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Bankruptcy filers line up by thousands

FROM STAFF AND WIRE REPORTS

Facing a weekend deadline, dozens of Tucsonans joined thousands of people nationwide armed with bulging files of paperwork who lined up at courthouses Friday to seek bankruptcy protection before a new law makes it more difficult to shed debt.

Anthony Ortiz, waiting in line at the Tucson Bankruptcy Court office Friday, said he was filing his paperwork before the change because it would bring him one step closer to straightening out his life.

Ortiz said filing was one of the last things he needed to do to begin a fresh start after his release from prison last year.

"It was a very hard decision because I've incurred these debts, and I need to pay them," he said. "But it was such a weight."

Ortiz, 34, said he would stay as long as necessary Friday to file his paperwork despite the long line and having to get back to work.

Ortiz said he knew he wanted to file for bankruptcy when he did a credit check, and he wanted to get his paperwork filed before Monday.

"I just heard that it would be harder to do it then," he said.

The line in Tucson wound out of the clerk's office and into the hallway at midday Friday, with about 25 people standing in line at any given time to file before the law changes at midnight on Sunday.

Terry Miller, clerk of the Arizona district Bankruptcy Court, said the Tucson office usually processes about 25 bankruptcy petitions a day, and was processing about 200 on Wednesday and Thursday. The Phoenix court usually processes about 100 each day, and was reaching 1,000 on Wednesday and Thursday.

The number of cases filed before the law takes effect Monday was expected to set not only a national record but records in a number of states as well. Some clerks said bankruptcy filings were setting records every day this week.

In Denver, the line at Bankruptcy Court formed before dawn and quickly grew to more than 300 people as it stretched outside. Some pushed babies in strollers, while others sipped coffee and sodas.

Nursing assistant Colleen Christian brought her 14-year-old son to help her punch figures into a court computer after spending long days on Chapter 7 paperwork at her home in tiny Cotopaxi, 100 miles south of Denver. With credit card debt hovering around \$25,000, she said she had no choice but to file before the law changed.

In Chicago, people crowded the hallway outside a packed waiting room for their initial meeting with a bankruptcy trustee.

Substitute teacher Barbara Moore said she had been mulling a Chapter 7 filing for a few years when she heard about the pending law change. She was fearful medical expenses from a cancer diagnosis could add to her

Meeting the deadline

- You can file completed forms by fax before midnight on Sunday, but you must submit the original petition with any required fees to the clerk's office by noon Monday.

Tucson fax: 1-520-202-7531

Phoenix fax: 1-602-682-4004

Yuma fax: 1-602-682-4964

mounting credit card debt.

"That's when I decided to stop dillydallying," said Moore, 51. "It just sounds like it's going to be much more difficult and expensive later."

The law, the most sweeping reform of the U.S. Bankruptcy Code in decades, sets new limits on personal bankruptcy filing and requires people to get professional credit counseling before they are allowed to file petitions.

It will prohibit most filers with above-average income from filing Chapter 7 petitions, which allow debts to be erased. Instead, people deemed to have at least \$100 a month left over after paying certain debts and expenses will have to submit a five-year repayment plan under more restrictive Chapter 13 guidelines. The law also sets some restrictions on businesses.

Filing for bankruptcy was something Dolores Cabanillas of Casa Grande wanted to do before she got married.

Cabanillas, 57, said she also wanted to beat the deadline to file before the laws change so that she wouldn't have to bring her debts into her upcoming marriage.

She said she expected lines, and took the day off from work to make sure she could file, after considering it for two or three years.

Supporters of the change believe the changes will help rein in consumers who pile up credit card debt only to wipe it out with a Chapter 7 filing. Opponents say the law will hurt those who incur debt unexpectedly such as with health problems or lost jobs.

Since President Bush signed the law in April, the number of personal bankruptcy petitions has soared. Preliminary estimates predicted a record 200,000 petitions would be filed this week alone, according to Burlingame, Calif.-based Lund-quist Consulting, which compiles bankruptcy statistics. The firm said the current record of 102,863 was set last week.

Clerk Yvonne Evans at the U.S. Bankruptcy Court in Atlanta said all 123 employees were called in to help deal with last-minute filers.

"I can't even begin to tell you how extraordinary this is," she said. "The line is wrapped all the way around the 13th floor. It's wild."

Filings were allowed in person through Friday, though attorneys making electronic court filings have until midnight Sunday.

Nursing assistant Christian, whose husband just found work nine months after losing his job, said bankruptcy will enable her to pay what she can. "I think everybody should be able to wipe the slate clean and start over," she said.

Similar stories could be heard at courthouses across the country.

Former Tucson resident Mark Wild recently moved to Glendale and was at the Tucson court Friday to file his paperwork.

After losing his job and moving within the last few months, Wild said he was "trying to get a fresh start."

"I expected a line today, but I expected it to be longer," he said. "It's moving along."

Some left the Tucson clerk's office to get money orders; others left when they found out they could fax their paperwork, as long as it got to the clerks' offices before the Sunday deadline.

"If it's easier, I might as well do it now," said Wild, 35.

Michael G. Bennett, 36, of Dedham, Mass., filed for Chapter 7 protection after six years of financial trouble left him

with \$35,000 in debt.

"It hasn't happened overnight," said Bennett, who has a wife and 2-year-old son. "It will be much easier now to keep the creditors at bay."

• *Arizona Daily Star* reporter Andrea Kelly and Associated Press Writers Sandy Shore, Mike Colias in Chicago, Mark Jewell in Boston and others contributed to this story.

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