

As deadline passes, filings for bankruptcy drop dramatically

■ *Courts handled more than 5,800 cases in weeks before new law went into effect*

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The week after new bankruptcy laws took effect, the number of cases filed at the state's two bankruptcy courts dropped to just 12.

That's a huge drop compared to the weeks leading up to the change. Between Oct. 1 and the change taking place on Oct. 17, the bankruptcy courts in Charleston and Wheeling were flooded with more than 5,800 cases.

Officials believe the caseload soon will return to something close to normal.

Mike Sturm, a clerk for the U.S. District and Bankruptcy Court in Wheeling, said that while there's been a dramatic dropoff in filings, he believes the magnitude is only temporary.

"Everybody who wanted to file this month conceivably filed to beat the deadline," Sturm said. "Once that affect calms down, it will be business as usual."

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Mike Sturm

Clerk for the U.S. District and Bankruptcy Court in Wheeling

In a normal October, Sturm said the court would have to deal with only about 430 cases, but that was until the new laws were announced last spring.

Bankruptcy statistics show West Virginia had the second highest percentage jump in bankruptcy filings for the first nine months of this year — a 31.9 percent jump over the same period last year. Only Alaska was higher, with a 34 percent jump for the same period.

The new law sets tighter requirements for filing. For example, a debtor's income must be below the state's median if he is to completely erase his debt. The figures are used to determine whether a debtor is

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eligible for Chapter 7 liquidation of assets or Chapter 13 wage-earner repayment plans.

Under the old law, a person could choose which form of bankruptcy best fits his needs.

Along with government employees, bankruptcy lawyers are also dealing well with the quiet aftermath.

Charleston attorney Bill Pepper took all of last week to work through the paperwork of cases completed before the deadline. Now Pepper is ready to start taking clients under the new law.

"I think there are some people that were shut out of the deadline that have now made the decision to file," Pepper said. "I believe we'll start to see a small stream of people in the next few weeks."

Pepper's firm, Pepper, Nason

and Hayes, worked on more than 600 cases in the past eight weeks.

It was the largest number of cases the firm has handled in its 25-year history. In the process, the firm had to turn away more than 100 people, Pepper said. The firm handles the most bankruptcy cases in the state.

While it's calm now, Pepper said the early spring is usually the busiest time of the year for bankruptcy filings. Once people overcome their Christmas shopping hangovers, cases will start to file in, he said.

"People will be thinking happy thoughts and not thinking about financial woes," Pepper said. "There is less demand now, but it will not last for long."

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