

Bankruptcy cases surge

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Bankruptcy filings in New Jersey increased 6 percent in October as the economic downturn battered the finances of consumers and businesses, figures released Monday show. The number of new or reopened bankruptcy cases filed in the 12 months to October — 25,468 cases — was 35 percent higher than the same period a year ago, according to figures reported by the U.S. Bankruptcy Court in New Jersey.

Business bankruptcies accounted for 991 cases, an increase of 25 percent on the same period a year earlier, the figures show. Bergen, Passaic, Hudson and Morris counties all experienced a more than 30 percent surge in filings over the past 12 months, the figures show.

Bankruptcy attorneys, who said they are getting more inquiries about bankruptcy from people looking to resolve their problems, expect the number of filings to grow.

"I think this is the tip of the iceberg," said Ralph A. Ferro Jr., a Ridgewood bankruptcy attorney, who said he has seen an increase in inquiries since March.

Some queries are related to real-estate problems, but many are from people who have been scraping by for a while — borrowing money or using their credit cards — and can no longer meet their bills, he said.

"A lot of it is credit-card related," said David Edelberg, a Hackensack-based bankruptcy attorney. "What generally drives bankruptcy is either 'I got a divorce,' 'I got sick' or 'I lost my job.' Or 'I opened a new business.' "

Michael Sirota, a Hackensack attorney who specializes in business bankruptcy, said the number of "consultations and new engagements for large, complicated Chapter 11 work is up dramatically."

"We have not seen the worst," Sirota said. "I think you will see many more filings in the future."

He said the crisis in the financial markets is too recent to be factored into the bankruptcy figures because troubled companies usually spend months looking for new capital and other ways to stabilize their business before turning to bankruptcy.

Figures compiled by AACER, an Oklahoma City-based bankruptcy data and management company, show New Jersey's 6 percent increase in bankruptcies in October was the 37th largest in the nation.

Ohio was at the top of the list, with a 76 percent jump. New Jersey was ranked 30th for the number of bankruptcy filings per 1,000 residents, with 2.98 per 1,000.

Gary K. Norgaard, an Englewood bankruptcy attorney, said he was surprised the numbers weren't worse, given the "tsunami" of inquiries he gets.

"All the bankruptcy guys are swamped," he said. "I am sure the future is going to bring a lot more." ■