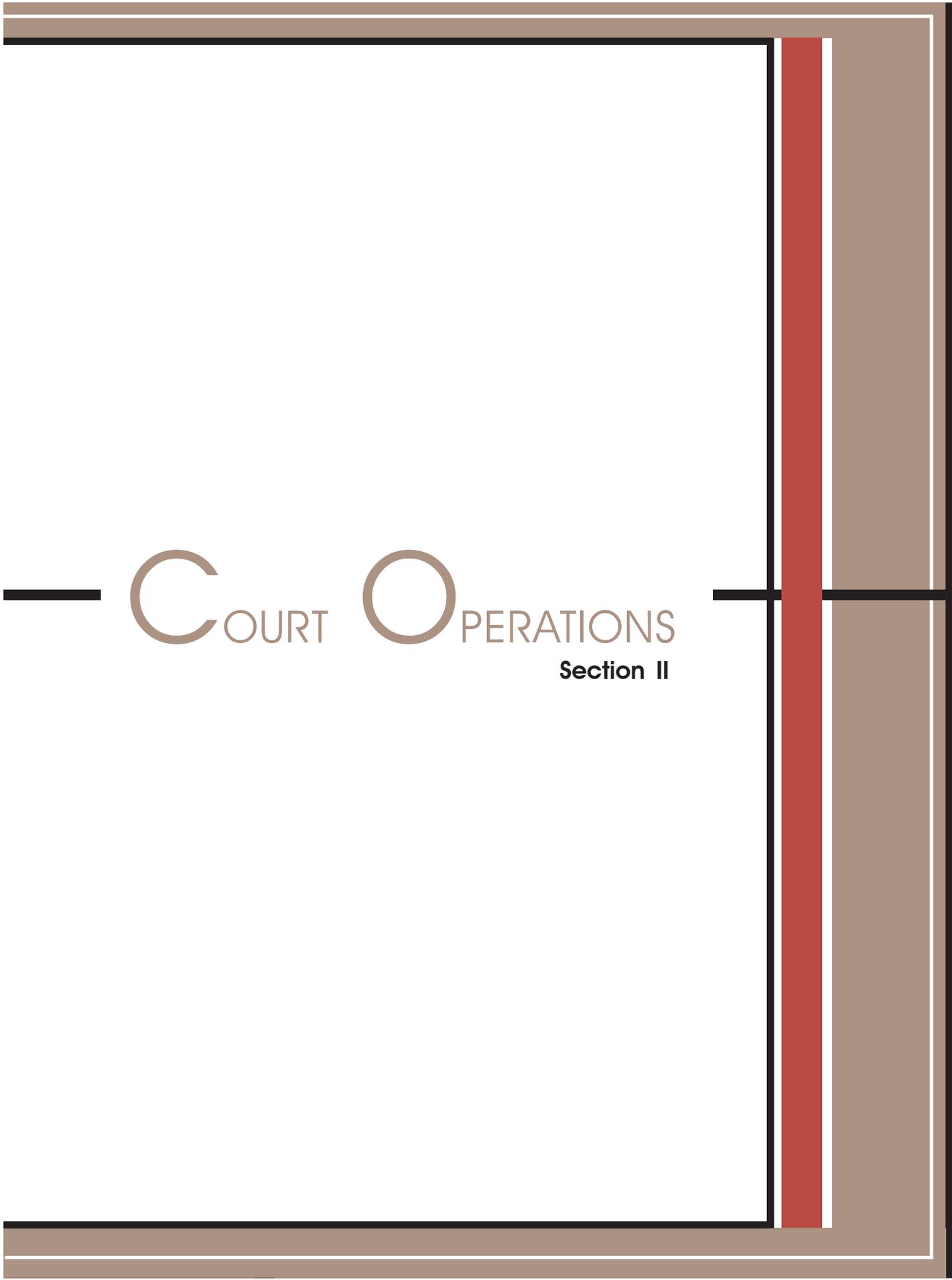
Executive Officer/Clerk of Court

The Clerk of the Bankruptcy Court is appointed by the bankruptcy judges in the Central District and serves an indefinite term. The Clerk has many diverse duties that include:



Jon D. Ceretto
Executive Officer/Clerk

- Directing all aspects of the Clerk’s Office, including the development of policies and procedures.
- Formulating and executing the Court’s budget.
- Providing case administration support.
- Managing space, facilities, automation, and other resources of the Court.
- Recruiting, hiring, and managing Clerk’s Office personnel.
- Advising the Board of Judges and the Chief Judge on administrative and policy matters.
- Acting as the Clerk’s Office liaison with civic, community, and professional organizations.



COURT OPERATIONS
Section II

COURT IMPLEMENTS CM/ECF 3.1

Mandatory Electronic Filing

Effective April 1, 2007, attorneys who file documents capable of being filed electronically must use CM/ECF, the nationally-supported case management and electronic filing system (pursuant to General Order 06-03). Attorneys who file fewer than five bankruptcy cases and/or adversary proceedings in a single year are exempt from this requirement. Failure to comply with the electronic filing requirement may result in an *Order to Show Cause* why sanctions or other consequences should not be imposed.

Court Implements Electronic Case Filing (ECF)

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In 2006, the Court introduced the capability to file electronically through ECF, and embarked on a full scale initiative to train and register users. ECF is the electronic filing portion of the nationally supported CM/ECF system.

Following a pilot program in December 2005, the Court introduced ECF in January 2006 to a limited number of users, including panel trustees, the Office of the U.S. Trustee, and Becket & Lee (a high filer of claims for major credit card companies). In early-August 2006, the Court invited approximately 120 of its top-filing attorneys to attend one of the many training sessions held at all five divisions.

This training effort continued to expand to all attorneys through the end of 2006, with an average of 11 classes held each week throughout the district from August through December.

To register to use CM/ECF, users must complete a CM/ECF training class and demonstrate proficiency. Attorneys already registered to use CM/ECF in other bankruptcy court districts may register without training. By the end of 2006, the Court had held about 110 ECF classes in all five of divisions and had trained approximately 600 attorneys and their staff. About 400 attorneys had been provided with ECF registration and full live access to ECF. Over 100 more attorneys had been granted ECF training access, enabling them to train and test in ECF before being provided with full user access. The Court continued to offer ECF training classes throughout the district in 2007 to support attorneys in their effort to comply with the mandatory usage requirement.

The Clerk's Office staff trained approximately 600 attorneys and their staff on CM/ECF in 2006.

eFile, the Court's locally-developed electronic filing system that was introduced in 2002, was permanently discontinued on October 4, 2006, immediately preceding the Court's conversion to CM/ECF 3.1.

CM/ECF Web Site

Also in 2006, the Court developed a comprehensive user-friendly CM/ECF Web site. The CM/ECF home page contains helpful information about electronic filing including a training video and tutorial, rules and procedures, instructions for each judge, system requirements, registration, the training schedule, FAQ's, a link to the help desk, and of course, a link to the CM/ECF login screen.



Court Converts to CM/ECF 3.0 and 3.1 in 2006

The Court converted from the NIBS case management program to the Nationally-supported Bankruptcy Court Management and Filing program CM/ECF in September 2005. Since then, the Clerk's Office successfully updated its CM/ECF system three times - the latest is version 3.1, which began use in October 2006. Version 3.1 enables the gathering of additional statistical information as required under the new bankruptcy law. In addition, release 3.1 includes the following changes: case openings reflect changes made to the petition and schedules regarding types of business, cross-checks have been added to ensure consistency of the data, there is a new field to indicate whether there has been a prior filing within the last 8 years, some fields now have defaults, the nature of suit codes have changed and there are new values, a new Court Information utility will provide some general information for users, the login screen has been changed to emphasize the differences between CM/ECF and PACER logins.

The Clerk's Office experienced three upgrades to its case management system between September 2005 and October 2006.

Quality Control

With the expansion of ECF to include all types of filings from registered attorneys, the Clerk's Office dramatically increased quality control efforts in 2006. Case Initiation and Courtroom Services staff in all divisions were well-equipped to meet this pressing need after attending 76 training sessions on CM/ECF.

In addition, the Court began using an interactive automated quality control program for ECF filings. This new utility function, which became available with CM/ECF 3.0, provides a docket activity report with data and links to related document images and other information necessary for the complete quality control of all documents filed through ECF.

Automated Conflict Checking

To bring the Court into compliance with the Judicial Conference policy on mandatory use of conflict-screening software, in November 2006 the Clerk's Office conducted CM/ECF Conflict Checking training for judges and chambers staff in all five divisions. The training sessions provided information on the CM/ECF 3.1 Conflict Checking module that assists judges in identifying potential conflicts of interest by comparing a judge's conflict list against the cases assigned to that judge. The software runs automatically, generating e-mails to select staff when a potential conflict has been identified.

AUTOMATED SANCTION TRACKING

The Clerk's Office has developed a new automated program to track all sanctions and fines imposed by the Court. A pilot of the new program, Fiscal Integrated Sanction Tracker (FIST), was launched at the Los Angeles Division on October 19, 2006. At year-end 2006, the Court had nearly 600 sanctions and fines pending.

In the past, each division entered information about sanctions and fines in separate spreadsheets. FIST eliminates the need to perform duplicate entries, consolidates all sanctions and fines information under a single source, replaces manual reports, standardizes record-keeping across the division, and facilitates the reporting of unpaid sanctions and fines to the US Attorney's Office to pursue collection efforts.

The Clerk's Office developed an automated program to track sanctions and fines, eliminating duplication and manual report-writing, and standardizing record-keeping.

COURT'S WEBSITE OVERHAULED

On February 6, 2006, the Clerk's Office launched a sleek new version of the Court's website. Designed by in-house staff, the new version improves upon the appearance, functionality, and organization of the previous website.

Public users, including debtors and legal professionals, can find answers to most questions by accessing the website. The Court's website enables visitors to find court location and hours, public notices, local rules and forms, announcements, and other relevant information. Users can download forms and publications, and access other legal and government websites through the links provided.

The new version of the court's website contains a section specifically to assist pro se users.

Among the improvements to the website are a new section, "Don't Have an Attorney?", which contains information especially useful for *pro se* users of the Court; a "Self Service Center," which contains FAQ's and other information about the Court; and an easy to find section called, "Judges," where users can view procedural and self-calendar information for that particular judge. Additionally, many areas, such as Court forms and local rules have been reorganized for easier, more user-friendly access.

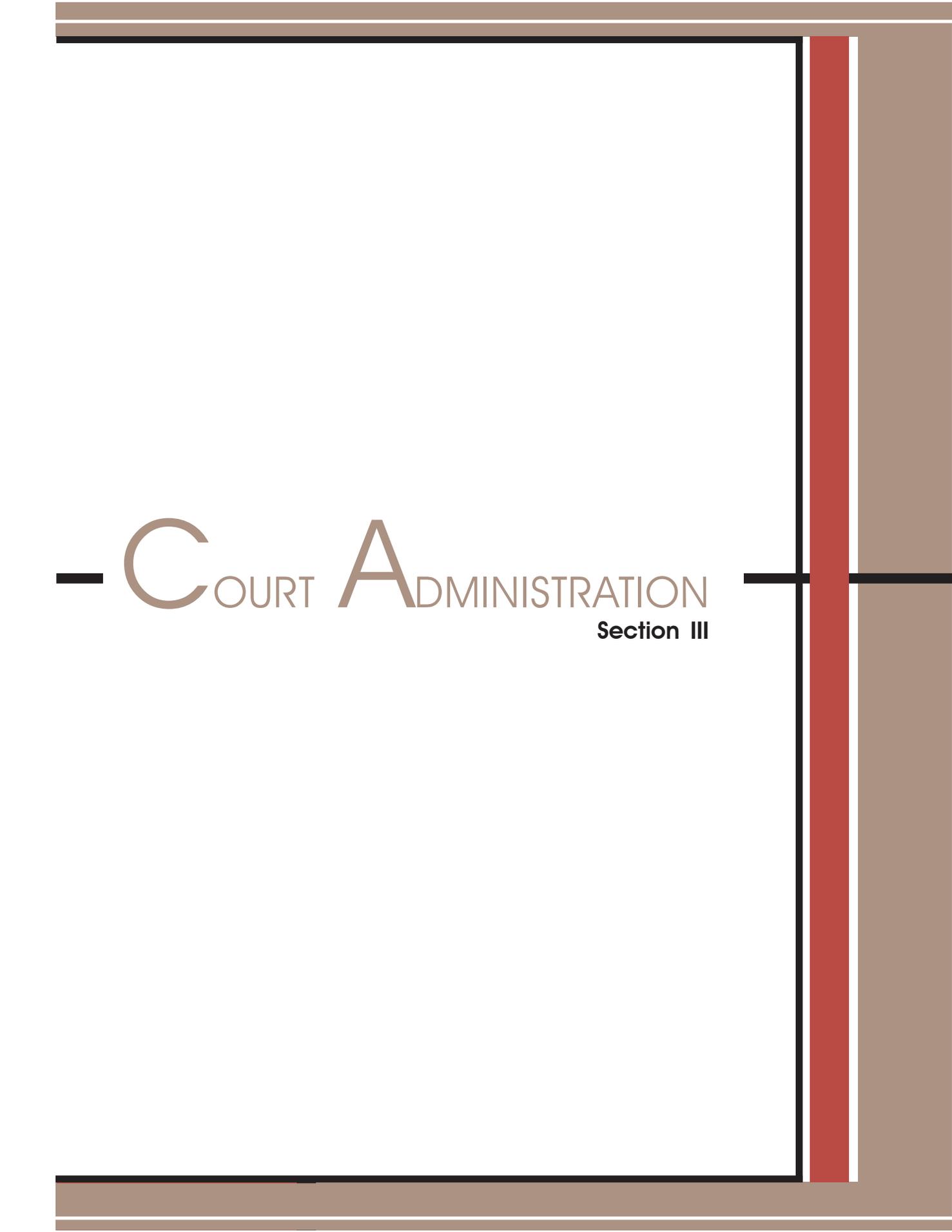
IT SECURITY MEASURES

Every year all Court staff participate in mandated IT Security Training in compliance with Administrative Office (AO) guidelines. In November 2006, the Court fulfilled this requirement by delivering the training through a DVD entitled "Adventures in Security - Episode 1: A New Scope." This year's training focused on maintaining the integrity and safety of Court data and information through taking preventative IT security measures regularly.

The Court staff focused their efforts on keeping pace with technology in 2006.

The Clerk's Office completed a district-wide upgrade to Norton Anti-Virus (NAV) version 10 in mid-April. This version of NAV added a feature to scan for Spyware and Malware. NAV Management Console version 10 was installed on servers at each division enabling the automatic of installation of this new software throughout the district without the need for IT staff to "touch" each PC.

Clerk's Office technical staff installed a new network core switch and new hardware for backing up data, improving speed on Court computers when accessing files from the network, and significantly enhancing backup capacity. The installation of a new CISCO 6500 core switch in Los Angeles was completed on April 15, 2006. This new core network switch, which acts as the central hub connecting the Court's computers, servers and Internet access equipment, provides eight-times the bandwidth capacity. Also, new tape drives and tape changers replaced the Court's aging tape drives across the district, and with new software, quadrupled the Court's backup capacity.



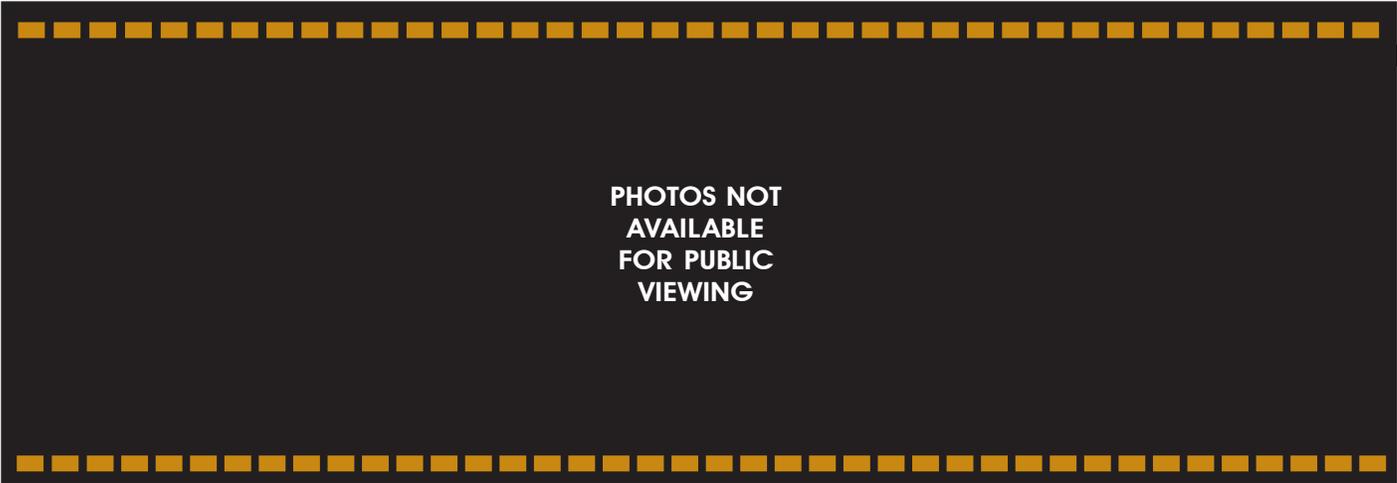
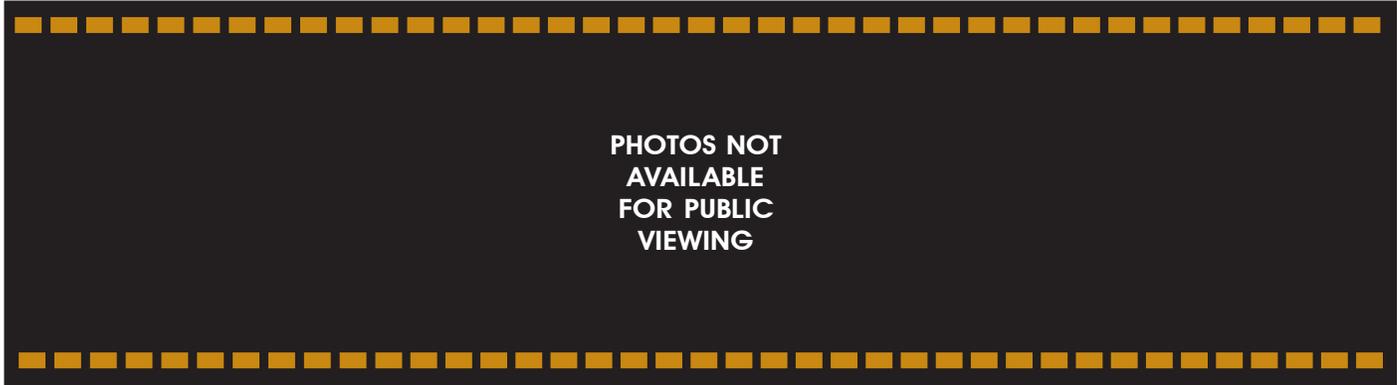
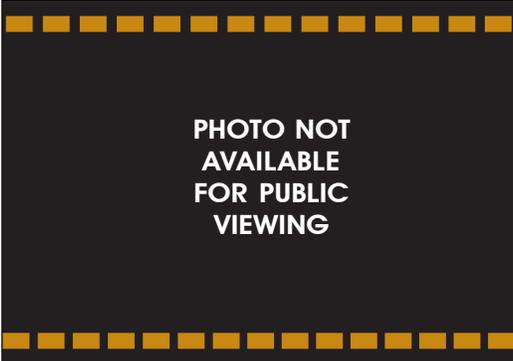
COURT **A**DMINISTRATION
Section III

EMPLOYEE DEVELOPMENT

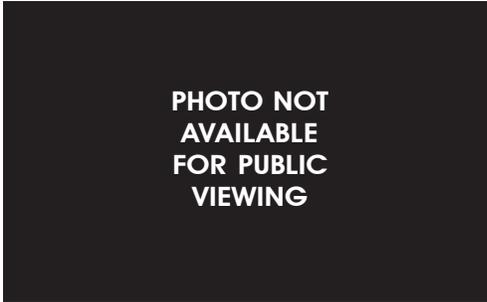
Fall Education Seminar

The Court held its second Fall Education Seminar for district-wide Court staff at the Globe Theater in Universal City on September 15, 2006. This high-energy, multi-media event, entitled "Preparedness: Personally, Procedurally, and Physically," was designed to prepare staff for the many upcoming changes at the Court. The educational program included an overview of ECF, highlights of new CM/ECF features, and information on managing stress.

Jon D. Ceretto, Executive Officer/Clerk commended staff for their professionalism in managing the historic surge of pre-BAPCPA filings as well as other major events during the last year. Chief Judge Barry Russell introduced the many judges in attendance and incoming Chief Judge Zurzolo thanked staff for their input to the Court's new Long Range Plan. Later in the program, Michael E. Rotberg, Chief Deputy of Operations highlighted some of the major accomplishments of staff and recognized employees outstanding service in the past year as well as those celebrating their 5th to 35th anniversaries of service with the Court.



CM/ECF Training



A great deal of staff training in 2006 focused on changes made to CM/ECF due to enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which dramatically altered the statistical information Courts are required to report to the Administrative Office. In the wake of these changes, the national CM/ECF application was updated two times during 2006 and each release required additional staff training.

During the first quarter, an assessment of staff skills was conducted to determine general training needs. In addition, a review of the new CM requirements was conducted to ascertain which procedures needed to be incorporated into future training sessions. The results of the skill assessment, coupled with the procedural review assisted in the development of the training curriculum.

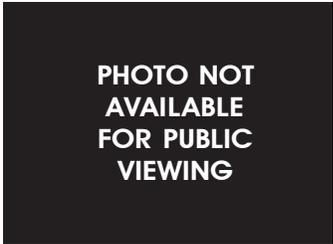
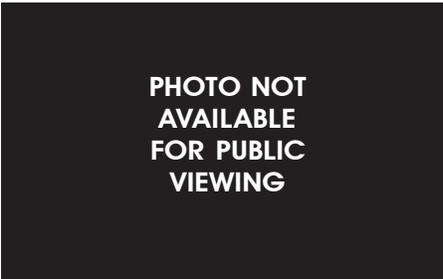
Additionally, with the introduction of attorneys to ECF, several classes were conducted to train staff how to do quality control of attorney entries. Initially, this subset of staff was kept to a minimum, however, with the rapid growth of attorneys filing documents over the Internet, the number of QC staff grew quickly. In total there were over 76 training classes devoted to CM/ECF for the staff in 2006.

eLearning

In an effort to support continuous learning and development, the Clerk’s Office completed the pilot of an eLearning course in November 2006. The course, “Forging Breakthroughs,” is an interactive online training program designed by the Administrative Office of the U.S. Courts (AO) to develop skills in the areas of problem solving, communication, effective decision making, team building, and managing change. The AO has approved a total of 32 licenses of the course, which will be incorporated into the Supervisor Development Program in 2007.

Appeal Training

The Los Angeles Division hosted an “Appeal Training” session on November 2, 2006. Harold Marenus, Clerk of Court of the Bankruptcy Appellate Panel (BAP) came to the Court to give a presentation on the appeal process to about 40 members of the Clerk’s Office staff. The direct appeal process became an option available only for cases filed since the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) was enacted as of October 2005.



Employee Dispute Resolution Training

In 2006 the foundation was laid for the eventual district-wide Employee Dispute Resolution (EDR) Staff Training. A training presentation entitled “The Employee Dispute Resolution Plan and the Grievance/Appeal Process: Achieving Solutions in the Workplace” has been developed for staff to understand the process and the difference between EDR and appeals/grievance process. This training is in accordance with the Equal Employment Opportunity (EEO) Plan

Court staff participated in almost 5,000 hours of organized training in 2006!

the Bankruptcy Court adopted in order to promote equal opportunity in all facets of employment actions and conditions including recruitment, hiring, training, promotion, advancement, and supervision. The training session defines and delineates the difference between the resolution options available to Court employees and addresses which option is appropriate for various situations. The

staff training is targeted for delivery in all divisions in early 2007. Court staff participated in numerous training efforts during 2006 (see Figure C1). Mandatory court-wide training courses included the IT Security Training, the Court's Continuity of Operations Plan (COOP), and the Fall Education Seminar.

Figure 3

United States Bankruptcy Court - Central District of California Employee Development: 2006			
Name of Class	Number of Classes Offered	Number of Staff Participants	Total Staff Participant Hours
Automation Training			
CMECF Training	76	150	1,977
CIAO! Overview	37	66	66
Security Training			
COOP Training for Staff	16	223	223
IT Security Training	8	252	252
Floor Warden	3	23	23
Personal Training			
New Employee Orientation	4	48	95
Supervisor Development	4	25	150
Fall Education Seminar	1	220	1,760
CPR Training	1	10	45
C.E.R.T. Program	8	98	246
Grand Total:	158	1,115	4,837

Supervisor Development

To help supervisors meet the challenges of Clerk's Office employee supervision and gain the most satisfaction from their jobs, the Bankruptcy Court has provided supervisors the opportunity to participate in the Supervisors' Development Program. This program takes the Federal Judicial Center's (FJC) training resources to the next level by providing a road map for supervisory skill development. The foundation of the Supervisors' Development Program is the Court Management Framework, which groups FJC training programs according to critical supervisory skills identified in conjunction with the Administrative Office of the U.S. Courts, and court staff.

There are currently 25 supervisors participating in the Court's Supervisor Development Program. The participants have completed two of the three phases and have already begun the third. In the first phase of the program the participants completed a "Survival Kit for New Supervisors" which included a self-study audio-program. In the second phase, the participants completed "Foundations of Management" which consisted of 40 hours of self-study.

In the third phase participants are working on the “Enhancing Supervisory Skills” part of the program. This phase consists of 50 hours of training, including both group instruction and independent study. This part of the program has been individually tailored for each supervisor. All supervisors participating in the program have been working with their managers to design a plan that best meets their needs. Some of the topics addressed are: leadership skills, operational skills, system skills, thinking skills, personal skills, and interpersonal skills. On completing the program, participants will receive a Certificate of Achievement.

Community Outreach

The Central District participated once again in the Combined Federal Campaign (CFC). Court employees pledged to support eligible non-profit organizations that provide health and human service benefits throughout the world. The Bankruptcy Court for the Central District of California raised a total of approximately \$40,131 for 2006 (Figure C2). Of the known percentages, there was a 50% employee participation rate in each of the Santa Ana and Northern divisions - including judges.

The Riverside division received a “Highest Percent Participation Award” at the CFC Awards Luncheon for their 100% participation in the 2006 Combined Federal Campaign.

Figure 4

United States Bankruptcy Court - Central District of California Combined Federal Campaign (CFC): 2006	
2006 CFC	Funds Raised
District Total	\$40,131
Los Angeles	\$25,000
Riverside	\$7,000
Santa Ana	\$3,821
Northern	\$2,032
San Fernando Valley	\$2,278

The Santa Ana Division reached out to the community this holiday season by donating non-perishable and miscellaneous items to the Orange County Rescue Mission. This non-profit organization is dedicated to helping men, women, and children who are homeless or on the brink of homelessness.

For the third year in a row, the Riverside Division participated in the Riverside Department of Mental Health’s Snowman Banner Charity Drive. Donations were delivered to children throughout the Riverside community struggling with either mental health issues or economic hardships.

Members of the Northern Division Clerk’s Office helped raise funds during a benefit golf tournament to assist with medical costs for local high school football player, Brad Ebner, who was seriously injured during a recent high school football game. The benefit golf tournament raised over \$16,000 for Brad’s long-term care expenses.

FINANCE

Operating Budget

Each year, the Administrative Office of the United States Courts (AO) provides the Court with budget allotments for salaries, operating expenses, and automation. These budget allotments are determined by formulas based on variables such as the number of bankruptcy filings, current authorized judgeships, judicial staffing, and Clerk’s Office staffing levels.

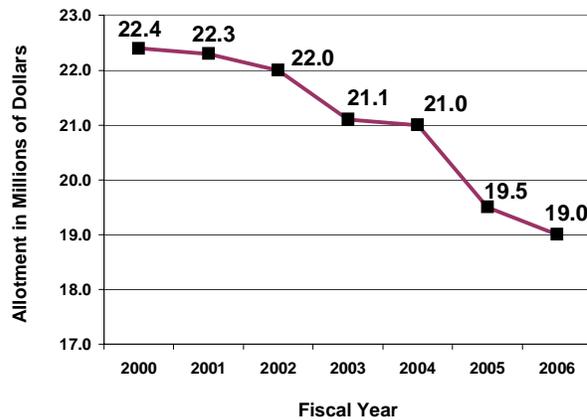
The Court’s operating budget has decreased by 15% over the past 7 years.

At the start of each fiscal year, the Court develops a spending plan to implement its operating objectives within the confines of the budget allotments. Throughout the year, the Court continually monitors expenditures, which may necessitate the reevaluation and reprioritization of scheduled projects.

From fiscal year 2000 (October 1, 1999 through September 30, 2000) through fiscal year 2006 (October 1, 2005 through September 30, 2006), the Court has received successively declining budget allotment amounts. There has been a 15% decrease in allotments provided to the Court over this period, from \$22.4 million to \$19 million.

Figure 5

United States Bankruptcy Court - Central District of California
Budget Allotments FY 2000-2006



Fiscal Utilizes Online Banking Services for Registry Accounts

Federal courts hold what are called ‘registry funds’ in an assortment of interest-bearing and non-interest bearing accounts on behalf of litigants in pending litigation. Types of funds held by a bankruptcy court might include settlement funds, unclaimed funds for persons whose whereabouts may be unknown, and fines pending appeal. These deposits are held in trust by the United States for whoever is ultimately adjudicated to be their owner.

Separate accounts were traditionally maintained for each case by the clerk’s office in ledgers captioned with the title of the case and its docket number. On October 16, 2006, the Court began using an online banking service for handling registry accounts. This new banking service is provided by Bank of America and enables the Clerk’s Office to open up new registry accounts online. Fiscal staff can also use this online service to monitor interest earned and collateral pledged for the registry accounts.

PERSONNEL

Judicial Staff

In 2006 there were 10 judges based in Los Angeles, four in Riverside, three each in Santa Ana and the San Fernando Valley, and one judge was based in the Northern Division. Each judge has a law clerk and/or a judicial assistant, and most judges have at least two externs throughout the year. In 2006, the Court had a total of 88 externs working for three to four months (the length of a semester in law school).

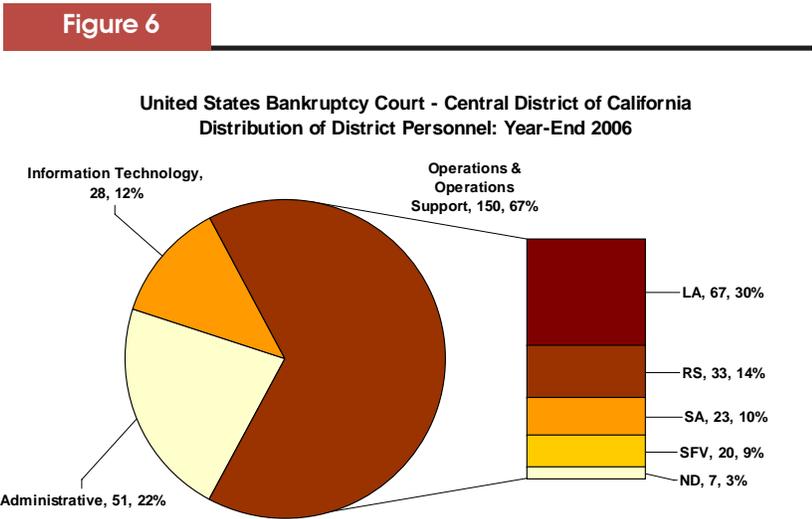
Clerk’s Office Staff

At the end of 2006, the Clerk’s Office had 231 Full-Time, Part-Time, Temporary Limited, and Temporary Indefinite employees with a Full-Time Equivalent (FTE) of 227 positions. During calendar year 2006, the Clerk’s Office had 6 promotions, 21 appointments (including 10 interns and 6 temporary employees), and 29 separations. These separations included 7 summer interns, 6 temporary staff, 10 employees who accepted early out/buy out incentives, and 6 voluntary separations. Largely due to budget cutbacks, Clerk’s Office staffing has decreased by 39% over the past five years.

Largely due to budget cutbacks, Clerk’s Office staffing has decreased by 39% over the past five years.

The majority of Clerk’s Office staff are involved in the Operations of the Court (66%). Operations includes staff whom perform Case Initiation and Courtroom Services in the five divisional offices. Another 22% of the Clerk’s staff include people who perform in an administrative capacity (Executive Office, Human Resources, Analysis & Information, Communications, Fiscal/Administrative Services, and Office Services). Finally, 12% of the staff are devoted to Information Technology.

Approximating caseload, the majority of operations staff work in Los Angeles (45%), followed by Riverside (22%), Santa Ana (15%), the San Fernando Valley (13%), and the Northern Division (5%).



Doing More with Less

Since 2001, the Bankruptcy Court for the Central District of California has endured continuous staff downsizing as a result of a contracting budget, less generous allocations in the staffing formula, a slowing in the growth of the national judiciary budget, and a decline in annual bankruptcy filings.

Involuntary separations were avoided in 2006.

In 2006, the Court was approved for early employee retirement ("early-out") and voluntary separation incentives ("buyout"). Due to employee acceptance of the "early-out" and "buyout" authorities, involuntary separations were avoided in 2006. Ten Clerk's Office staff requested and were approved to participate in the Court's early-out and buyout programs (five of each), and each received payments of up to \$25,000.

Intern Programs

Building on the success of Summer Intern Programs held in the last two years, the Clerk's Office hired ten college-level interns to work eight-week assignments during the summer months. The interns were assigned project supervisors who mentored them through their diverse programs. Working closely with members of the Court's management team, interns conducted administrative and operational studies and projects including creating and updating written policies and procedures, as well as performing research, policy and statistical analysis. The assignments of four interns were extended to the end of fiscal year, and three of them continue to work in the Court's Los Angeles and San Fernando Valley Divisions.

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(from left to right) Angie Chung, Erika Tarankow, Michelle Baca, John Czerniak, Kevin Bird, Alfredo Baluyut, Nicole Simmons, and Connie Lee.

On the heels of the Court's successful Summer Intern Program, the Clerk's Office is developing a Career Intern Program (CIP) within the Administrative Office's guidelines. This cross-functional two-year internship will provide work and developmental experiences that give participants a broad overview of the breadth, complexity, and importance of the Court's mission. Career interns will rotate through the Court's various departments during their first year. These rotations will occur in both the Administrative and Operations areas of the Clerk's Office to give the intern a holistic and comprehensive experience. During the second year of the internship, the Career interns will work in a department that is consistent with their individual career goals and the needs of the Court.

The Career Intern Program is expected to play a significant role in the Court's succession planning strategy by employing college-level interns to work on a variety of projects throughout the Clerk's Office. The Clerk's Office is developing a succession strategy in light of an aging workforce. The average employee as of year-end 2006 was 46 years old, and possesses 15 years of Federal service. More than half of the staff will be eligible for retirement over the next ten years.

Departure of Kathy J. Campbell, Chief Deputy for Administration

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Kathy Campbell

This summer the Bankruptcy Court bid an emotional farewell to one of its Chief Deputies, Kathy J. Campbell. Kathy left the Court after 13 years of dedicated service in the Northern and Los Angeles divisions. As Chief Deputy for Administration, Kathy oversaw the administrative function of the Clerk's Office, which includes Human Resources, Information Technology, Communications, Financial Services, and Office Services. The Court is in the process of recruiting a new Chief

Deputy Clerk. The Chief Deputy Clerk is an executive level management position which reports directly to the Executive Officer/Clerk. The Clerk's Office is organized into two functional areas, Operations and Administration; each of these areas is overseen by a Chief Deputy.

Former Chief Deputy Kathy J. Campbell reorganized the administrative offices to comply with the AO's requirement of separation of purchasing and payment duties.

New Web-Based Employee Recognition Program Launched

On July 24, 2006, the Clerk's Office launched ePlause, a new Web-based employee recognition program that allows for on-the-spot recognition of Clerk's Office staff members. Through ABRA, the Court's Web-based self-service Human Resources and benefits administrations software, Court staff can send colorful "e-cards" to recognize outstanding performance by another staff member.

An Employee Recognition Team (ERT) was formed to evaluate the ePlause e-cards and nominate deserving staff members to receive special awards for their noteworthy acts or services. The ERT will rotate its membership quarterly, and will include one representative each from Human Resources, Operations, and Administration, from among the Los Angeles, Riverside, San Fernando Valley, Santa Ana, and Northern divisions. The ERT will meet on a monthly bases to make recommendations, which will be based in part by the number and substance of the e-cards sent to employees. Official Employee Recognition Ceremonies will be held periodically and rotate locations throughout the divisions.

A Web-based employee recognition program was developed and an Employee Recognition Team was formed.

There are three levels of awards: Diamond, Ruby, and Sapphire - with Diamond being the highest level of recognition. Based on the merit of their contribution, the Employee Recognition Team will recommend which level of award the winners should receive. In addition to these designated award categories, the Clerk will also deliver "On-the-Spot" awards to staff at his discretion at the divisional Employee Recognition Ceremonies.

Telework Program in Second Year

In February 2005 the Court implemented a Telework Program in accordance with Pub.L. 108-199 which requires federal agencies to establish a formal telework policy. The Telework Program allows eligible employees the opportunity to perform their work duties at a location other than their official duty station. Telework provides Court employees with additional flexibility to better manage their work and personal obligations, while helping local communities through reduced traffic and air pollution. Telework will also assist the Court in addressing future budget and space limitations, and the infrastructure that the Telework Program requires supports the Court’s Continuity of Operations Plan (COOP) for maintaining essential Court functions when the use of a division is diminished due to a disaster. When employees have the capacity to telework, it is more likely that they will be able to work from home in the event of an emergency.

In June 2006, 27 employees were re-invited to participate in the Telework Program. Of these 27 employees, 9 submitted the required paperwork and were approved for teleworking. Currently, 18 employees are approved to telework. A few barriers have prevented additional employees from teleworking, such as the nature of work performed and office coverage challenges. However a recent evaluation of the program has yielded promising results, including improved morale. It is anticipated that additional positions will be added to the approved telework position list in the near future.

Teleworking supports the Court’s Continuity of Operations Plan and is believed to reduce leave usage and improve productivity, performance, and morale!

FACILITIES

Reduced Space

The Bankruptcy Court for the Central District of California now occupies more than 450,000 square feet of usable space that is leased from the General Services Administration. The table below delineates the square footage of space district-wide used for courtrooms, judges’ chambers, office space, conference and training rooms, and miscellaneous space (which includes restrooms, hallways, and storage space).

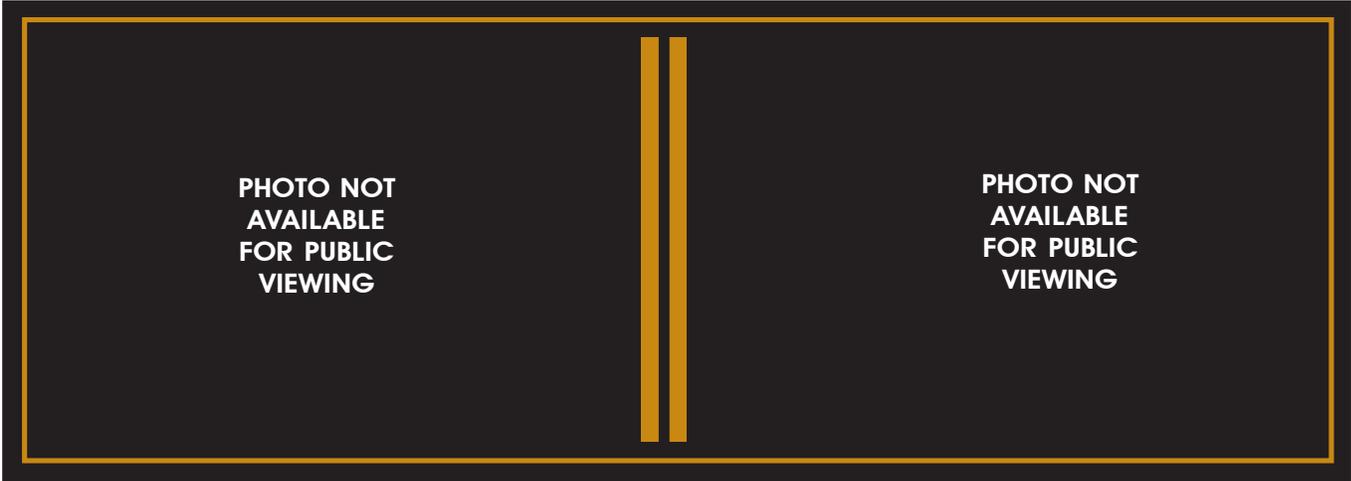
Over 30,000 square feet of space were released in 2006-early 2007, providing tremendous savings to the judiciary.

Staff from the Office Services Department, including Space Planning, relocated from the basement of the Los Angeles Federal Building to the first floor in space previously occupied by the Records Section. Because electronic case files are now considered the official file, the need for records space has been drastically reduced. Slightly more than 16,000 square feet of space have been released, providing recurring savings for the judiciary.

Figure 7

United States Bankruptcy Court - Central District of California Facilities Square Footage: 2006		
Usage Type	Usable Square Feet	Percent of Total Square Feet
Office	300,776	66.7%
Judges' Chambers	54,432	12.1%
Courtrooms	53,498	11.9%
Conference/Training	23,500	5.2%
Miscellaneous	19,015	4.2%
Total	451,221	100%

In late 2006, the Court finalized architectural plans and solicited bids for the relocation of the Los Angeles Division’s Intake section and Public Information area. Then in early 2007, Intake moved from the Federal Building to the ninth floor of the Edward R. Roybal Federal Building and Courthouse, placing it on the same floor as Courtroom Services. The move resulted in a reduction of 15,000 square feet, providing additional savings to the judiciary.



San Fernando Valley Lease

The lease for the San Fernando Valley Division expired in July 2006. In addition, ownership of the building was transferred from Carr America to Blackstone, who has provided a lease extension until November 2011. The new lease includes the possibility of a one-year renewal, extending the lease until November 2012.

Electronic Locks

Due to a significant loss of keys over the years, Office Services staff began a project to rekey locks throughout the Riverside Division and the Roybal building in 2006. The Court is in the process of moving toward key cards since they provide the additional security measure of recording who enters which parts of the building.

Improvements

The Los Angeles Division’s Judges’ chambers have had new wall coverings and carpeting installed. In 2006, new bankruptcy Judges Victoria S. Kaufman’s and Robert M. Neiter’s chambers were furnished. The relocation of Judge Albert and Judge Smith from the Los Angeles division to the Ronald Reagan Federal Building and United States Courthouse in Santa Ana was also handled in 2006.

Los Angeles and Northern Divisions Complete Archiving Projects

The Los Angeles and Northern divisions completed archiving shipments to the National Archives and Records Administration (NARA) in Perris, California during 2006. The Los Angeles Division shipped over 11,000 closed cases as well as audio courtroom tapes, CDs, and reporters’ log notes for hearings held in 2003 and 2004. The Northern Division shipped 158 bankruptcy cases and 154 adversary proceedings closed in 2005. The Northern Division also shipped 126 audio courtroom tapes and related reporters’ logs from proceedings held in 2004.

EMERGENCY PREPAREDNESS**Continuity of Operations**

In 2006 the Court finalized its Continuity of Operations Plan (COOP) for maintaining essential court functions when the use of a division is diminished due to a disaster. The plan establishes a communication and reporting hierarchy, categorizes disruption types, facilitates continuous performance of essential functions, and allows the Court to achieve a timely and orderly recovery from an emergency.

The Court finalized its Continuity of Operations Plan (COOP) for maintaining essential court functions in the event of a disaster.

The COOP coordinator attended several training classes in Los Angeles and participated in the first Federal COOP Tabletop Exercise. This exercise included earthquake scenarios designed to explain federal requirements and expectations for COOP planning. The COOP coordinator conducted a district-wide overview, and training sessions in each division. Handy business-card sized reference and quick reference guides were distributed as well.

Community Emergency Response Team Training

The Los Angeles Division sponsored a seven-week Community Emergency Response Team (CERT) training that was offered to all staff working in the Roybal building, during the spring of 2006. The training, conducted by the Los Angeles City Fire Department, presented an "all-risk, all-hazard" approach to emergency and disaster situations. Some of the covered topics included how to suppress small fires, provide basic medical aid, search and rescue victims safely, organize evacuations effectively, and also featured useful homeland defense tips.

Staff Prepared for Emergencies

The Los Angeles Division also received CPR training and automatic defibrillator (AED) training provided by the United States Marshals Service. Drills were conducted in all five divisions, and floor wardens received additional training on specific topics such as Shelter-in-Place and hostage situations.

Office Services staff performed an inventory of emergency supplies and supplemented them to include pandemic flu precautions. While there is currently no evidence of a pandemic flu virus in the United States, the Court is taking necessary actions to prepare for this type of emergency by distributing supplies such as latex gloves, hand soap, hand sanitizer, disinfectant wipes and sprays, as well as Grundig hand-cranked radios in case of an emergency.



S STATISTICS
Section IV

BANKRUPTCY FILINGS

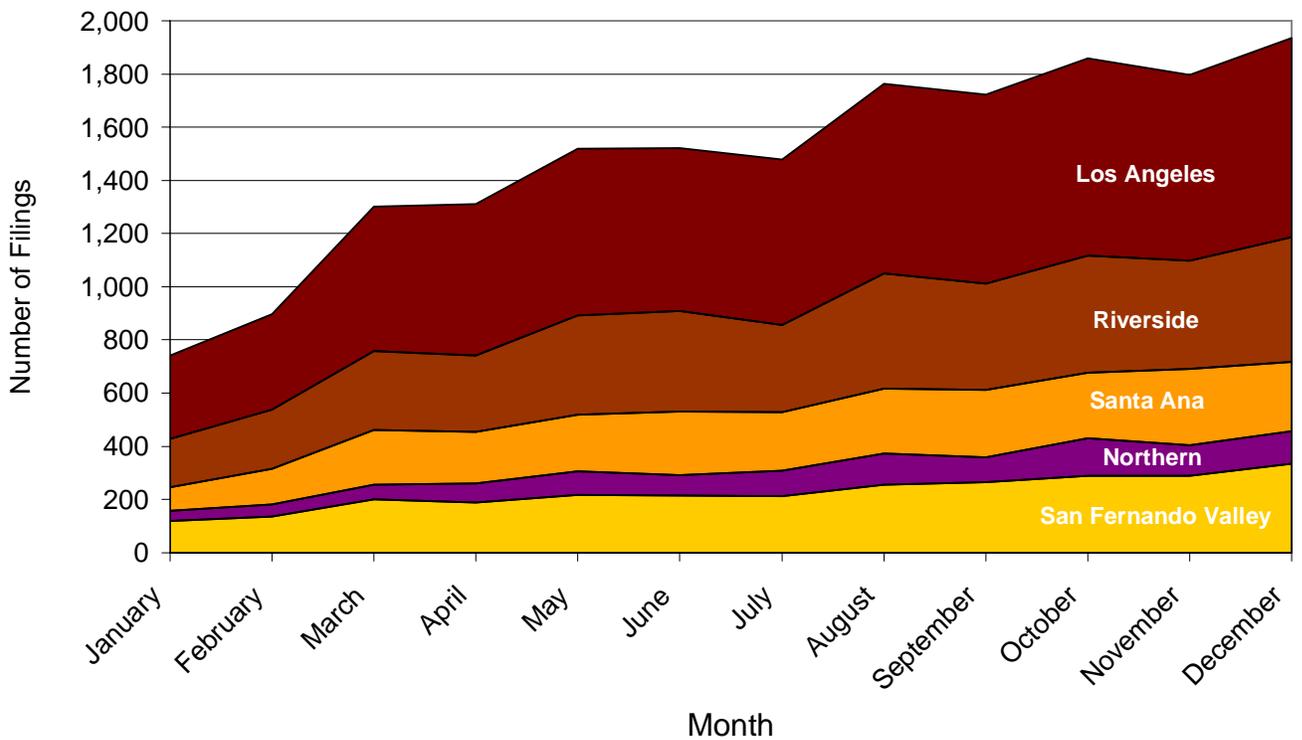
Post-BAPCPA Bankruptcy Filings Continue Steady Increase

Immediately following passage of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), there was a significant decline in bankruptcy filings. However, throughout most of 2006 the number of bankruptcy cases filed in the district steadily increased. Filings reached a plateau of about 1,500 monthly filings through the summer, but began to slowly increase again in the following months (Figure D1). Despite these increases, the December filing volume (1,939 petitions) translates into an annual rate of only about 23,000 new petitions, or 38% of what the Court received in the year 2004 - before BAPCPA was enacted.

The Clerk's Office received 17,845 bankruptcy filings in 2006, and closed more than 60,600 cases.

Figure 8

**United States Bankruptcy Court - Central District of California
Monthly Filings: 2006**



The Clerk’s Office received 17,845 filings (including reopenings) for 2006, compared to 84,244 filings for 2005, and 60,639 filings for 2004. Filings for 2006 include 14,278 chapter 7 filings, 241 chapter 11 filings, and 3,326 chapter 13 filings (Figure D2). Since the effective date of BAPCPA, chapter 13 filings constitute about 20% of the district’s total filing volume, compared to 9% pre-BAPCPA.

Figure 9

United States Bankruptcy Court - Central District of California				
Filings 2005 vs. 2006				
		2005	2006	Percent Change
Los Angeles				
	Chapter 07	37,166	6,043	-83.7%
	Chapter 11	91	97	7.7%
	Chapter 13	1,542	1,119	-27.3%
	Division Total	38,799	7,259	-81.3%
Riverside				
	Chapter 07	15,623	3,022	-80.7%
	Chapter 11	40	36	-10.0%
	Chapter 13	1,185	1,164	-1.7%
	Division Total	16,848	4,220	-74.9%
Santa Ana				
	Chapter 07	11,505	2,212	-80.8%
	Chapter 11	58	57	-1.7%
	Chapter 13	480	314	-34.2%
	Division Total	12,043	2,583	-78.5%
Northern Division				
	Chapter 07	4,571	949	-79.2%
	Chapter 11	11	10	-9.1%
	Chapter 13	163	103	-36.8%
	Division Total	4,745	1,062	-77.6%
San Fernando Valley				
	Chapter 07	11,083	2,054	-81.5%
	Chapter 11	68	41	-39.7%
	Chapter 13	658	626	-4.6%
	Division Total	11,809	2,721	-76.9%
District				
	Chapter 07	79,948	14,278	-82.1%
	Chapter 11	268	241	-9.7%
	Chapter 13	4,028	3,326	-17.3%
	District Total	84,244	17,845	-78.8%

Figure 10

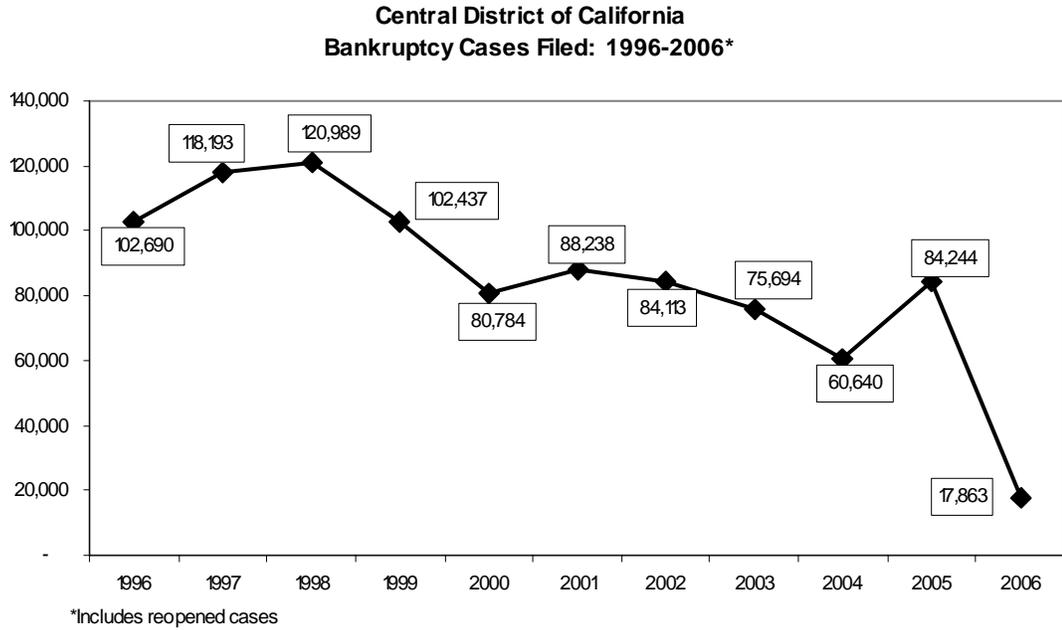


Figure 11

**United States Bankruptcy Court - Central District of California
Percent of Bankruptcy Filings by Division: 2006**

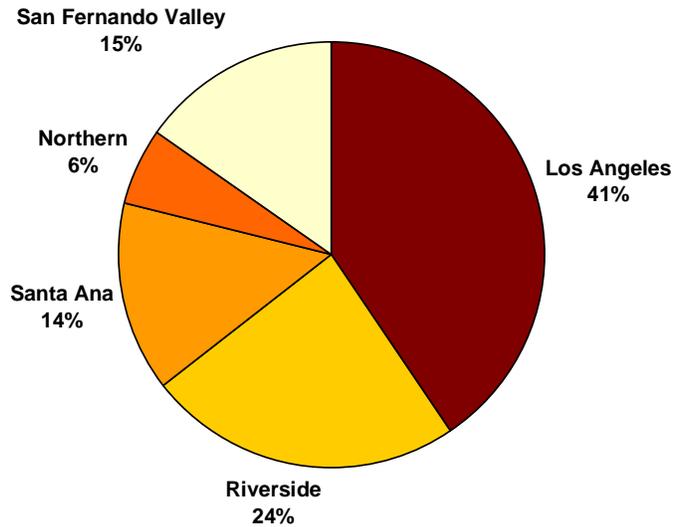


Figure 12

United States Bankruptcy Court - Central District of California Bankruptcy Filings and Percentage Change: 1980-2006*								
CENTRAL DISTRICT OF CALIFORNIA								
Year	Chapter 7	% Chg	Chapter 11	% Chg	Chapter 13	% Chg	Total	% Chg
1980	17,935	N/A	317	N/A	1,963	N/A	20,215	N/A
1981	19,145	6.7%	787	148.3%	5,723	191.5%	25,655	26.9%
1982	21,027	9.8%	2,022	156.9%	10,528	84.0%	33,577	30.9%
1983	21,831	3.8%	2,128	5.2%	11,074	5.2%	35,033	4.3%
1984	22,669	3.8%	2,003	-5.9%	10,001	-9.7%	34,673	-1.0%
1985	25,983	14.6%	1,937	-3.3%	9,018	-9.8%	36,938	6.5%
1986	34,286	32.0%	2,079	7.3%	10,452	15.9%	46,817	26.7%
1987	38,097	11.1%	1,675	-19.4%	9,903	-5.3%	49,675	6.1%
1988	39,962	4.9%	1,360	-18.8%	9,548	-3.6%	50,870	2.4%
1989	41,869	4.8%	1,394	2.5%	10,838	13.5%	54,101	6.4%
1990	47,663	13.8%	1,482	6.3%	10,345	-4.5%	59,490	10.0%
1991	64,338	35.0%	2,272	53.3%	12,355	19.4%	78,965	32.7%
1992	76,842	19.4%	2,542	11.9%	14,483	17.2%	93,867	18.9%
1993	74,864	-2.6%	2,423	-4.7%	15,353	6.0%	92,640	-1.3%
1994	65,933	-11.9%	2,057	-15.1%	16,696	8.7%	84,686	-8.6%
1995	66,276	0.5%	1,449	-29.6%	15,104	-9.5%	82,829	-2.2%
1996	83,366	25.8%	1,065	-26.5%	18,253	20.8%	102,684	24.0%
1997	96,277	15.5%	911	-14.5%	20,999	15.0%	118,187	15.1%
1998	99,461	3.3%	622	-31.7%	20,904	-0.5%	120,987	2.4%
1999	82,623	-16.9%	472	-24.1%	19,340	-7.5%	102,435	-15.3%
2000	64,183	-22.3%	573	21.4%	16,028	-17.1%	80,784	-21.1%
2001	73,179	14.0%	573	0.0%	14,482	-9.6%	88,234	9.2%
2002	69,940	-4.4%	484	-15.5%	13,686	-5.5%	84,110	-4.7%
2003	65,227	-6.7%	371	-23.3%	10,088	-26.3%	75,686	-10.0%
2004	54,892	-15.8%	302	-18.6%	5,445	-46.0%	60,639	-19.9%
2005	79,948	45.6%	268	-11.3%	4,029	-26.0%	84,245	38.9%
2006	14,278	-82.1%	241	-10.1%	3,326	-17.4%	17,845	-78.8%
LOS ANGELES DIVISION								
Year	Chapter 7	% Chg	Chapter 11	% Chg	Chapter 13	% Chg	Total	% Chg
1980	12,430	N/A	202	N/A	1,041	N/A	13,673	N/A
1981	13,055	5.0%	508	151.5%	4,162	299.8%	17,725	29.6%
1982	13,868	6.2%	1,291	154.1%	7,655	83.9%	22,814	28.7%
1983	14,825	6.9%	1,361	5.4%	8,074	5.5%	24,260	6.3%
1984	15,950	7.6%	1,309	-3.8%	7,484	-7.3%	24,743	2.0%
1985	18,051	13.2%	1,263	-3.5%	6,473	-13.5%	25,787	4.2%
1986	23,206	28.6%	1,423	12.7%	7,169	10.8%	31,798	23.3%
1987	25,599	10.3%	1,125	-20.9%	6,392	-10.8%	33,116	4.1%
1988	26,365	3.0%	886	-21.2%	5,746	-10.1%	32,997	-0.4%
1989	28,017	6.3%	870	-1.8%	5,423	-5.6%	34,310	4.0%
1990	32,306	15.3%	1,008	15.9%	5,718	5.4%	39,032	13.8%
1991	42,894	32.8%	1,586	57.3%	7,107	24.3%	51,587	32.2%
1992	47,853	11.6%	1,768	11.5%	8,678	22.1%	58,299	13.0%
1993	44,065	-7.9%	1,694	-4.2%	9,286	7.0%	55,045	-5.6%
1994	27,701	-37.1%	1,190	-29.8%	9,189	-1.0%	38,080	-30.8%
1995	26,661	-3.8%	700	-41.2%	7,485	-18.5%	34,846	-8.5%
1996	34,165	28.1%	518	-26.0%	8,989	20.1%	43,672	25.3%
1997	39,533	15.7%	498	-3.9%	10,086	12.2%	50,117	14.8%
1998	42,181	6.7%	343	-31.1%	10,721	6.3%	53,245	6.2%
1999	36,837	-12.7%	220	-35.9%	10,668	-0.5%	47,725	-10.4%
2000	28,008	-24.0%	203	-7.7%	8,306	-22.1%	36,517	-23.5%
2001	32,010	14.3%	296	45.8%	7,009	-15.6%	39,315	7.7%
2002	30,626	-4.3%	181	-38.9%	6,252	-10.8%	37,059	-5.7%
2003	28,661	-6.4%	146	-19.3%	4,380	-29.9%	33,187	-10.4%
2004	24,664	-13.9%	153	4.8%	2,204	-49.7%	27,021	-18.6%
2005	37,166	50.7%	91	-40.5%	1,542	-30.0%	38,799	43.6%
2006	6,043	-83.7%	97	6.6%	1,119	-27.4%	7,259	-81.3%

SAN FERNANDO VALLEY DIVISION (Filings prior to 1994 were included in Los Angeles Division)								
Year	Chapter 7	% Chg	Chapter 11	% Chg	Chapter 13	% Chg	Total	% Chg
1994	8,560	N/A	261	N/A	1,859	N/A	10,680	N/A
1995	8,524	-0.4%	239	-8.4%	1,794	-3.5%	10,557	-1.2%
1996	12,470	46.3%	167	-30.1%	2,836	58.1%	15,473	46.6%
1997	14,451	15.9%	131	-21.6%	3,466	22.2%	18,048	16.6%
1998	14,490	0.3%	62	-52.7%	3,531	1.9%	18,083	0.2%
1999	12,005	-17.1%	68	9.7%	3,088	-12.5%	15,161	-16.2%
2000	9,344	-22.2%	101	48.5%	2,284	-26.0%	11,729	-22.6%
2001	10,123	8.3%	76	-24.8%	2,164	-5.3%	12,363	5.4%
2002	9,652	-4.7%	68	-10.5%	2,019	-6.7%	11,739	-5.0%
2003	9,063	-6.1%	52	-23.5%	1,505	-25.5%	10,620	-9.5%
2004	7,440	-17.9%	45	-13.5%	873	-42.0%	8,358	-21.3%
2005	11,083	49.0%	68	51.1%	659	-24.5%	11,810	41.3%
2006	2,054	-81.5%	41	-39.7%	626	-5.0%	2,721	-77.0%
RIVERSIDE DIVISION								
Year	Chapter 7	% Chg	Chapter 11	% Chg	Chapter 13	% Chg	Total	% Chg
1980	2,324	N/A	25	N/A	417	N/A	2,766	N/A
1981	2,886	24.2%	91	264.0%	696	66.9%	3,673	32.8%
1982	3,370	16.8%	200	119.8%	1,354	94.5%	4,924	34.1%
1983	3,394	0.7%	202	1.0%	1,540	13.7%	5,136	4.3%
1984	3,255	-4.1%	220	8.9%	1,384	-10.1%	4,859	-5.4%
1985	3,994	22.7%	194	-11.8%	1,363	-1.5%	5,551	14.2%
1986	5,622	40.8%	194	0.0%	1,861	36.5%	7,677	38.3%
1987	6,483	15.3%	166	-14.4%	2,091	12.4%	8,740	13.8%
1988	7,403	14.2%	164	-1.2%	2,570	22.9%	10,137	16.0%
1989	7,838	5.9%	162	-1.2%	3,428	33.4%	11,428	12.7%
1990	8,017	2.3%	164	1.2%	2,908	-15.2%	11,089	-3.0%
1991	11,494	43.4%	229	39.6%	3,255	11.9%	14,978	35.1%
1992	14,715	28.0%	237	3.5%	3,613	11.0%	18,565	23.9%
1993	15,080	2.5%	213	-10.1%	3,737	3.4%	19,030	2.5%
1994	13,846	-8.2%	189	-11.3%	3,128	-16.3%	17,163	-9.8%
1995	15,015	8.4%	146	-22.8%	3,343	6.9%	18,504	7.8%
1996	18,484	23.1%	116	-20.5%	3,841	14.9%	22,441	21.3%
1997**	18,616	0.7%	77	-33.6%	4,093	6.6%	22,786	1.5%
1998**	21,761	16.9%	65	-15.6%	4,062	-0.8%	25,888	13.6%
1999	18,110	-16.8%	48	-26.2%	3,658	-9.9%	21,816	-15.7%
2000	14,933	-17.5%	93	93.8%	3,951	8.0%	18,977	-13.0%
2001	17,540	17.5%	46	-50.5%	4,080	3.3%	21,666	14.2%
2002	17,026	-2.9%	67	45.7%	4,185	2.6%	21,278	-1.8%
2003	15,445	-9.3%	64	-4.5%	3,266	-22.0%	18,775	-11.8%
2004	12,306	-20.3%	31	-51.6%	1,751	-46.4%	14,088	-25.0%
2005	15,623	27.0%	40	29.0%	1,185	-32.3%	16,848	19.6%
2006	3,020	-80.7%	36	-10.0%	1,164	-1.8%	4,220	-75.0%

SANTA ANA DIVISION								
Year	Chapter 7	% Chg	Chapter 11	% Chg	Chapter 13	% Chg	Total	% Chg
1980	3,181	N/A	90	N/A	505	N/A	3,776	N/A
1981	3,204	0.7%	188	108.9%	865	71.3%	4,257	12.7%
1982	3,789	18.3%	531	182.4%	1,519	75.6%	5,839	37.2%
1983	3,612	-4.7%	565	6.4%	1,460	-3.9%	5,637	-3.5%
1984	3,464	-4.1%	474	-16.1%	1,133	-22.4%	5,071	-10.0%
1985	3,938	13.7%	480	1.3%	1,182	4.3%	5,600	10.4%
1986	5,458	38.6%	462	-3.8%	1,422	20.3%	7,342	31.1%
1987	6,015	10.2%	384	-16.9%	1,420	-0.1%	7,819	6.5%
1988	6,194	3.0%	310	-19.3%	1,232	-13.2%	7,736	-1.1%
1989	6,014	-2.9%	362	16.8%	1,987	61.3%	8,363	8.1%
1990	7,340	22.0%	310	-14.4%	1,719	-13.5%	9,369	12.0%
1991	9,950	35.6%	457	47.4%	1,993	15.9%	12,400	32.4%
1992	12,095	21.6%	416	-9.0%	1,841	-7.6%	14,352	15.7%
1993	11,933	-1.3%	394	-5.3%	1,764	-4.2%	14,091	-1.8%
1994	10,929	-8.4%	301	-23.6%	1,945	10.3%	13,175	-6.5%
1995	11,149	2.0%	285	-5.3%	1,933	-0.6%	13,367	1.5%
1996	13,361	19.8%	217	-23.9%	2,036	5.3%	15,614	16.8%
1997**	17,839	33.5%	171	-21.2%	2,647	30.0%	20,657	32.3%
1998**	15,548	-12.8%	124	-27.5%	1,936	-26.9%	17,608	-14.8%
1999	11,449	-26.4%	119	-4.0%	1,405	-27.4%	12,973	-26.3%
2000	8,599	-24.9%	150	26.1%	1,094	-22.1%	9,843	-24.1%
2001	9,736	13.2%	118	-21.3%	899	-17.8%	10,753	9.2%
2002	9,092	-6.6%	141	19.5%	924	2.8%	10,157	-5.5%
2003	8,780	-3.4%	77	-45.4%	714	-22.7%	9,571	-5.8%
2004	7,434	-15.3%	53	-31.2%	443	-38.0%	7,930	-17.1%
2005	11,505	54.8%	58	9.4%	480	8.4%	12,043	51.9%
2006	2,212	-80.8%	57	-1.7%	314	-34.6%	2,583	-78.6%
NORTHERN DIVISION (Filings prior to 1992 were included in Los Angeles Division)								
Year	Ch 7	% Chg	Ch 11	% Chg	Ch 13	% Chg	Total	% Chg
1992	2,179	N/A	121	N/A	351	N/A	2,651	N/A
1993	3,786	73.7%	122	0.8%	566	61.3%	4,474	68.8%
1994	4,897	29.3%	116	-4.9%	575	1.6%	5,588	24.9%
1995	4,927	0.6%	79	-31.9%	549	-4.5%	5,555	-0.6%
1996	4,886	-0.8%	47	-40.5%	551	0.4%	5,484	-1.3%
1997	5,838	19.5%	34	-27.7%	707	28.3%	6,579	20.0%
1998	5,481	-6.1%	28	-17.6%	654	-7.5%	6,163	-6.3%
1999	4,222	-23.0%	17	-39.3%	521	-20.3%	4,760	-22.8%
2000	3,299	-21.9%	26	52.9%	393	-24.6%	3,718	-21.9%
2001	3,770	14.3%	37	42.3%	330	-16.0%	4,137	11.3%
2002	3,544	-6.0%	27	-27.0%	306	-7.3%	3,877	-6.3%
2003	3,278	-7.5%	32	18.5%	223	-27.1%	3,533	-8.9%
2004	3,048	-7.0%	20	-37.5%	174	-22.0%	3,242	-8.2%
2005	4,571	50.0%	11	-45.0%	163	-6.3%	4,745	46.4%
2006	949	-79.2%	10	-10.0%	103	-36.8%	1,062	-77.6%

*Does not include Chapter 9 or Chapter 12 filings.

**In March 1997, 12 zip codes were reassigned from the Riverside Division to the Santa Ana Division. In April 1998, those 12 zip codes were returned to the Riverside Division.

Decrease in Petitions Filed *Pro Se*

The percentage of cases that were filed *pro se* (i.e., without attorney representation) in the Central District of California Bankruptcy Court was 20%, down significantly from 27% in 2005. From 1995 through 2006, an average of 30% of chapter 7 and 27% of chapter 13 petitions were filed *pro se*. The percentage of chapter 7 cases filed *pro se* was 19% in 2006 - a historic low (Figure D6). However the percentage of chapter 13 petitions that were filed *pro se* in 2006 was consistent with the previous ten years.

Figure 13

Estimated Percentage of <i>Pro Se</i> Filings			
District-Wide 1995-2006			
United States Bankruptcy Court - Central District of California			
Year	Chapter 7	Chapter 13	Total
1995	36%	35%	36%
1996	35%	38%	36%
1997	37%	37%	37%
1998	32%	32%	32%
1999	33%	29%	31%
2000	27%	19%	24%
2001	29%	24%	28%
2002	28%	22%	27%
2003	27%	22%	26%
2004	26%	22%	26%
2005	28%	19%	27%
2006	19%	28%	20%
Average	30%	27%	29%

Figure 14

United States Bankruptcy Court - Central District of California					
Comparison of Adversary Proceedings Filed and Closed: 2002-2006					
Year	Filed	% chg	Closed	% chg	Ratio (Closings/Filings)
DISTRICT					
2002	5,776	44.5%	4,821	7.5%	0.83
2003	6,154	6.5%	5,129	6.4%	0.83
2004	4,739	-23.0%	5,670	10.5%	1.20
2005	3,807	-19.7%	3,855	-32.0%	1.01
2006	1,547	-59.4%	980	-74.6%	0.63
LOS ANGELES DIVISION					
2002	2,245	28.0%	2,131	4.3%	0.95
2003	1,987	-11.5%	1,957	-8.2%	0.98
2004	1,949	-1.9%	1,860	-5.0%	0.95
2005	1,806	-7.3%	1,496	-19.6%	0.83
2006	670	-62.9%	459	-69.3%	0.69
RIVERSIDE DIVISION					
2002	700	13.3%	607	-6.9%	0.87
2003	1,317	88.1%	821	35.3%	0.62
2004	1,266	-3.9%	1,478	80.0%	1.17
2005	519	-59.0%	745	-49.6%	1.44
2006	175	-66.3%	125	-83.2%	0.71
SANTA ANA DIVISION					
2002	1,222	70.0%	968	15.7%	0.79
2003	2,015	64.9%	1,216	25.6%	0.60
2004	823	-59.2%	1,444	18.8%	1.75
2005	691	-16.0%	987	-31.6%	1.43
2006	436	-36.9%	176	-82.2%	0.40
NORTHERN DIVISION					
2002	304	90.0%	157	4.0%	0.52
2003	332	9.2%	234	49.0%	0.70
2004	162	-51.2%	312	33.3%	1.93
2005	157	-3.1%	145	-53.5%	0.92
2006	51	-67.5%	61	-57.9%	1.20
SAN FERNANDO VALLEY DIVISION					
2002	1,305	75.2%	958	19.8%	0.73
2003	503	-61.5%	901	-5.9%	1.79
2004	539	7.2%	576	-36.1%	1.07
2005	634	17.6%	482	-16.3%	0.76
2006	215	-66.1%	159	-67.0%	0.74

MOTIONS FOR RELIEF FROM STAY

A total of 5,145 motions for relief from automatic stay were filed in the Central District of California Bankruptcy Court in 2006. This represents the fourth consecutive year filings of this type of motion have declined (the peak was in 2003, when 14,270 were filed). This downturn can be attributed to several factors including the decrease in chapter 13 filings, which historically had more of these motions than other chapters, the drop in debtors filing bankruptcy cases for the primary purpose of obtaining an automatic stay rather than receiving an order of discharge, enforcement of a local law which enables an eviction to proceed despite a bankruptcy filing, and the Clerk’s Office’s prompt dismissal of incomplete petitions.

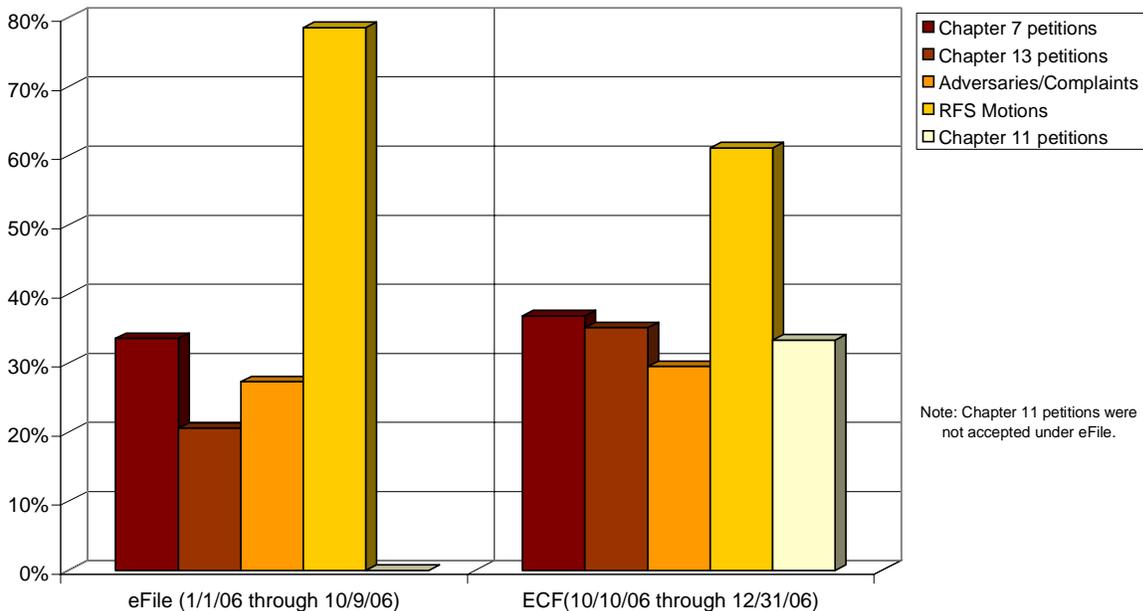
ELECTRONIC FILINGS

The Court’s locally developed *eFile* system was an innovative means of allowing attorneys to file Complaints, Relief from Stay Motions, chapter 7 and chapter 13 petitions electronically. During most of 2006, roughly one-third of all chapter 7 and one-fifth of all chapter 13 petitions were filed electronically via *eFile*. More than one-quarter of all adversaries and complaints and three-quarters of all motions for relief from stay were filed using *eFile*.

EFile was discontinued when Central District of California’s Bankruptcy Court upgraded to the nationally supported case management and electronic filing system, CM/ECF 3.1 on October 10, 2006. ECF accepted more than one third of all petitions filed between October 10 and December 31, nearly 30% of all adversaries and complaints, and more than 60% of all relief from stay motions.

Figure 15

United States Bankruptcy Court - Central District of California
Percentage Filed Electronically, 2006



PROGRAM INDICATORS

BAPCPA Impacts Court's Bankruptcy Program Indicators Ranking

The Central District of California Bankruptcy Court recorded a high level of operating performance during 2006, according to the Bankruptcy Program Indicators. Published by the Administrative Office, the Bankruptcy Program Indicators measure the performance of all bankruptcy courts in key areas of case processing. For the 12-month period ending March 31, 2006 (the last period available), the Court exceeded the national median in 10 of the 16 performance measures, and rank

The Court was ranked first in disposition time of chapter 13 cases, according to the Bankruptcy Program Indicators ending mid-year 2006.

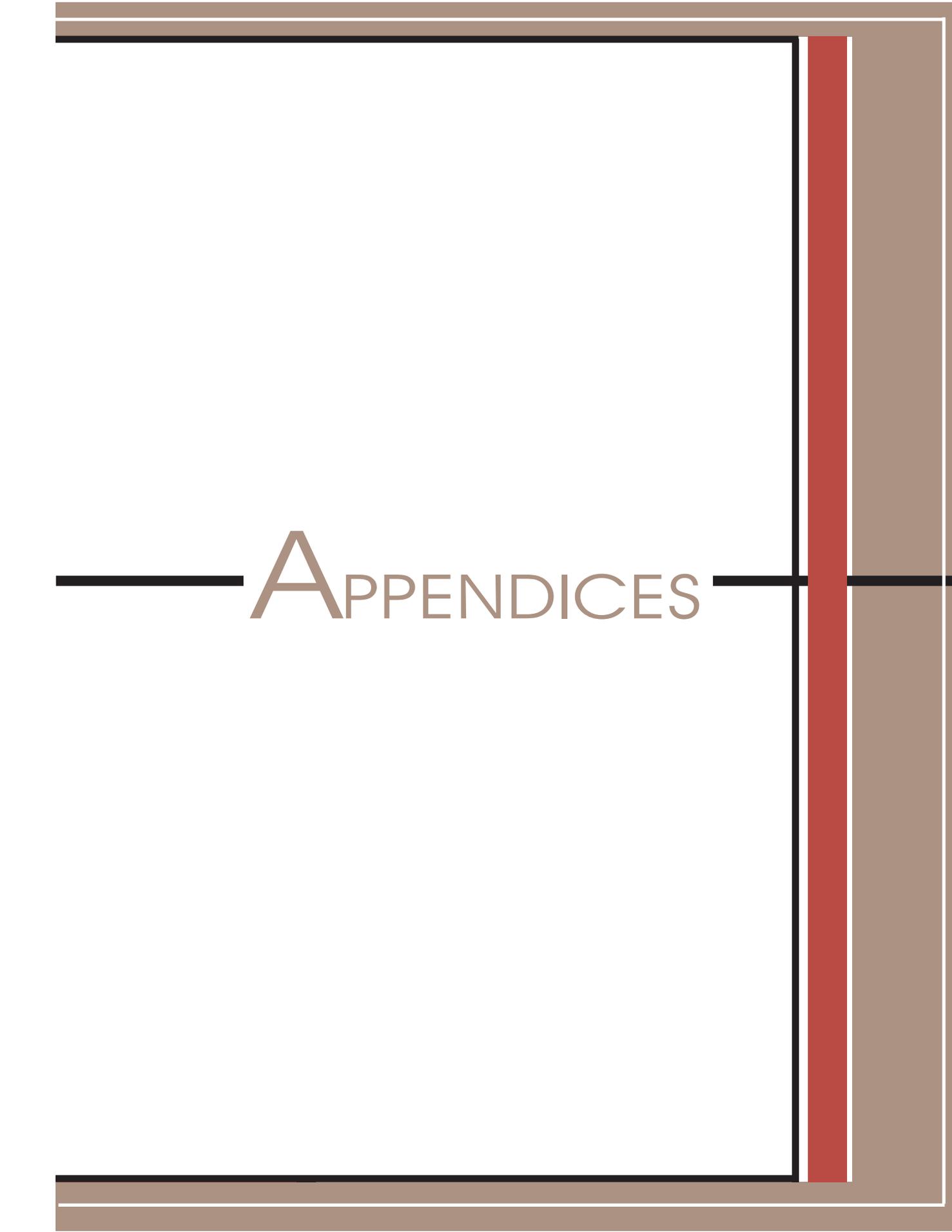
Figure 16

Bankruptcy Program Indicators 12-Months Ending March 31, 2006			
Chapter 7 Cases	National Median	CAC National Rank	CAC Performance
Median Disposition Time	115.4 days	59	117.7 days
% Open After 6 Months	13.8%	5	6.6%
% Open After 12 Months	7.9%	9	4.0%
% Open After 36 Months	1.6%	7	0.7%
Average Pending Age	12.8 mos	12	9.7 mos
Overall Chapter 7 Rank		13	
Chapter 13 Cases			
Median Disposition Time	36.9 mos	1	6.1 mos
% Open After 6 Months	89.7%	1	46.0%
% Open After 12 Months	40.3%	1	12.8%
% Open After 36 Months	1.2%	23	0.5%
Average Pending Age	23.1 mos	51	23.6 mos
Overall Chapter 13 Rank		5	
Chapter 11 Cases			
% Open After 48 Months	23.5%	60	27.6%
Average Pending Age	27.9 mos	53	31.4 mos
Overall Chapter 11 Rank		59	
Adversary Proceedings			
Dischargeability			
Median Disposition Time	5.3 mos	38	4.9 mos
Average Pending Age	8.3 mos	50	8.9 mos
Other than Dischargeability			
Median Disp. Time	6.8 mos	70	9.1 mos
Average Pending Age	13.8 mos	44	13.1 mos
Overall Adversary Proceeding Rank		52	
OVERALL NATIONAL RANK		10	

Figure 17

Central District of California				
Ratio of Bankruptcy Filings to Closings: 2006				
		Filings*	Closings	Ratio (Filings / Closings)
Los Angeles				
	Chapter 07	5,852	27,181	0.22
	Chapter 11	93	74	1.26
	Chapter 13	1,110	1,890	0.59
	Division Total	7,055	29,145	0.24
Riverside				
	Chapter 07	2,888	9,869	0.29
	Chapter 11	35	27	1.30
	Chapter 13	1,160	1,549	0.75
	Division Total	4,083	11,445	0.36
Santa Ana				
	Chapter 07	2,127	8,134	0.26
	Chapter 11	55	68	0.81
	Chapter 13	313	493	0.63
	Division Total	2,495	8,695	0.29
Northern Division				
	Chapter 07	906	3662	0.25
	Chapter 11	10	15	0.67
	Chapter 13	103	126	0.82
	Division Total	1,019	3,803	0.27
San Fernando Valley				
	Chapter 07	1,945	6,712	0.29
	Chapter 11	40	20	2.00
	Chapter 13	623	783	0.80
	Division Total	2,608	7,515	0.35
District				
	Chapter 07	13,718	55,558	0.25
	Chapter 11	233	204	1.14
	Chapter 13	3,309	4,841	0.68
	District Total	17,260	60,603	0.28

* Does not include reopened cases (585) or chapter 12 cases commenced (3) or closed (2).



APPENDICES

COURT PROFILE

The Central District of California is the largest bankruptcy court in the United States. The Central District covers approximately 40,000 square miles from the Central Coast of California eastward to the Nevada and Arizona borders. The Court has jurisdiction over the seven counties of Los Angeles, Orange, Riverside, San Bernadino, Santa Barbara, Ventura, and San Luis Obispo. District courthouses are located in downtown Los Angeles, Riverside, Santa Ana, Santa Barbara, and Woodland Hills.

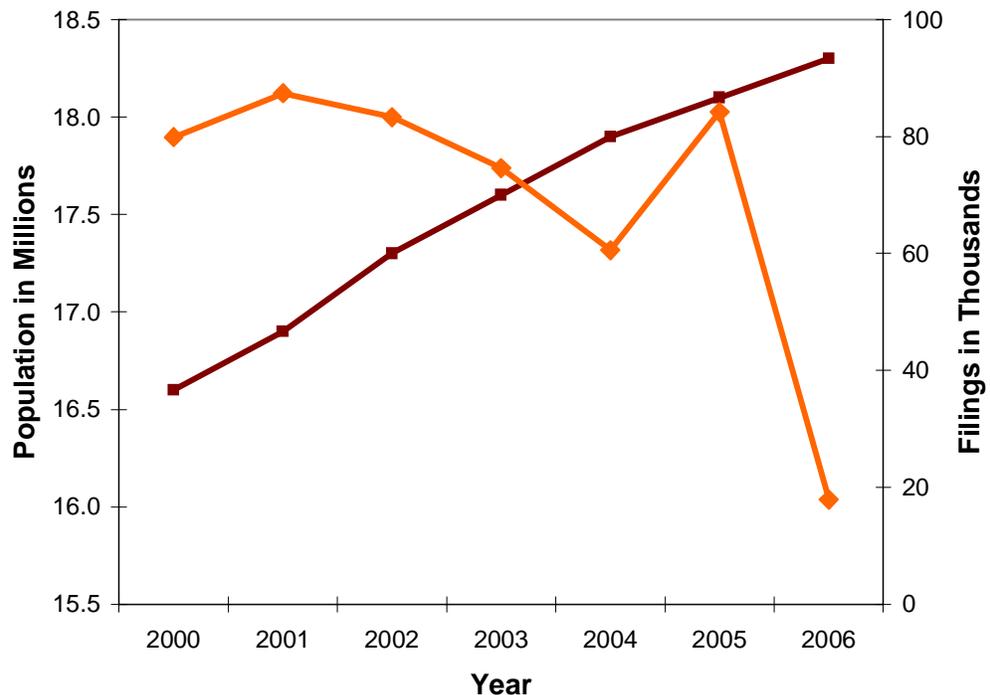
The Central District is part of the Ninth Circuit, which encompasses the Federal Courts of nine states (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington), the Territory of Guam, and the Commonwealth of the Northern Mariana Islands. The Ninth Circuit is the largest of the 12 Federal Circuits in size, population, number of Federal Judges, and volume of litigation. It includes 15 Federal District Courts, 13 Bankruptcy Courts, a Court of Appeals, and a Bankruptcy Appellate Panel.

According to the Demographic Research Unit of the California Department of Finance, approximately half of California's population of 37.1 million lives in the Central District of California (18.1 million). The Central District is home to Los Angeles County, the most populous county in the nation, which accounts for over 27% of the state's population.

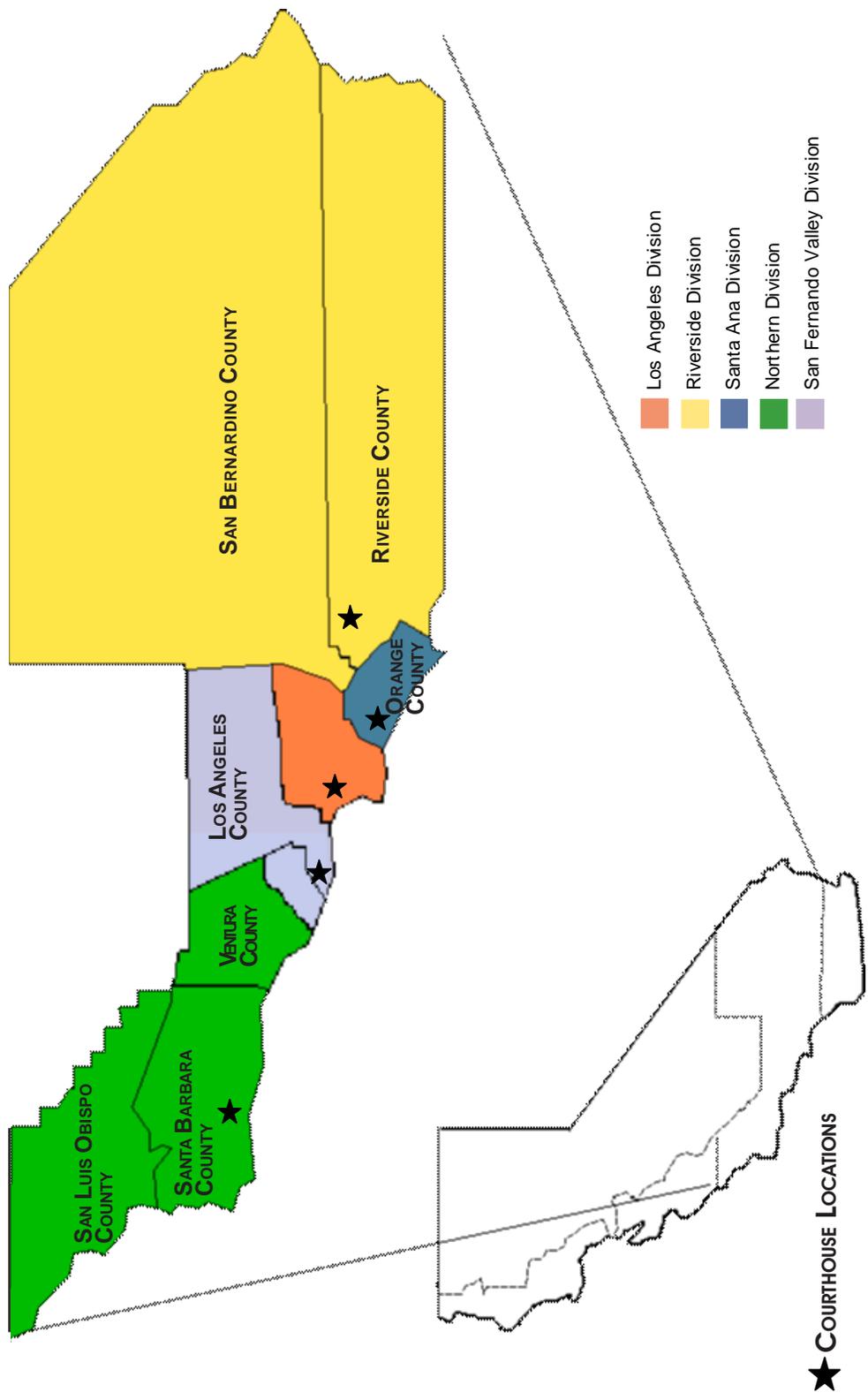
The figure below details changes in population for the Central District of California from 2000 to 2006 compared to the number of bankruptcy cases filed for the same period.

Figure 18

**United States Bankruptcy Court - Central District of California
District Population compared to
District Bankruptcy Filings: 2000-2006**



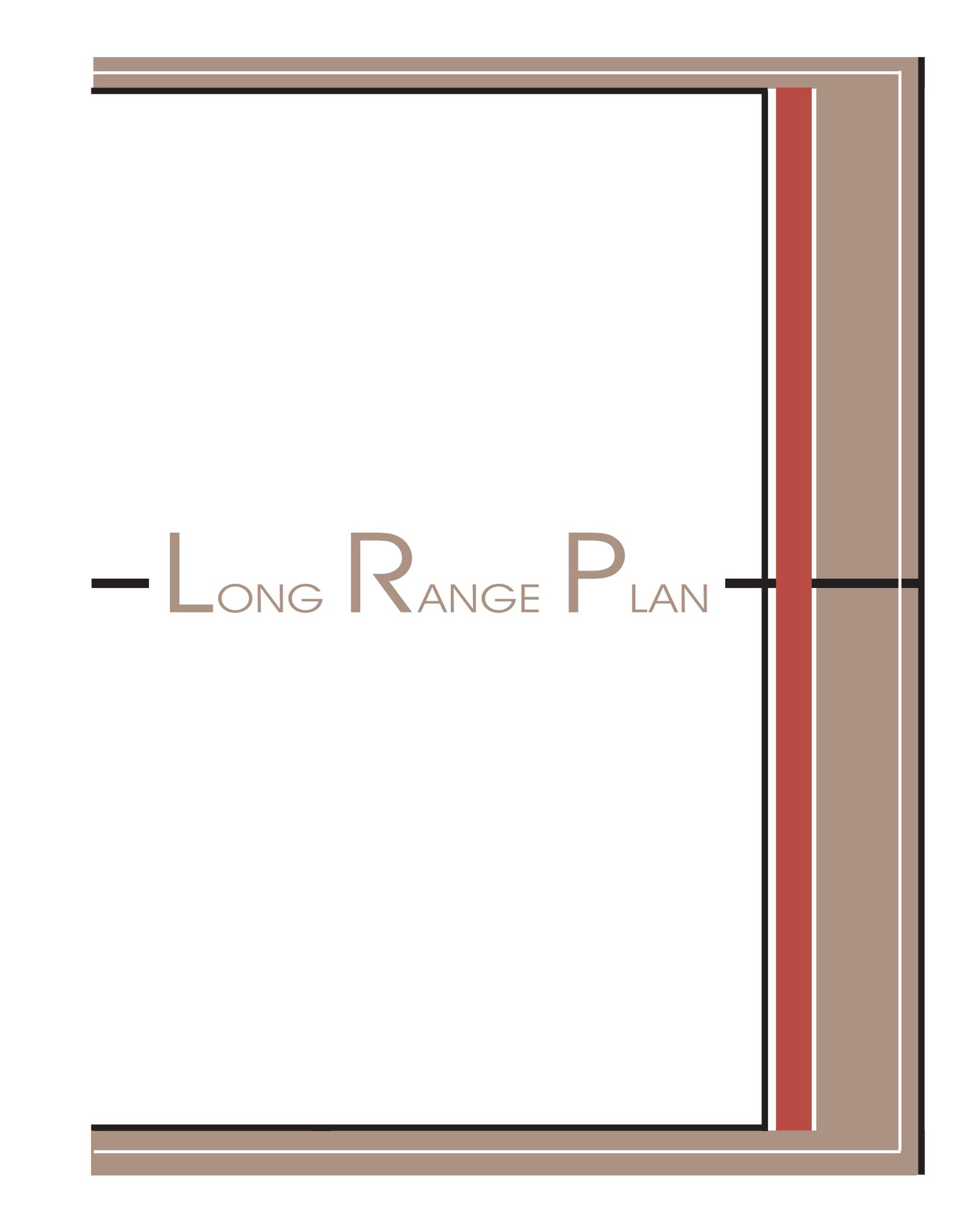
UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA



A Brief History of the Bankruptcy Court in California

The first system of federal courts west of the Rocky Mountains was created with the establishment of the Ninth Circuit in 1848. Some other milestones are listed below.

- 1850 The State of California was admitted to the Union.
- 1850 The Southern and Northern Districts of California were created.
- 1898 The Bankruptcy Act of 1898 gave district courts exclusive jurisdiction over bankruptcies.
- 1900 Congress divides Southern District of California into two divisions: Northern Division, meeting in Fresno, and the Southern Division, meeting in Los Angeles and comprised of the counties of San Luis Obispo, Santa Barbara, Ventura, San Bernardino, Los Angeles, Riverside, Orange, Imperial, and San Diego.
- 1929 Congress adds a third division to Southern District. The designation of Los Angeles was changed from Southern to Central Division, and the San Diego court is designated the new Southern Division of the Southern District.
- 1957 A divisional bankruptcy office was opened in San Bernardino.
- 1959 A divisional bankruptcy office was opened in Santa Ana.
- 1966 California was divided into four judicial districts: the Central Division in Los Angeles becomes the Central District; the Southern Division in San Diego becomes the Southern District; the Northern Division in Fresno become the Eastern District; and the Northern District remains in San Francisco.
- 1978 The Bankruptcy Reform Act of 1978 passed by Congress.
- 1984 The Bankruptcy Amendments and Federal Judgeship Act becomes law.
- 1986 Bankruptcy Judges, United States Trustees, and Family Farmer Act passed.
- 1992 Congress passes act establishing three divisions in the Central District of California.
- 1992 A divisional bankruptcy office was opened in Santa Barbara.
- 1992 The Los Angeles Division begins moving into the newly constructed Roybal Federal Building and Courthouse.
- 1994 Bankruptcy Reform Act of 1994 enacted.
- 1996 A divisional bankruptcy office was opened in the San Fernando Valley.
- 1997 The San Bernardino Division becomes the Riverside Division by relocating to a new courthouse in that city.
- 1999 The Santa Ana Division relocates to the new Ronald Reagan Federal Building and United States Courthouse.
- 2002 Court launches eFile, its new electronic filing system, and begins pilot program accepting electronically submitted Motions for Relief from the Automatic Stay.
- 2003 eFile system is expanded to accept Motions for Relief from the Automatic Stay for all judges, complaints, and chapter 7 petitions. Court's CIAO! system, which is integrated with eFile, is implemented district-wide.
- 2004 Chapter 13 eFile, National Version of CIAO!
- 2005 Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 enacted. Conversion from NIBS to CM.
- 2006 Court implements ECF, discontinues *eFile*.

The image shows a large, empty rectangular frame defined by a thick black border. On the right side of the frame, there is a vertical red line. The text 'LONG RANGE PLAN' is centered horizontally within the frame. The text is in a serif font, with 'LONG' and 'PLAN' in a smaller size than 'RANGE'. There are short horizontal black lines extending from the left and right sides of the text.

— LONG RANGE PLAN —

DOING MORE WITH LESS: THE 2006-2016 LONG RANGE PLAN
UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA

Strategic Issues and Objectives

Accomplishments

Case Management

- | | |
|---|--|
| 1. Expand site-based <i>pro bono</i> assistance program. | A. <i>A task force was formed to explore the possibility of establishing self-help centers in each division.</i> |
| 2. Encourage increased use of telephonic and video appearances where appropriate. | |
| 3. Encourage judges to serve in a different division at least once a year. | |
| 4. Facilitate the judges' ability to prepare more orders. | A. <i>CIAO! was upgraded to increase functionality with respect to preparing Relief from Stay orders.</i> |
| 5. Reduce Clerk's Office labor component for all case processing and case management functions. | A. <i>Scanners were upgraded to improve efficiency of transition to CM/ECF 3.1</i>
B. <i>Intake procedures were revised to improve processing of incoming documents.</i>
C. <i>Courtroom Services workstations were upgraded to be more ergonomic and reduce employee fatigue.</i> |
| 6. Standardize docket entries. | A. <i>New procedures were developed to standardize docket entries.</i> |
| 7. Explore the ability to process documents while working at an alternate work location. | |
| 8. Facilitate, as appropriate, the administration of small cases. | |

DOING MORE WITH LESS: THE 2006-2016 LONG RANGE PLAN
 UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA

Strategic Issues and Objectives

Accomplishments

Community Outreach

1. Expand relations with minority bar associations.	A. <i>The Diversity Outreach Task Force was formed.</i>
2. Obtain funding for foreign language interpretation and translation services.	
3. Encourage effective cross-cultural communication in the courtroom.	
4. Create bankruptcy education programs.	A. <i>The Credit Education Task Force advocated for public education programs.</i>
5. Create pamphlets in Spanish available for the public on the nature of chapters 7, 11, and 13.	A. <i>This information is maintained on J-Net.</i>
6. Review all information available to the public and revise it to accord with changes in the law.	A. <i>Deficiency notices, forms, templates, and petition packages have been updated to reflect BAPCPA requirements.</i>
7. Provide public education on issues such as separation of powers, judicial independence, rule of law, and stare decisis.	
8. Update the Web site periodically to keep it current and user-friendly.	A. <i>The Web site was overhauled to be more user-friendly; in addition it is updated regularly to reflect local rules, notices, etc.</i>
9. Encourage legal assistance from <i>pro bono</i> attorneys for parties who cannot afford an attorney.	A. <i>Judges continued to participate with pro bono programs throughout the district.</i>
10. Make electronic filing more accessible to the public.	A. <i>ECF became available to high-filing attorneys.</i> B. <i>ECF training sessions offered to all.</i>
11. Publicize appropriate means to communicate suggestions for Court rules and procedures.	A. <i>The Court routinely issues public notices soliciting comments on revised General Orders and plans to conform with BAPCPA.</i>

DOING MORE WITH LESS: THE 2006-2016 LONG RANGE PLAN
 UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA

Strategic Issues and Objectives

Accomplishments

Facilities and Security

1. Review divisional organization of the Court.	A. <i>The organization of the Court is routinely reviewed.</i>
2. Create a plan for Court operation in the event of a natural disaster or other catastrophe that affects all or substantially all of the district.	A. <i>The Continuity of Operations Plan (COOP) was created, personnel were trained, and reference materials were distributed.</i>
3. Determine the amount of space used by the Court that is necessary to serve the public.	A. <i>The Court considers space needs when leases expire. For example, intake was relocated to the Roybal building to so that space in the Federal Building can be relinquished.</i> B. <i>Space previously used for Office Services was surrendered.</i>
4. Establish a "virtual" courtroom system.	
5. Establish or create technology to enable litigants to appear from wherever they are.	
6. Validate efficacy of Continuity of Operations Plan (COOP) on a continuing basis.	A. <i>Staff participated in a COOP "tabletop exercise" sponsored by FEMA.</i>
7. Explore providing space in the courthouses for providing pro bono legal assistance.	<i>See Case Management Goal #1</i>
8. Make electronic locks and access to doors, elevators, and locations more universal, and limit physical keys and cipher locks.	A. <i>Many physical keys and locks have been converted to electronic locks.</i>

DOING MORE WITH LESS: THE 2006-2016 LONG RANGE PLAN
 UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA

Strategic Issues and Objectives

Accomplishments

Human Resources

1. Evaluate and modify, if necessary, the use of the telework program.	A. <i>The telework program was evaluated in 2005 and is being expanded to include new positions.</i>
2. Ensure a smooth transition as senior staff members retire.	A. <i>Staff are cross-trained whenever possible.</i> B. <i>A demographic study was conducted to prepare management for future retirements.</i>
3. Recruit and retain a workforce consistent with the Court's technology.	A. <i>A career internship program is being developed.</i>
4. Enhance training for all staff.	A. <i>Judicial Online University was made available to all employees.</i> B. <i>The second annual district-wide Fall Education Seminar was held.</i> C. <i>The Court participated in a pilot e-learning program.</i>
5. Develop a new employee recognition program consistent with national guidelines.	A. <i>The Court launched ePlause, a Web-based employee recognition program.</i> B. <i>An Employee Recognition Team (with rotating membership) was created.</i>
6. Establish a mechanism for line staff to provide feedback to management staff.	
7. Explore alternative work schedules for staff.	A. <i>Telework is one example of an alternative work schedule.</i>
8. Implement digital time card and leave tracking/management systems.	A. <i>A digital time card system is being developed.</i>

DOING MORE WITH LESS: THE 2006-2016 LONG RANGE PLAN
 UNITED STATES BANKRUPTCY COURT - CENTRAL DISTRICT OF CALIFORNIA

Strategic Issues and Objectives

Accomplishments

Information Management

1. Expand CM/ECF to all constituents.	A. <i>Conducted trainings for staff as well as attorneys, US Trustees, panel and standing trustees, and other major creditors.</i>
2. Reduce paper/printer costs.	A. <i>Created automated record-keeping for sanctions and fines.</i> B. <i>Adopted an electronic registry system.</i>
3. Enable <i>pro se</i> e-filing safely and in accordance with applicable laws.	
4. Educate other bankruptcy courts regarding the benefits and advantages of CIAO! and other software developed by the Court.	A. <i>Demonstrations of our locally developed software have been performed for other Courts.</i>
5. Provide computer terminals in Clerk's offices for <i>pro se</i> litigants to use for filing court documents electronically.	
6. Enable e-filing of proofs of claim by high volume claim filers such as the Internal Revenue Service.	A. <i>Registered filers can now e-file proofs of claim via ECF.</i>
7. Modify CIAO! So tentative rulings are easily included in the docket as findings of fact and conclusions of law in support of court rulings.	
8. Implement digital time card and leave tracking/management systems.	<i>See Human Resources Goal #8</i>

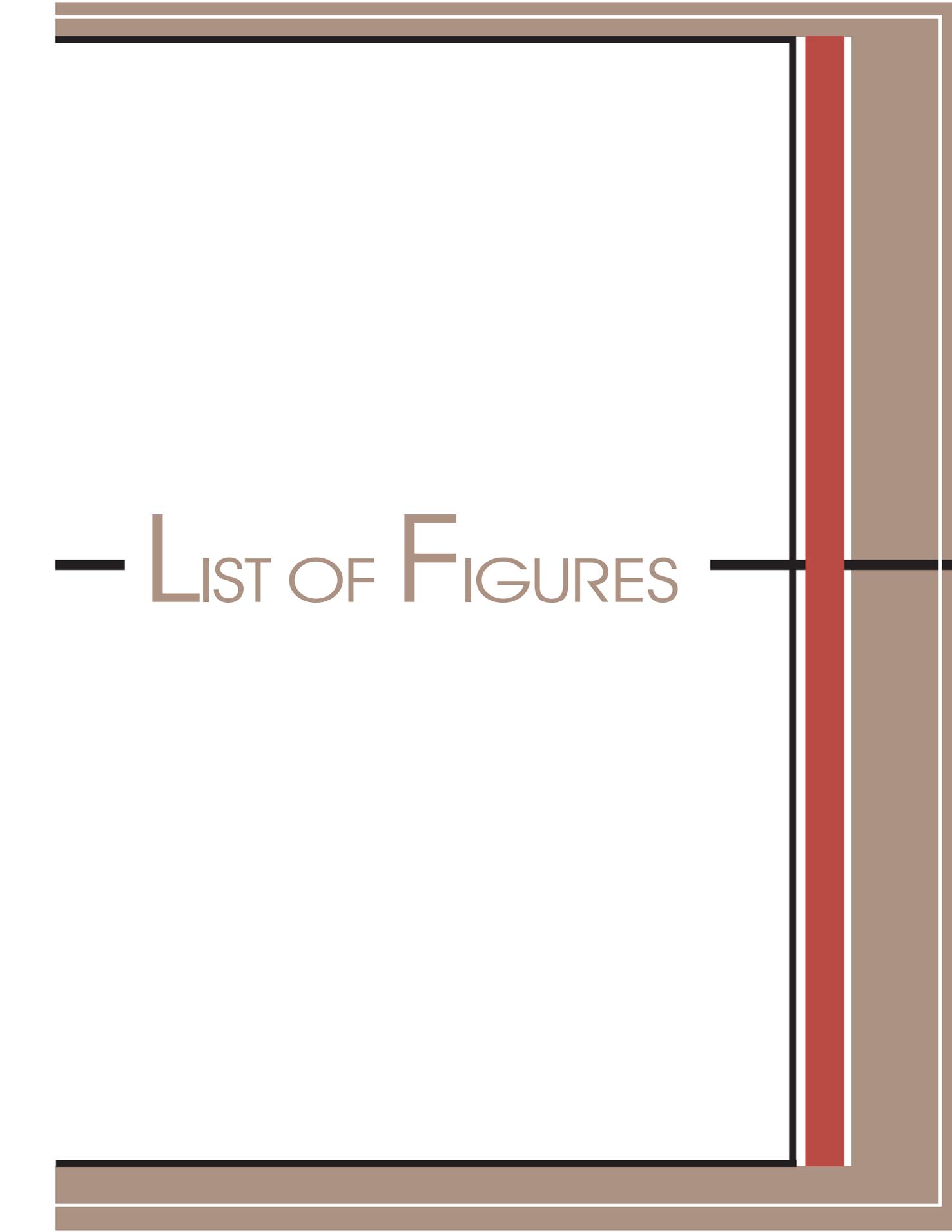
Aspirational Goals

Leadership

- | | |
|---|---|
| 1. Enhance leadership skills throughout the Court. | A. <i>The Supervisor Development Program is aimed in part at enhancing leadership skills.</i>
B. <i>Seminars for supervisors and executive staff are held bimonthly.</i> |
| 2. Increase effectiveness of the Court's communication and working relationships with other Federal courts, agencies, and Congress. | A. <i>The Court works closely with the Office of US Trustees, IRS, US Attorneys, US Marshals, FEMA, and other agencies.</i> |
| 3. Improve communication and relations with state courts and legislative branches. | |
| 4. Initiate and formalize cooperative efforts with professional organizations and groups. | A. <i>The Court works closely with local bar associations including the Los Angeles County Bar.</i> |

Ethics and Standards of Conduct

- | | |
|---|---|
| 1. Provide an impartial Court environment to all users. | A. <i>Equipment is available to enable speech and/or hearing-impaired individuals to participate in hearings.</i>
B. <i>Pro Bono programs are available to support pro se debtors.</i>
C. <i>The majority of courthouses are wheelchair accessible.</i> |
| 2. Foster a workplace free of bias. | A. <i>Grievance procedures and Employee Dispute Resolution training was offered to Executive and Supervisory staff.</i> |
| 3. Foster civility within the courtroom environment. | |
| 4. Promote professional courtesy among attorneys. | |



— LIST OF FIGURES —

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For additional information regarding this report or the Bankruptcy Court for the Central District of California, you may contact the Clerk's Office at the locations below.



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(213) 894-3118

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Jon D. Ceretto, Executive Officer/Clerk
Michael E. Rotberg, Chief Deputy
Edward R. Roybal Federal Building & Courthouse
255 East Temple Street
Los Angeles, CA 90012

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Santa Ana Division
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Santa Ana, CA 92701

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Riverside Division
3420 Twelfth Street
Riverside, CA 92501

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San Fernando Valley Division
21041 Burbank Boulevard
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Northern Division
1415 State Street
Santa Barbara, CA 93101

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