

12-1961

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Recommended Citation

Reginald W. McDuffee, *The Wage Earner's Plan in Practice*, 15 *Vanderbilt Law Review* 173 (1961)
Available at: <https://scholarship.law.vanderbilt.edu/vlr/vol15/iss1/9>

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The Wage Earner's Plan in Practice

Reginald W. McDuffee*

In this article Judge McDuffee discusses the present use of the Wage Earner's Plan, the need for its extension, and the potential which this provision possesses for benefiting both debtor and creditor. He documents his commentary both with statistical data and with statements made by referees throughout the nation.

Each passing year sees a new and all-time peak in the volume of consumer bankruptcy (89.6% of all filings). There were 131,402 consumer cases out of the 1961 total of 146,643¹ filings in all judicial districts of the United States. Some students of our economy cry out in alarm; all of us view the increase with concern—some with very grave concern.

No effort will be made here to analyze this phase of our economy, to diagnose its causes or prescribe a possible cure. For our present purposes, we accept as a fact of life a continuing and accelerated increase in consumer bankruptcy. The sole purpose will be to outline one method of softening the impact of this volume of cases upon our economy and to illustrate some proved effects of the use of chapter 13 (wage earner proceedings).

I. THE ECONOMIC BACKGROUND OF CONSUMER BANKRUPTCY

On July 31, 1961, the Office of Business Economics of the United States Department of Commerce reported its synoptic views of our economy; in most all categories, the news was good. "National Income amounted to \$417 billion and Gross National Product to \$504 billion in 1960. Both measures were approximately 4½ percent higher than in 1959 despite the recession in the latter half of last year."

The statistics on consumer income, savings and consumer debt are brought current and are as follows:

* Referee in Bankruptcy for the Southern District of Georgia; past President of the National Association of Referees in Bankruptcy; Chairman of Chapter 13 Subcommittee of the American Bar Association Committee on Consumer Bankruptcy; Consultant to the National Bankruptcy Conference Committee on Chapter 13; Member of Bankruptcy Committee, Georgia Bar Association.

1. Total filings for the 6-month period ending December 31, 1961 (representing the first half of fiscal 1962), aggregated 72,769 cases of all categories of bankruptcy, or an increase of 10.11% over the comparable period of the preceding year (fiscal 1961). (The first half of fiscal 1961 had represented a 13.65% increase over the same period of fiscal 1960.) Despite a slight drop in December 1961 filings, there seems at this point no reason to disagree with the forecast of 170,000 cases for fiscal 1962, made by Edwin L. Covey, Chief of the Bankruptcy Division, Administrative Office of the United States Courts. Mr. Covey has been uncannily accurate in his forecasts over a period of years.

| <i>Consumers Disposable Income (in billions):</i> | | | |
|---|---------|------|------------------|
| 1940 | \$ 76.1 | 1959 | \$337.3 |
| 1950 | 207.7 | 1960 | 351.8 |
| 1957 | 308.8 | 1961 | 354.3 (1st Qtr.) |
| 1958 | 317.9 | 1961 | 361.8 (2nd Qtr.) |
| <i>Personal Net Savings (in billions):</i> | | | |
| 1940 | \$ 4.2 | 1959 | \$ 23.4 |
| 1950 | 12.6 | 1960 | 22.9 |
| 1957 | 23.6 | 1961 | 23.7 (1st Qtr.) |
| 1958 | 24.7 | 1961 | 25.8 (2nd Qtr.) |
| <i>Consumer Debt (in billions):</i> | | | |
| 1940 | \$ 8.3 | 1959 | \$ 52.1 |
| 1950 | 21.5 | 1960 | 56.0 |
| 1957 | 45.3 | 1961 | 54.3 (5 Months) |
| 1958 | 45.5 | 1961 | 54.7 (7 Months) |

"A broad uptrend is now under way with advances in personal income, employment, and industrial production. The 1960-61 recession proved to be the mildest of the four recessions that marked the post-war period."

The future definitely looks brighter, but there are still depressed areas. There are always some men out of work through no fault of their own. Illness overtakes the healthy. Domestic difficulties disrupt homes and upset the normal pattern of life. The ignorant, the irresponsible over-load themselves with debt for everything from recognized necessities to color-television and motor boats. The foolish, the extravagant go on credit binges via the credit card and "instant money" routes. Finally, the iniquitous "teen-age credit" has made its appearance.

The whole sad, sorry mess of "on-the-cuff" living and our so-called "debt-explosion" recently attracted a skilled newspaper reporter's talents. Hillel Black has hit the bookshelves with *Buy Now—Pay Later*, a fascinating "examination of the buy-now, go-now, live-it-up-now and pay-later craze in America today." This book describes our present consumer-credit economy as one founded upon "merchandising of debt" rather than goods, an economy concerned only with the debtor's gross monthly payments and his ability to meet them out of income.

But comes the day of reckoning. The creditor will no longer accept a "no" answer to his demand for his "easy" payment. The debtor soon learns other new words to add to his growing vocabulary (already including "add-on," "carte blanche," "credit card," "nothing down," and the like). The new words are more ominous: "repossession," "deficiency," "judgment," "garnishment." Even his boss has some words: "You'll have to do something about the mess you're in."

Perhaps the boss suggests a solution. Or the debtor shares his troubles

with a sympathetic friend who has read the January 1961 *Reader's Digest* article: "We Went Bankrupt on the Installment Plan," by Helen Arnold; off he goes to the bankruptcy court.

One bankruptcy often begets another when a recently discharged bankrupt tells his debt-ridden neighbor of his experience; but Helen Arnold told the world. Some distinguished bankruptcy experts became sufficiently alarmed at the possible impact of this article as to broach to *Reader's Digest* a follow-up or softer article and were told that an article on wage earner plans was being readied.

In June 1961 the article appeared: "Ready Help for People in Debt," by Murray Teigh Bloom. The article's subhead enthused: "The Wage Earners' Plan Provides a Refuge from Bankruptcy, Saves Both the Creditor's Money and the Debtor's Pride."

And now the rush is on. These two articles may have more effect in accelerating gross filings in bankruptcy (whether "straight" bankruptcy or chapter 13) than any single factor recently influencing the heavy filing of these cases.

If the psalmist David's "Song of Lamentation" in 2 Samuel 1:20 were being sung today for the first time it would not sound:

"Tell it not in Gath;
publish it not in the streets of Askelon,"

but would be:

"Tell it not in Gath;
publish it not in the *Reader's Digest*."

But all these considerations are not causes; they are results. Some experts are of the view that these mounting bankruptcy filings are but incidents of our credit-economy. All believe our economy is essentially sound and that we cannot, nor would we, turn back to the "good old days." As long as our non-business bankruptcies are held in check, and as long as bankruptcy continues a matter of individual adjustment, we can live profitably with annual case-filings aggregating 175,000 or more per year.

II. CHOOSING THE WAGE EARNER PLAN

A. *The Debtor's Choice*

Our non-business debtor (or consumer-debtor) may choose either (1) straight bankruptcy or (2) the wage earner plan.

In straight bankruptcy, he obtains a discharge from debt and is permitted to surrender mortgaged or encumbered property which is not worth the outstanding balance; he may arrange to retain a secured item by paying its value or outstanding balance (whichever is less) under a new agreement or undertaking.

In a wage earner proceeding, the debtor desires to pay. He is not seeking to avoid his debt but only to relieve himself from the harrassment of garnishment or attachment proceedings or letters of debt-complaint to his employer or the like. He cannot adjust debts secured by real estate but (agreeably to the other creditors) he submits his future earnings to court control, and the court makes an equitable distribution to creditors (using a trustee for this purpose).

The Judicial Conference of the United States has adopted a policy urging referees in bankruptcy to encourage wage earner proceedings as opposed to ordinary straight bankruptcy; it further suggests that referees (in proper cases) acquaint bankrupts with the advantages of debt-payment through chapter 13 as against debt-avoidance under ordinary bankruptcy proceedings. (The referees' attitude toward chapter 13 proceedings will be mentioned below under the heading "The Referee's Attitude.")

One would think an "appropriate case" for wage earner proceedings would be where an employee-debtor was willing or desirous of paying his debt, needing only additional time or lessened gross-burden of payment. But much more is required: debtor's employer must favor this type of relief; creditors must be amenable; attorneys must be willing to expend the greater effort required by this proceeding. Prompt, efficient and proper administration by the court's trustee is all important. Probably the most essential factor is the need for a referee dedicated to the concept of rehabilitation of debtors.

B. The Referee's Attitude

While the choice between chapter 13 and straight bankruptcy technically belongs to the debtor and his attorney, there is little doubt that in practice this choice is strongly affected by the attitude of the referee. After all, the debtor usually has little or no knowledge of the technicalities of the bankruptcy laws; at most, he may have leafed through the *Reader's Digest* article referred to above. How is he to know what choice to make? It would be unfair to blame the attorney for not filing a chapter 13 proceeding when he knows the local referee has never familiarized himself with the provisions of the chapter or looks upon such proceedings with disfavor.

What, then, is the present attitude of the referee toward chapter 13? The answer can be deduced in part from the infrequency with which the chapter is used in many districts (a matter which will be discussed and tabulated hereafter). More directly, the opinions of the referees themselves evidence their attitude.²

The opinion of a referee who has been most successful in administering

2. The quotations in the following paragraphs are taken from responses to a questionnaire prepared for use in a study made for the American Bar Association.

this type of proceeding reflects a sense of dedication: "I am firmly convinced that Chapter 13 will be successfully used only where the Referee is thoroughly trained in its use and is willing to dedicate himself toward doing a real job that will benefit both himself and his community. Much to my surprise, I have found that some Referees have never read Chapter 13—do not have the faintest idea of its purpose and probably have not read the Bankruptcy Act."

Another referee remains unimpressed with chapter 13: "I am not impressed with the effectiveness of Chapter 13's that I have handled and personally doubt that an increase or decrease in their use would play any material part in decreasing general bankruptcy filings."

Chapter 13's lack of popularity has been explained by one referee as follows: "The Chapter 13 process has not been too successful nor popular here due, principally, I would surmise to several factors: (1) lack of interest in members of the Bar; (2) lack of eagerness on the part of bankrupts to pay debts incurred in other areas from which they consider themselves refugees; and (3) we do not have the static population that exists in many areas of the South."

One referee sees a loss of sense of "personal responsibility": "Basically, I think our Country's problem is that people do not have the sense of personal responsibility for their own actions that they should and I think in all honesty this has been fostered by government, unions and business all undertaking to protect and provide everything. People do not feel that it is necessary to take care of themselves."

Some referees blame the lack of profit for attorneys in this type of proceeding: "Most members of the Bar have no understanding of the provisions of Chapter 13, and those who do are reluctant to get into what to them would not be a profitable item of business."

Referees in Florida, North Carolina, Pennsylvania, South Carolina, and Texas point out the fact that exemption of wages from garnishment prevents the filing of any considerable number of employee-type cases in any event. Referees in states with high exemptions from garnishment similarly suggest that there are few employee-type bankruptcies in their areas.

Several referees feel that there should be provisions for involuntary chapter 13 proceedings. One expresses the view thus: "I believe Wage Earner Proceedings under Chapter 13 are very beneficial and should be encouraged. I believe the Referees should be given the power to require individuals to change from a straight Bankruptcy case into a Chapter 13 Proceeding, if the Referee feels it is feasible and in the best interest of the creditors."

Another feels a certain sense of frustration: "I have had a very limited experience with Chapter 13 cases, but believe Chapter 13 no longer serves the great usefulness for which it was originally intended, for the reason

that our modern day philosophy is toward installment buying and living and that is exactly what Chapter 13 accomplishes, generally speaking."

Many referees feel that there should be a "tightening up of the extension of credit"; others feel that an ever-increasing bankruptcy burden is but an incident of our credit economy.

Referee Kaiser of Maryland calls attention to the report of an analytical study, *The Consumer Bankrupt in Maryland* (conducted by Samuel L. Myers of Morgan State College, Baltimore, Maryland) in which "the causes for consumer bankruptcies are listed as follows: Extravagance 33.3%; Adjudication of Judgment Debts 26.1%; Medical Misfortune 21.1%; Decreased Income 12.2%; Domestic Misfortune 3.3%; Unknown 3.9%."

One outstanding referee pictures debtors as "unschooled in personal discipline," and so susceptible to "powerful advertising media" and salespressures as further to increase the case-load. He concludes that "chapter 13 can not help solve the problem."

Further comments concerning chapter 13 proceedings have been made:

1. Recently appointed referees indicate that their predecessors never encouraged chapter 13 filings, thereby setting a precedent.
2. One referee feels that the bankruptcy court can do little, in any type of proceeding, to "remedy the broad underlying economic problems existing in our country."
3. A highly thought of referee sees a need for the complete rewriting of chapter 13 so that all referees would follow the same practice.
4. In states which have trusteeships on the lower levels of their courts, the referees see little need for chapter 13.

One referee indirectly pointed toward the real solution when, in explaining the small volume of bankruptcy cases in his area, he mentioned that there was in his district a high percentage of persons of the Amish faith (whose religious practices call for the avoidance of debt).

Perhaps a more accurate picture of the attitudes of referees, attorneys, creditors and debtors may be obtained from the following three tables. These tables, covering the relation of chapter 13 filings to total employee-case filings for the 10-year period ending June 30, 1961, throw light on the use or non-use of the wage earner chapter.

*C. Regional or Sectional Attitudes as Reflected
by Use or Non-Use of Chapter 13*

| <i>Ratio of Chapter 13 Filings to Total Employee Filings By Judicial Circuit (Fiscal 1952-1961, inclusive)</i> | | | |
|--|------------------------|------------------|----------------|
| <i>Judicial Circuit</i> | <i>10-Year Filings</i> | | <i>Ratio %</i> |
| | <i>Chap. 13</i> | <i>Employees</i> | |
| First Circuit | 1,907 | 14,190 | 13.44 |
| Second Circuit | 150 | 24,410 | 0.61 |
| Third Circuit | 87 | 3,699 | 2.35 |
| Fourth Circuit | 1,280 | 26,292 | 4.87 |
| Fifth Circuit | 76,290 | 112,226 | 67.98 |
| Sixth Circuit | 16,082 | 131,782 | 12.20 |
| Seventh Circuit | 2,414 | 99,348 | 2.43 |
| Eighth Circuit | 6,239 | 33,927 | 18.39 |
| Ninth Circuit | 3,539 | 132,355 | 2.67 |
| Tenth Circuit | 8,366 | 37,495 | 22.31 |

| <i>Ratio of Chapter 13 Filings to Total Employee Filings by Judicial Districts (Fiscal 1952-1961, inclusive)</i> | | | | | | | |
|--|------------------------|------------------|----------------|--------------------------|------------------------|------------------|----------------|
| <i>Judicial District</i> | <i>10-Year Filings</i> | | <i>Ratio %</i> | <i>Judicial District</i> | <i>10-Year Filings</i> | | <i>Ratio %</i> |
| | <i>Chap. 13</i> | <i>Employees</i> | | | <i>Chap. 13</i> | <i>Employees</i> | |
| Guam | 0 | 1 | 0.00 | Iowa (N) | 3 | 874 | 0.34 |
| N.C. (M) | 0 | 75 | 0.00 | N.D. | 1 | 286 | 0.35 |
| Virgin Is. | 0 | 1 | 0.00 | La. (W) | 8 | 2,096 | 0.38 |
| Ohio (S) | 8 | 26,900 | 0.03 | Okla. (E) | 1 | 246 | 0.41 |
| Ind. (N) | 3 | 5,609 | 0.05 | Ore. | 66 | 15,775 | 0.42 |
| R.I. | 1 | 1,603 | 0.06 | La. (E) | 20 | 3,816 | 0.52 |
| N.Y. (S) | 4 | 3,079 | 0.13 | W. Va. (N) | 10 | 1,922 | 0.52 |
| Vt. | 1 | 681 | 0.15 | Wash. (E) | 26 | 4,825 | 0.54 |
| Mo. (E) | 7 | 4,780 | 0.15 | Nev. | 4 | 711 | 0.56 |
| Dist. Col. | 1 | 596 | 0.17 | Wyo. | 4 | 717 | 0.56 |
| Utah | 6 | 3,353 | 0.18 | N.H. | 7 | 1,223 | 0.57 |
| Mich. (E) | 34 | 17,920 | 0.19 | Colo. | 76 | 11,352 | 0.67 |
| N.Y. (E) | 7 | 3,575 | 0.19 | Ky. (E) | 32 | 4,236 | 0.76 |
| N.Y. (W) | 14 | 6,776 | 0.21 | Md. | 4 | 443 | 0.90 |
| Mass. | 14 | 5,256 | 0.27 | Mich. | 74 | 7,813 | 0.95 |
| Hawaii | 2 | 682 | 0.29 | Pa. (M) | 2 | 210 | 0.95 |

| Judicial District | 10-Year Filings | | Ratio % | Judicial District | 10-Year Filings | | Ratio % |
|-------------------|-----------------|-----------|---------|-------------------|-----------------|-----------|---------|
| | Chap. 13 | Employees | | | Chap. 13 | Employees | |
| Ga. (N) | 137 | 12,939 | 1.06 | Wash. (W) | 619 | 11,626 | 5.32 |
| Okla. (W) | 39 | 3,470 | 1.12 | Alaska | 6 | 107 | 5.61 |
| S.D. | 3 | 269 | 1.12 | Tex. (S) | 4 | 65 | 6.15 |
| Pa. (W) | 4 | 345 | 1.16 | Miss. (S) | 78 | 1,170 | 6.67 |
| Conn. | 50 | 4,267 | 1.17 | Ind. (S) | 282 | 4,023 | 7.01 |
| Neb. | 37 | 3,105 | 1.19 | S.C. (W) | 4 | 50 | 8.00 |
| N.Y. (N) | 74 | 6,032 | 1.23 | Ky. (W) | 771 | 9,558 | 8.07 |
| Okla. (N) | 45 | 3,594 | 1.25 | Minn. | 1,172 | 13,512 | 8.67 |
| Pa. (E) | 8 | 611 | 1.31 | S.C. (E) | 6 | 63 | 9.52 |
| Ill. (E) | 56 | 4,185 | 1.34 | P.R. | 1 | 10 | 10.00 |
| Ohio (N) | 406 | 30,258 | 1.34 | Va. (W) | 905 | 7,457 | 12.14 |
| Va. (E) | 155 | 10,953 | 1.42 | Tex. (E) | 4 | 32 | 12.50 |
| N. M. | 17 | 1,059 | 1.61 | Ark. (W) | 12 | 84 | 14.29 |
| Mont. | 27 | 1,487 | 1.82 | N.C. (W) | 4 | 28 | 14.29 |
| Tex. (W) | 4 | 194 | 2.06 | Miss. (N) | 24 | 161 | 14.91 |
| Ill. (N) | 1,308 | 60,606 | 2.16 | Tenn. (E) | 1,878 | 12,236 | 15.35 |
| Fla. (S) | 18 | 829 | 2.17 | Fla. (N) | 6 | 38 | 15.79 |
| Cal. (N) | 607 | 25,573 | 2.37 | Idaho | 406 | 2,399 | 16.92 |
| Cal. (S) | 1,540 | 64,287 | 2.40 | Me. | 1,884 | 6,098 | 30.90 |
| Wis. (E) | 288 | 10,906 | 2.64 | Iowa (S) | 1,182 | 2,931 | 40.33 |
| Tex. (N) | 7 | 265 | 2.64 | Mo. (W) | 2,642 | 6,378 | 41.29 |
| Wis. (W) | 97 | 3,390 | 2.86 | Ga. (M) | 2,982 | 6,437 | 46.33 |
| N.J. | 70 | 2,436 | 2.87 | Kan. | 8,178 | 13,704 | 59.68 |
| Del. | 3 | 96 | 3.13 | Ala. (M) | 3,712 | 5,435 | 68.30 |
| Ill. (S) | 380 | 10,629 | 3.58 | Ark. (E) | 1,180 | 1,688 | 69.91 |
| W. Va. (S) | 190 | 5,253 | 3.62 | Ga. (S) | 3,444 | 4,749 | 72.52 |
| Tenn. (M) | 253 | 6,572 | 3.85 | Tenn. (W) | 12,626 | 16,239 | 77.51 |
| N.C. (E) | 2 | 48 | 4.17 | Ala. (N) | 58,937 | 66,299 | 88.90 |
| Ariz. | 236 | 4,882 | 4.83 | Ala. (S) | 6,905 | 7,701 | 89.66 |

III. THE ECONOMIC ADVANTAGES OF CHAPTER 13

Now let us examine our subject-matter from what might be called the "pocket-book" approach, using fiscal 1960 figures which point up contrasts between circuits and between districts as well as within circuits and within districts.³

3. In preparing this article the writer has used Statistical Tables F1a, F1b, F2, F3, F4, F10 and F11 relating to bankruptcy for all years through fiscal 1960, but for fiscal 1961 only Tables F1a, F1b, F2 and F3. These latter tables were released to the writer, but 1961 Tables F4, F10, and F11 were not ready for release as of January 29, 1962.

*Relative Filings (Numerical) of Chapter 13 Cases
By Judicial District
(1952-1961, inclusive)*

| 10-Year Filings | District | 10-Year Filings | District | 10-Year Filings | District | 10-Year Filings | District | 10-Year Filings | District |
|-----------------|------------|-----------------|----------|-----------------|------------|-----------------|------------|-----------------|-----------|
| 0 | Guam | 4 | N.Y. (E) | 8 | Pa. (E) | 66 | Ore. | 619 | Wash. (W) |
| 0 | N.C. (M) | 4 | N.C. (W) | 10 | W. Va. (N) | 70 | N.J. | 771 | Ky. (W) |
| 0 | Virgin Is. | 4 | Pa. (W) | 12 | Ark. (W) | 74 | Mich. (W) | 905 | Va. (W) |
| 1 | Dist. Col. | 4 | S.C. (W) | 14 | Mass. | 74 | N.Y. (W) | 1,172 | Minn. |
| 1 | N.D. | 4 | Wyo. | 14 | N.Y. (W) | 76 | Colo. | 1,180 | Ark. (E) |
| 1 | Okla. (E) | 4 | Tex. (E) | 17 | N.M. | 78 | Miss. (S) | 1,182 | Iowa (S) |
| 1 | P.R. | 4 | Tex. (S) | 18 | Fla. (S) | 97 | Wis. (W) | 1,308 | Ill. (N) |
| 1 | R.I. | 4 | Tex. (W) | 20 | La. (E) | 137 | Ga. (N) | 1,540 | Cal. (S) |
| 1 | Vt. | 6 | Alaska | 24 | Miss. (N) | 155 | Va. (E) | 1,878 | Tenn. (E) |
| 2 | Hawaii | 6 | Fla. (N) | 26 | Wash. (E) | 190 | W. Va. (S) | 1,884 | Me. |
| 2 | N.C. (E) | 6 | S.C. (E) | 27 | Mont. | 236 | Ariz. | 2,642 | Mo. (W) |
| 2 | Pa. (M) | 6 | Utah | 32 | Ky. (E) | 253 | Tenn. (M) | 2,982 | Ga. (M) |
| 3 | Del. | 7 | Mo. (E) | 34 | Mich. (E) | 282 | Ind. (S) | 3,444 | Ga. (S) |
| 3 | Ind. (N) | 7 | N.H. | 37 | Neb. | 288 | Wis. (E) | 3,712 | Ala. (M) |
| 3 | Iowa (N) | 7 | N.Y. (S) | 39 | Okla. (W) | 380 | Ill. (S) | 6,905 | Ala. (S) |
| 3 | S.D. | 7 | Tex. (N) | 45 | Okla. (N) | 406 | Ohio (N) | 8,178 | Kan. |
| 4 | Mo. | 8 | La. (W) | 50 | Conn. | 406 | Idaho | 12,626 | Tenn. (W) |
| 4 | Nev. | 8 | Ohio (S) | 56 | Ill. (E) | 607 | Cal. (N) | 58,937 | Ala. (N) |

A. As Experienced by Judicial Circuits

First Circuit.—In the First Circuit no chapter 13 case was concluded nor was any money paid creditors in Massachusetts, New Hampshire, Rhode Island or Puerto Rico. Only Maine handled this type case, closing 68 cases and paying \$107,475.24 to creditors or \$1,580.52 per case.

Second Circuit.—In the Second Circuit there were only 10 chapter 13 cases (all in the northern district of New York), paying creditors \$14,847.08. No case was concluded in Connecticut or Vermont.

Third Circuit.—In the Third Circuit (Delaware, New Jersey, Pennsylvania and the Virgin Islands) there were no cases and no payments to creditors.

Fourth Circuit.—In the Fourth Circuit neither North Carolina nor South Carolina had a chapter 13 case; Maryland had only one.

Fifth Circuit.—In the Fifth Circuit, Florida, Louisiana and Texas had no chapter 13 cases; Mississippi had one. Alabama paid creditors \$2,908,467.05, and Georgia paid them \$660,217.36. These two latter states' heavy case-load produced almost \$3.56 million of the \$5.16 million, or 69.2%, of all payments to creditors in the entire United States. With the addition of Tennessee (ranked between Alabama and Georgia at \$713,941.64) from the Sixth Circuit, the three-state aggregate totals 82.8% of all amounts paid all creditors for all districts in 1960.

Sixth Circuit.—The Sixth Circuit had one state in the zero column: Ohio. Michigan produced only a little more than \$6,000, and Kentucky \$55,000; Tennessee (as mentioned above) produced above \$713,000 to rank second among states in amount paid to creditors.

Seventh Circuit.—The Seventh Circuit, comprising the states of Illinois, Indiana, and Wisconsin, produced \$32,327.58 (or \$2,500 less than the western district of Virginia (Fourth Circuit) produced from 27 concluded cases).

Eighth Circuit.—The Eighth Circuit (third in dollar volume) paid \$298,331.27 to creditors. Missouri presents a typical contrast: in its eastern district, out of 1013 cases there were no chapter 13 cases; in its western district, out of 895 cases there were 145 chapter 13 cases. These 145 chapter 13 cases produced \$196,374.90 for creditors. Similar contrasts between districts in the same state will be found in Georgia, Iowa and Ohio.

Ninth Circuit.—The Ninth Circuit had no chapter 13 cases concluded in Alaska, Arizona, Idaho, Montana, Nevada or Oregon. The northern district of California paid creditors \$96,792.80 in 58 chapter 13 cases; these 58 cases represented only .47% of the 12,123 cases of all types terminated in this circuit. It is appropriate to note here that the southern district of California (13,940 filings of all types) and the northern district of Illinois (11,993 filings) aggregate 23.5% of all filings in the United States. Together

they have only 6.82% of the chapter 13 filings (3.71% for California and 3.11% for Illinois).

Tenth Circuit.—The Tenth Circuit included Kansas, which accounted for 140 cases concluded, producing \$176,416.36. The creditors salvaged an exceptionally high average of \$1,260.12 per case, which compares with a nation-wide case average of \$873.02 paid to creditors and further compares with other districts as indicated below. Colorado and Oklahoma had one case each; there were no cases in Utah or Wyoming.

All Circuits (1961).—Exact comparable figures are not yet available for fiscal 1961, but it is estimated that the salvage to creditors in chapter 13 proceedings will run to \$6,250,000.

*B. As Experienced by Judicial Districts
With Heavy Volume of Chapter 13 Cases*

The following table is a tabulation of the fifteen districts paying the greatest amount per case in 1960.

| <i>(Fiscal 1960)</i> | <i>Chap. 13's Concluded</i> | <i>Paid Creditors</i> | <i>Per Case</i> |
|----------------------|---------------------------------|-----------------------|-----------------|
| Alabama (N) | 3,340 | \$2,423,061.67 | \$ 725.49 |
| Alabama (M) | 197 | 95,922.90 | 486.92 |
| Alabama (S) | 503 | 389,482.68 | 774.32 |
| Arkansas (E) | 43 | 40,367.46 | 938.78 |
| California (S) | 58 | 96,792.80 | 1,666.88 |
| Georgia (M) | 185 | 225,133.27 | 1,216.94 |
| Georgia (S) | 267 | 431,280.33 | 1,615.28 |
| Illinois (N) | 6 | 9,109.03 | 1,516.41 |
| Iowa (S) | 37 | 49,131.75 | 1,328.89 |
| Kansas | 140 | 176,416.36 | 1,260.12 |
| Kentucky (W) | 48 | 54,910.18 | 1,143.96 |
| Maine | 68 | 107,475.24 | 1,580.52 |
| Missouri (W) | 145 | 196,374.90 | 1,354.31 |
| Tennessee (E) | 107 | 103,785.69 | 1,044.00 |
| Tennessee (W) | 656 | 607,952.24 | 926.76 |

The figures quoted heretofore offer no comparisons between wage earner (chapter 13) cases and other filings, either in volume of filings or in amounts paid creditors. To make such a comparison, the writer has computed the percentages of chapter 13 filings to total filings in the ten districts having the highest ratio of chapter 13 cases (above 30% of all filings) for fiscal 1960 as follows:

| | | | |
|---------------|--------|-------------|--------|
| Alabamas (S) | 91.00% | Alabama (M) | 63.07% |
| Alabama (N) | 84.75% | Kansas | 51.88% |
| Tennessee (W) | 77.23% | Georgia (M) | 47.13% |
| Georgia (S) | 71.87% | Maine | 32.11% |
| Arkansas (E) | 68.42% | Iowa (S) | 30.80% |

Two charts will be found below: the first (p. 185) is in graph form showing relative volume of filings by type of case (with actual figures entered opposite); the second chart (p. 186) illustrates the chapter 13 experience in 8 states with the largest volume. The latter chart covers 9 fiscal years (1952 through 1960) and contains not only the latest available dollar figures on payments to creditors but also shows dismissals, adjudications and the all-important ratios between chapter 13 filings and total employee cases. Some interesting comparisons and contrasts may be obtained from a close study of this chart.

C. Creditor Losses in No-Asset Bankruptcies

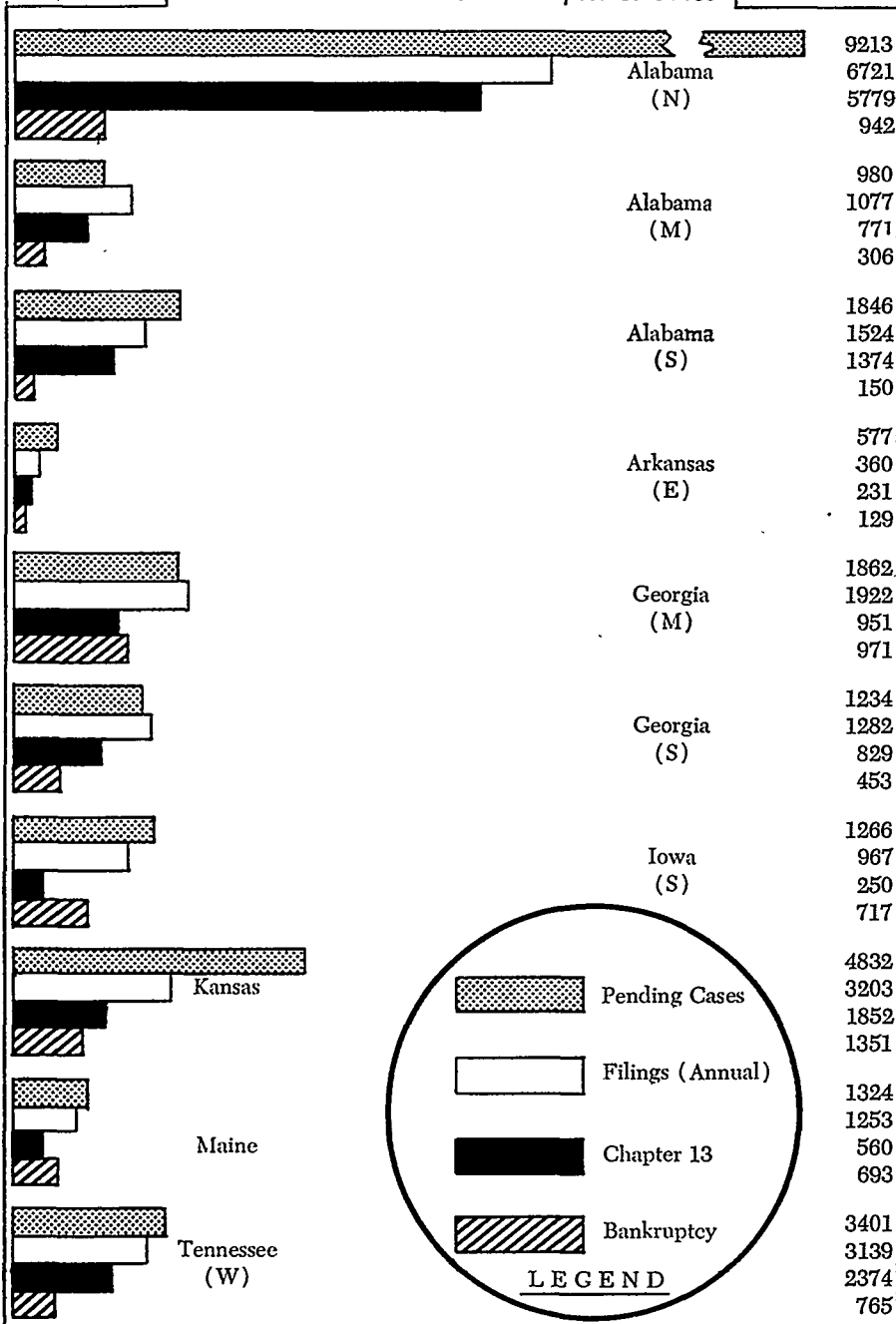
In the first of the two preceding charts (covering 10 districts with more than 30% chapter 13 filings) the following cases were concluded in fiscal 1960 as no-asset cases (though not so indicated on such chart):

| | <i>Number of Cases</i> |
|---------------------|------------------------|
| Alabama (N) | 669 |
| Alabama (M) | 181 |
| Alabama (S) | 68 |
| Arkansas (E) | 54 |
| Georgia (M) | 444 |
| Georgia (S) | 221 |
| Iowa (S) | 452 |
| Kansas | 824 |
| Maine | 299 |
| Tennessee (W) | 403 |





In these no-asset cases no money was paid to creditors, although \$4,546,223.90 was paid to creditors by the same 10 districts in chapter 13 cases.

It would be an exaggeration to say this was "all" savings (some later salvage is realized by secured creditors in these no-asset cases after their termination). But the conclusion is inescapable that chapter 13 cases

1961
 Comparison Case Load, Filings & Distribution
 10 Districts With Heaviest % Chapter 13 Cases



LEGEND

-  Pending Cases
-  Filings (Annual)
-  Chapter 13
-  Bankruptcy

Chapter 13 Experience in 8 States With Largest Volume
(9 Fiscal Years—1952 to 1960, inclusive)

| Judicial District | Employee Cases | | | | Chapter 13 Terminations | | | | Paid to Creditors | |
|-------------------|----------------|------------------|------|------------|-------------------------|---------------|-------|------------------------|-------------------|----------------|
| | Total Filings | Chap. 13 Filings | | Dismissals | | Adjudications | | Arrangements Concluded | | |
| | | No. | No. | % | No. | % | No. | % | | No. |
| Ala. (N) | 66,299 | 58,937 | 88.9 | 21,010 | 37.35 | 577 | 1.03 | 34,668 | 61.62 | \$5,967,964.67 |
| Ala. (M) | 5,435 | 3,712 | 68.3 | 1,550 | 48.90 | 170 | 5.36 | 1,450 | 45.74 | \$ 365,052.90 |
| Ala. (S) | 7,701 | 6,905 | 89.7 | 1,527 | 34.55 | 16 | 0.36 | 2,877 | 65.09 | \$1,721,232.68 |
| Ark. (E) | 1,688 | 1,180 | 69.9 | 396 | 76.01 | 49 | 9.40 | 76 | 14.59 | \$ 58,633.46 |
| Ark. (W) | 84 | 12 | 14.3 | 6 | 75.00 | 2 | 25.00 | 0 | 0.00 | \$ 0.00 |
| Ga. (N) | 12,939 | 137 | 1.1 | 31 | 57.40 | 15 | 27.78 | 8 | 14.82 | \$ 6,993.27 |
| Ga. (M) | 6,437 | 2,982 | 46.3 | 538 | 42.23 | 297 | 23.31 | 439 | 34.46 | \$ 457,075.27 |
| Ga. (S) | 4,749 | 3,444 | 72.5 | 759 | 42.76 | 116 | 6.54 | 900 | 50.70 | \$1,016,169.33 |
| Iowa (N) | 874 | 3 | 0.3 | 1 | 25.00 | 3 | 75.00 | 0 | 0.00 | \$ 0.00 |
| Iowa (S) | 2,931 | 1,182 | 40.3 | 200 | 54.05 | 103 | 27.84 | 67 | 18.11 | \$ 88,701.75 |
| Kan. | 13,704 | 8,178 | 59.7 | 2,212 | 62.15 | 233 | 6.55 | 1,114 | 31.30 | \$1,195,925.36 |
| Me. | 6,098 | 1,884 | 30.9 | 403 | 51.21 | 132 | 16.77 | 252 | 32.02 | \$ 374,879.24 |
| Mo. (E) | 4,780 | 7 | 0.1 | 3 | 42.86 | 4 | 57.14 | 0 | 0.00 | \$ 0.00 |
| Mo. (W) | 6,063 | 2,642 | 43.6 | 1,224 | 52.69 | 284 | 12.23 | 815 | 35.08 | \$ 943,878.90 |
| Tenn. (E) | 12,236 | 1,828 | 15.3 | 515 | 44.59 | 53 | 4.59 | 587 | 50.82 | \$ 440,536.69 |
| Tenn. (M) | 6,572 | 253 | 3.8 | 44 | 43.14 | 16 | 15.69 | 42 | 41.17 | \$ 25,280.81 |
| Tenn. (W) | 16,289 | 12,626 | 77.5 | 4,600 | 52.75 | 501 | 5.74 | 3,620 | 41.51 | \$3,344,256.24 |

represent a considerable salvage of money that would otherwise be lost; furthermore, all moneys paid unsecured creditors can only be to their gain.

*D. Southern District of Georgia Cuts Losses to Creditors
by Extensive Use of Chapter 13*

A detailed analysis of the writer's own home district is highly revealing; it shows a salvage operation increasing from 0% in 1954 to 24.74% in 1960. This percentage is obtained by first adding total liabilities in all no-asset cases to total liabilities in all chapter 13 cases concluded and then computing the percentage of wage earner dividends to all liabilities in both wage earner and no-asset cases.

*Southern District of Georgia
Payments to Creditors in Chapter 13 Cases
in Comparison With No Payments in No-Asset Cases*

| <i>Year</i> | <i>No-Asset Cases Concluded</i> | <i>Liab. to Creditors</i> | <i>Paid to Creditors</i> | <i>Chapter 13 Concluded</i> | <i>Paid to Creditors 100%</i> | <i>% Paid on Total Liabilities</i> |
|-------------|---|-------------------------------|------------------------------|-------------------------------------|---------------------------------------|--|
| 1954 | 54 | \$ 392,889.00 | \$0.00 | 0 | \$ 0.00 | 0.00% |
| 1955 | 70 | \$ 776,227.00 | \$0.00 | 1 | \$ 1,451.00 | 0.19% |
| 1956 | 89 | \$ 562,502.79 | \$0.00 | 3 | \$ 2,299.00 | 0.41% |
| 1957 | 117 | \$ 700,845.71 | \$0.00 | 146 | \$164,624.00 | 19.02% |
| 1958 | 162 | \$1,191,127.32 | \$0.00 | 231 | \$330,084.00 | 21.70% |
| 1959 | 189 | \$1,108,693.63 | \$0.00 | 252 | \$391,893.00 | 26.11% |
| 1960 | 221 | \$1,311,717.38 | \$0.00 | 267 | \$431,280.33 | 24.74% |

If the Georgia (S) average of 24.74% dividend in all employee cases (bankruptcy and wage earner included) shown in the preceding chart were extended to all judicial districts, you would have this result:

| | |
|---|-------------------------|
| Total Liabilities in No-Asset Cases: | \$469,865,566.75 |
| Plus Wage Earner Liabilities: | + 5,150,154.69 |
| | <u>\$475,015,721.44</u> |
| Multiplied | × .2474 |
| Would Produce a Dividend of: | <u>\$117,518,889.48</u> |
| Less Actual Payments in Chap. 13 Cases: | - 5,150,154.69 |
| Or an Increased Recovery of: | <u>\$112,368,734.79</u> |

E. Chapter 13 Experience by Judicial District

The concentration of chapter 13 cases in a very few districts is illustrated by the following tabulation showing distribution by judicial district of chapter 13 cases concluded in fiscal year 1960.

| Number of Districts | Chap. 13 cases concluded | Number of Districts | Chap. 13 cases concluded |
|------------------------|-----------------------------|------------------------|-----------------------------|
| 56 | 0 | 1 | 43 |
| 7 | 1 | 1 | 48 |
| 2 | 3 | 1 | 58 |
| 1 | 4 | 1 | 68 |
| 1 | 5 | 1 | 107 |
| 1 | 6 | 1 | 140 |
| 1 | 7 | 1 | 145 |
| 1 | 8 | 1 | 185 |
| 1 | 9 | 1 | 197 |
| 1 | 10 | 1 | 267 |
| 1 | 11 | 1 | 503 |
| 2 | 13 | 1 | 656 |
| 1 | 27 | 1 | 3,340 |
| 1 | 37 | | |

In order that information as to the money "saved" by creditors through chapter 13 proceedings (or "lost" by non-user of chapter 13) can be analyzed by state (or by districts in the state), the writer presents another brace of charts: the first (pp. 189-91) shows the 1960 chapter 13 experience of every judicial district (note particularly that adjudications, dismissals and arrangements concluded are each shown separately); the second (p. 192) shows much the same information for the country as a whole extended back over a 10-year period.

There is really no such thing as a "voluntary" proceeding in the court of bankruptcy. Cases follow harassment by garnishment, attachment, deficiency, letter of debt, complaint to employer, and pressure on the debtor—all of which force him to seek relief. In like manner chapter 13 cases are precipitated. Some have suggested that filings would be decreased if garnishment statutes were made more liberal to the employee and exemption statutes were liberalized in the "harsh" states. While this is true, it would only limit and restrict the creditors' remedies for collection; moreover, this thought ignores the fact that *even when debts are cancelled, someone has to pay them.*

The increased use of chapter 13 in proper cases lessens creditor losses and minimizes the adverse effects of no-asset bankruptcies upon the credit community. But chapter 13 requires more than mere filing of the case. Many cases are filed in jurisdictions where attorneys are not skilled in the proceedings, where referees are apathetic if not antagonistic, where trustees do not even know their duties (much less attend to them), where particular classes of creditors suffer from bias or prejudice, and where debtors look upon the plan as just another way of postponing the inevitable. The following section sets forth my views on the necessary requisites of a successful chapter 13 proceeding.

| Fiscal Year 1960 | Gross (All Cases) | | Wage Earner Proceedings Only | | | | | Paid Creditors |
|---------------------|----------------------|--------|------------------------------|---------|------------|-----------|-------|-------------------|
| | Filed | Closed | Filed | Dismiss | Terminated | Concluded | % | |
| | | | | | | | | |
| Totals | 110,034 | 99,317 | 13,599 | 880 | 5,159 | 5,920 | 49.50 | \$5,168,251.07 |
| Ala. (N) | 5,383 | 6,303 | 4,562 | 81 | 2,040 | 3,340 | 61.16 | 2,423,061.67 |
| Ala. (M) | 501 | 566 | 316 | 28 | 135 | 197 | 54.72 | 95,922.90 |
| Ala. (S) | 989 | 919 | 900 | 3 | 315 | 503 | 61.26 | 389,482.68 |
| Alaska | 24 | 32 | — | — | — | — | — | — |
| Ariz. | 1,173 | 963 | 125 | 5 | 4 | — | — | — |
| Ark. (E) | 361 | 281 | 247 | 25 | 145 | 43 | 20.18 | 40,367.46 |
| Ark. (W) | 27 | 25 | 1 | — | 2 | — | — | — |
| Cal. (N) | 5,464 | 5,298 | 185 | 4 | 10 | — | — | — |
| Cal. (S) | 13,940 | 12,123 | 319 | 43 | 112 | 58 | 27.23 | 96,792.80 |
| Colo. | 2,375 | 1,767 | 8 | 12 | — | 1 | — | 540.00 |
| Conn. | 1,052 | 1,023 | 12 | 5 | 2 | — | — | — |
| Del. | 41 | 38 | — | — | — | — | — | — |
| D.C. | 114 | 100 | 1 | — | — | — | — | — |
| Fla. (N) | 22 | 17 | 2 | 2 | — | — | — | — |
| Fla. (S) | 467 | 389 | — | — | — | — | — | — |
| Ga. (N) | 2,009 | 1,810 | 12 | 1 | 6 | 3 | 30.00 | 3,753.76 |
| Ga. (M) | 1,256 | 927 | 592 | 83 | 165 | 185 | 42.72 | 225,133.27 |
| Ga. (S) | 935 | 757 | 672 | 12 | 226 | 267 | 52.87 | 431,280.33 |
| Guam | 1 | 1 | — | — | — | — | — | — |
| Hawaii | 90 | 109 | — | — | — | — | — | — |
| Idaho | 496 | 443 | 79 | 14 | 39 | 13 | 19.69 | 6,590.02 |
| Ill. (N) | 11,993 | 10,817 | 313 | 26 | 92 | 6 | 4.83 | 9,109.03 |
| Ill. (E) | 644 | 624 | 8 | 1 | 1 | 1 | 33.33 | 2,179.61 |
| Ill. (S) | 1,782 | 1,752 | 102 | 10 | 22 | 7 | 17.94 | 12,066.26 |
| Ind. (N) | 1,217 | 1,061 | — | — | — | — | — | — |
| Ind. (S) | 804 | 552 | 59 | 22 | 12 | 4 | 10.52 | 3,659.62 |
| Iowa (N) | 254 | 204 | — | — | 1 | — | — | — |
| Iowa (S) | 688 | 624 | 206 | 39 | 88 | 37 | 22.56 | 49,131.75 |
| Kan. | 2,423 | 1,593 | 1,257 | 89 | 419 | 140 | 21.60 | 176,416.36 |
| Ky (E) | 879 | 794 | 10 | — | — | — | — | — |

| Fiscal Year 1960 | Gross (All Cases) | | Wage Earner Terminations Only | | | | | | Paid Creditors |
|---------------------|----------------------|--------|-------------------------------|---------------|------|---------|-----------|-------|-------------------|
| | Filed | Closed | Filed | % of Gross | Adi. | Dismiss | Concluded | | |
| | | | | | | | Number | % | |
| District | | | | | | | | | |
| Ky. (W) | 1,579 | 1,588 | 123 | 7.78 | 36 | 42 | 48 | 38.09 | \$ 54,910.18 |
| Ia. (E) | 738 | 580 | 2 | .27 | 1 | — | — | — | — |
| Ia. (W) | 594 | 431 | 1 | .16 | — | — | — | — | — |
| Me | 953 | 841 | 306 | 32.10 | 27 | 112 | 68 | 32.85 | 107,475.24 |
| Md. | 141 | 162 | — | — | — | — | 1 | — | — |
| Mass. | 1,091 | 1,173 | — | — | 1 | — | — | — | — |
| Mich. (E) | 3,541 | 2,683 | 2 | .05 | 2 | — | — | — | — |
| Mich. (W) | 1,266 | 982 | 7 | .55 | 3 | 1 | 3 | 42.85 | 6,373.81 |
| Minn. | 2,094 | 1,674 | 289 | 13.80 | 12 | 15 | 9 | 25.00 | 11,269.16 |
| Miss. (N) | 65 | 45 | 9 | 13.84 | 2 | 7 | — | — | — |
| Miss. (S) | 242 | 211 | 10 | 4.13 | 2 | 3 | 1 | 16.66 | 1,302.20 |
| Mo. (E) | 1,013 | 873 | — | — | 1 | — | — | — | — |
| Mo. (W) | 895 | 969 | 164 | 18.32 | 44 | 87 | 145 | 52.53 | 196,374.90 |
| Mont. | 254 | 252 | 12 | 4.72 | 2 | 1 | — | — | — |
| Neb. | 511 | 473 | 6 | 1.17 | — | 1 | — | — | — |
| Nev. | 146 | 152 | 1 | .68 | — | — | — | — | — |
| N.H. | 331 | 291 | — | — | 1 | — | — | — | — |
| N.J. | 896 | 899 | 25 | 2.79 | 1 | 1 | — | — | — |
| N.M. | 254 | 222 | 4 | 1.57 | 4 | — | — | — | — |
| N.Y. (N) | 1,186 | 1,256 | 8 | .67 | 4 | 3 | 10 | 58.82 | 17,434.25 |
| N.Y. (E) | 762 | 841 | — | — | 1 | — | — | — | — |
| N.Y. (S) | 796 | 812 | 2 | .25 | 1 | — | — | — | — |
| N.Y. (W) | 1,287 | 1,209 | — | — | — | — | — | — | — |
| N.C. (E) | 37 | 36 | 1 | — | — | — | — | — | — |
| N.C. (M) | 47 | 41 | — | — | — | — | — | — | — |
| N.C. (W) | 13 | 14 | 1 | 7.69 | — | — | — | — | — |
| N.D. | 71 | 58 | — | — | — | — | — | — | — |
| Ohio (N) | 6,197 | 5,524 | 150 | 2.42 | 18 | 55 | — | — | — |
| Ohio (S) | 4,641 | 4,237 | 1 | .02 | — | — | — | — | — |
| Okla. (N) | 583 | 546 | 4 | .68 | 1 | 1 | 1 | 33.33 | 1,152.42 |

| Fiscal Year 1960 | Gross (All Cases) | | Wage Earner Proceedings Only | | | | | Paid Creditors |
|---------------------|----------------------|--------|------------------------------|---------------|--------------|---------|---------------------|-------------------|
| | Filed | Closed | Filed | % of Gross | Terminations | | Concluded Number | |
| | | | | | Adi. | Dismiss | | |
| District | | | | | | | | |
| Okla. (E) | 53 | 48 | 1 | 1.88 | 1 | | | |
| Okla. (W) | 693 | 631 | 3 | .43 | 4 | 1 | | |
| Ore. | 3,112 | 2,817 | 17 | .54 | 4 | 3 | | |
| Pa. (E) | 416 | 409 | | | | | | |
| Pa. (M) | 121 | 119 | 1 | .82 | | 1 | | |
| Pa. (W) | 241 | 215 | 1 | .41 | | | | |
| P.R. | 43 | 43 | | | | | | |
| R.I. | 275 | 301 | | | | | | |
| S.C. (E) | 25 | 14 | | | | | | |
| S.C. (W) | 19 | 9 | 2 | 10.52 | | | | |
| S.D. | 81 | 83 | | | | | | |
| Tenn. (E) | 1,451 | 1,380 | 259 | 17.84 | 21 | 100 | 1 | \$ 2,344.01 |
| Tenn. (M) | 993 | 764 | 28 | 2.81 | 3 | 5 | 107 | 103,785.69 |
| Tenn. (W) | 2,200 | 2,029 | 1,699 | 77.22 | 107 | 801 | 5 | 2,203.71 |
| Tex. (N) | 194 | 177 | 3 | 1.54 | 2 | | 656 | 607,952.24 |
| Tex. (E) | 46 | 30 | | | | | | |
| Tex. (S) | 76 | 76 | | | | | | |
| Tex. (W) | 100 | 65 | | | | | | |
| Utah | 577 | 483 | | | | | | |
| Vt. | 164 | 164 | | | | | | |
| Va. (E) | 1,696 | 1,571 | 13 | .76 | 5 | 5 | 13 | 21,711.96 |
| Va. (W) | 1,109 | 979 | 151 | 13.61 | 24 | 31 | 27 | 34,898.37 |
| Virgin Is. | | 2 | | | | | | |
| Wash. (E) | 840 | 903 | 3 | .35 | 2 | | | |
| Wash. (W) | 2,133 | 1,917 | 220 | 10.31 | 13 | 27 | 8 | 10,167.54 |
| W. Va. (N) | 242 | 281 | 2 | .82 | 2 | | | |
| W. Va. (S) | 768 | 803 | 29 | 3.77 | 6 | 7 | 11 | 14,938.66 |
| Wis. (E) | 1,941 | 1,301 | 34 | 1.75 | 15 | 13 | | |
| Wis. (W) | 620 | 547 | 16 | 2.58 | 2 | | 1 | 5,307.06 |
| Wyo. | 197 | 169 | 1 | .50 | | | | |

Bankruptcy Cases Filed and Terminated in 10-Year Period (1952-1961)
 (With Special Reference to Chapter 13 Cases, No-Asset
 Bankruptcies and Employee Cases)

| | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|
| All Types | | | | | | | | | | |
| Pending | 40,922 | 36,184 | 38,786 | 48,428 | 55,592 | 59,364 | 68,459 | 80,446 | 84,273 | 94,990 |
| Filings | 34,873 | 40,087 | 53,136 | 59,404 | 62,086 | 73,761 | 91,668 | 100,672 | 110,034 | 146,643 |
| [Employee] | [26,527] | [31,253] | [40,889] | [46,163] | [48,784] | [59,053] | [73,379] | [81,516] | [89,639] | [119,117] |
| Terminations | 39,611 | 37,485 | 43,494 | 52,240 | 58,314 | 64,666 | 79,681 | 96,845 | 99,317 | 117,943 |
| Pending (End) | 36,184 | 38,786 | 48,428 | 55,592 | 59,364 | 68,459 | 80,446 | 84,273 | 94,990 | 123,690 |
| Pending | 13,374 | 11,182 | 11,899 | 13,276 | 15,135 | 15,670 | 17,605 | 20,738 | 21,948 | 22,999 |
| Filings and Terminations | | | | | | | | | | |
| Filings | 7,397 | 8,670 | 9,634 | 9,864 | 9,535 | 11,549 | 13,391 | 12,993 | 13,599 | 19,723 |
| Amended | 26 | 37 | 41 | 42 | 54 | 72 | 81 | 110 | 111 | 4 |
| Dismissed | 3,955 | 3,132 | 3,573 | 3,378 | 3,271 | 3,703 | 4,306 | 5,933 | 5,159 | |
| Adjudicated | 110 | 109 | 184 | 325 | 302 | 340 | 511 | 820 | 880 | |
| Concluded | 5,550 | 4,749 | 4,541 | 4,344 | 5,481 | 5,643 | 5,522 | 5,840 | 5,920 | |
| Pending | 11,182 | 11,899 | 13,276 | 15,135 | 15,670 | 17,605 | 20,733 | 21,248 | 22,999 | |
| Chapter 13 Only | | | | | | | | | | |
| Arrangements | 5,550 | 4,749 | 4,541 | 4,344 | 5,481 | 5,643 | 5,522 | 5,840 | 5,920 | |
| Debts Affected | \$1,503,793 | \$1,548,695 | \$1,788,554 | \$2,144,033 | \$3,098,289 | \$3,646,689 | \$4,113,542 | \$5,685,996 | \$5,277,736 | |
| Pd. by Composition | \$711 | \$3,141 | \$0.00. | \$0.00 | \$2,404 | \$0.00 | \$723 | \$1,663 | \$17,736 | |
| Paid in Full | \$1,473,691 | \$1,519,890 | \$1,749,853 | \$2,109,974 | \$3,647,933 | \$3,536,875 | \$4,020,588 | \$4,603,679 | \$5,150,154 | |
| Case LabILITIES | | | | | | | | | | |
| Concluded | 19,047 | 19,561 | 23,894 | 30,953 | 34,145 | 37,888 | 48,982 | 61,012 | 63,086 | |
| Total Liabilities | \$120,591,649 | \$121,969,527 | \$155,013,814 | \$201,463,188 | \$227,262,339 | \$253,869,561 | \$347,695,124 | \$420,134,547 | \$469,865,566 | |

4. Fiscal 1961 figures are not available at present.

IV. FORMULA FOR CHAPTER 13 SUCCESS

A truly successful chapter 13 operation requires:

- (1) A referee dedicated to rehabilitation;
- (2) Use of full injunctive powers against the creditor;
- (3) Use against the debtor of full injunctive powers forbidding the creation of any credit obligation without the consent of the court;
- (4) Methods of assuring control over debtor's pay check;
- (5) Maximum deposits by debtor;
- (6) A dedicated trustee
 - (a) full time where justified,
 - (b) adequately compensated,
 - (c) prompt in remittance to creditors;
- (7) A bankruptcy bar sharing the qualities of dedication suggested for the referee and trustee;
- (8) A type of debtor who seeks out the court of bankruptcy not as a sanctuary, asylum or place of refuge, but as a means of learning (perhaps for the first time) the hard lesson of self-discipline;
- (9) Prompt dismissal where the case justifies it;
- (10) Continuing education—workshops, seminars and forums.

Chapter 13 is a "rehabilitation device." Therefore, while we have stressed here the advantages to our economy of increased use of chapter 13, "the rehabilitation of the debtor" continues to be the prime objective in all appropriate and proper cases.

