

Bankruptcy Filings Drop 4 Percent

QUARTERLY REPORT

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Bankruptcies filed across all categories in Shelby County in the third quarter of 2012 dropped 4 percent from the third quarter of 2011, according to The Daily News Online, www.memphisdailynews.com.

The 3,171 bankruptcies compared to 3,305 the same quarter a year ago and 3,093 for the second quarter of 2012.

Chapter 13 filings or "wage earner" cases for the quarter, which made up most of the total across all categories, totaled 2,483, down 3.2 percent from 2,565 a year ago. But the third quarter total was up 5.4 percent from the 2,351 in the second quarter of this year.

Frayser's 38127 ZIP code led the pack in wage earner cases with 234 followed by the 217 in

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Westwood's 38109. The third highest ZIP code was Raleigh's 38128 with 204.

In the previous quarter, the Frayser and Westwood ZIP codes were also the two highest followed by the 38116 Whitehaven ZIP code and Raleigh was fourth.

There were 683 Chapter 7 filings for the July to September quarter, down 6.7 percent from the 732 a year ago.

The Southeast Shelby County ZIP code of 38125 led the Chapter 7 category with 45 filings, followed by 42 in Hickory Hill North and 40 in Frayser.

The Chapter 11 filings for reorganization totaled five for the quarter, down from eight in the third quarter of 2011.

Attorney David Sweeney said in his practice he is seeing steady numbers in Chapter 13 filings with more clients qualifying for Chapter 7.

"I'm having a lot of people who are coming in and they've lost their car,

they've lost their house and they don't have a job," he said. "There is no need for me to even file a bankruptcy for them because they are basically judgment proof. I'm seeing more and more of those people come in the door than anything."

Sweeney said the beginning of the new year could be a critical period depending on whether the national economy begins to improve. If it does, he believes there will be a "bankruptcy bounce."

"If next year, the economy turns around, I predict that we'll see an increase in filings," he said. "Those people who came to me who didn't have a job will be employed. And at that point in time the creditors are going to pounce on them to collect money they haven't been able to collect."

Meanwhile, attorney James E. Bailey III, of Butler, Snow, O'Mara, Stevens and Cannada PLLC, works in Chapter 7 cases in several ways – as an attorney filing the petitions, helping negotiate agreements with creditors to avoid a filing and working with two of the four Chapter 7 trustees.

He works primarily on business bankruptcies.

"We have seen a lot of commercial real estate workouts and there have been some bankruptcy filings for multifamily housing projects where you have a small apartment complex or series of small apartment complexes or a strip mall," Bailey said. "In general, it's a lack of occupancy. They don't have the tenants whether it's residential or non-residential. ... That's a trend that has been pretty steady for the last several years."

Like Sweeney, Bailey also sees evidence that debtors holding out for an economic recovery are running out of time.

"There is still some spillover from the real estate demise," Bailey said. "You still have builders and construction-related businesses and individuals that did that kind of work that have hung on as long as they could and for whatever reason they are continuing to file."



Bankruptcies filed in September in Shelby County totaled 1,006, down 15.5 percent from the 1,190 in September of 2011 and 1,084 in September of 2010.

Chapter 13 filings for the month, according to The Daily News Online, www.memphisdailynews.com, were 783, down 16.8 percent from the 940 filings a year ago.

Chapter 7 filings were 220 in September, down from 260 the year before.

And the three Chapter 11 filings in September were down one from September 2011.

Those filing for bankruptcy in Shelby County during the quarter included Sarsal Square Apartments LLC, Ellen's Soul Foods and CTA Trucking Inc.

Meanwhile, Digital Domain Media Group – the company working with Elvis Presley Enterprises Inc. to create a holographic image of Elvis Presley – filed for Chapter 11 bankruptcy in Delaware during the quarter.

The company's assets were bought weeks later at auction for \$30.2 million by Galloping Horses America LLC in partnership with Reliance MediaWorks Inc., according to a post on Digital Domain's website.

It was 10 months after Digital Domain had gone public and caused a stir with the debut of a holographic image of the late rapper Tupac Shakur at the Coachella music festival in California. The announcement that Digital Domain was working with Elvis Presley Enterprises came shortly after the Coachella event.

Third Quarter Shelby County Bankruptcies:

	THIRD QUARTER 2012	THIRD QUARTER 2011
Total:	3,171	3,305
Chapter 13:	2,483	2,565
Chapter 7:	683	732
Chapter 11:	5	8

Source: The Daily News Online, www.memphisdailynews.com

September Shelby County Bankruptcies:

	SEPTEMBER 2012	SEPTEMBER 2011	SEPTEMBER 2010
Total	1,006	1,190	1,084
Chapter 7	220	246	260
Chapter 11	3	4	1
Chapter 13:	783	940	823

Source: The Daily News Online, www.memphisdailynews.com