

Weekly Bankruptcy Analysis

August 24-30, 2020

Written by:

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Total filings were down by 45.6 percent during the week ending August 30 compared to the same week in 2019.² This was the largest weekly decline since early May.

Bankruptcy Filings August 24 - 30, 2020		
Type of Case	Number Filed	Percent Change From Same Week in 2019
Total	9,923	-45.6%
- Chapter 7	7,425	-36.8%
- Chapter 11	99	-3.9%
- Chapter 13	2,388	-62.5%
- Other Cases*	11	-54.2%
* Chapters 9, 12 and 15		

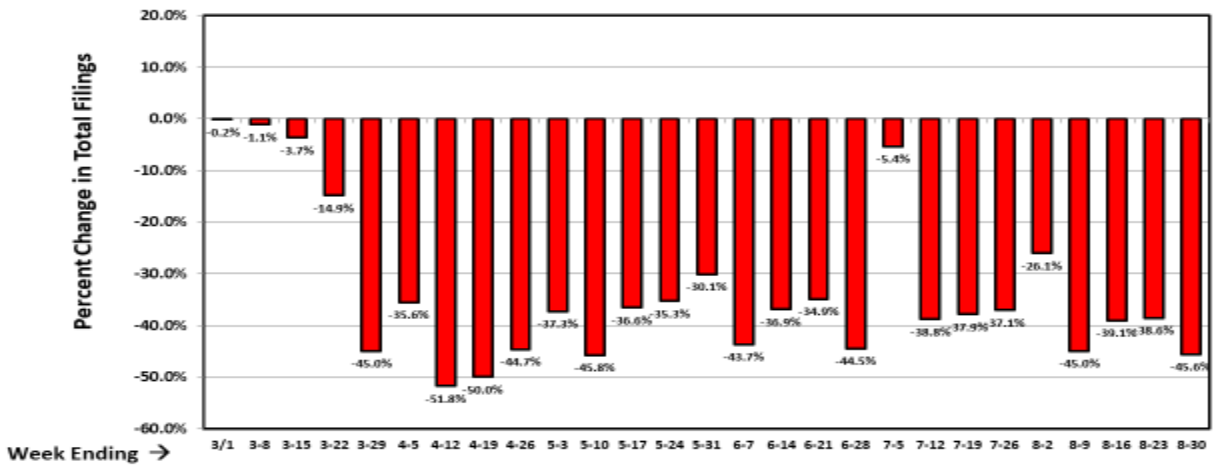
This much-larger-than-normal decline during the week was partially influenced by the calendar. The last business day of August 2019 occurred on August 30, so filings were unusually high during this week last year. The end-of-the-month surge in August 2020 has largely been pushed forward to the coming week (ending September 6). A more detailed discussion of the month-ending spike in filings that occurs each month is at the end of this report.

The following chart shows the weekly trends since March.

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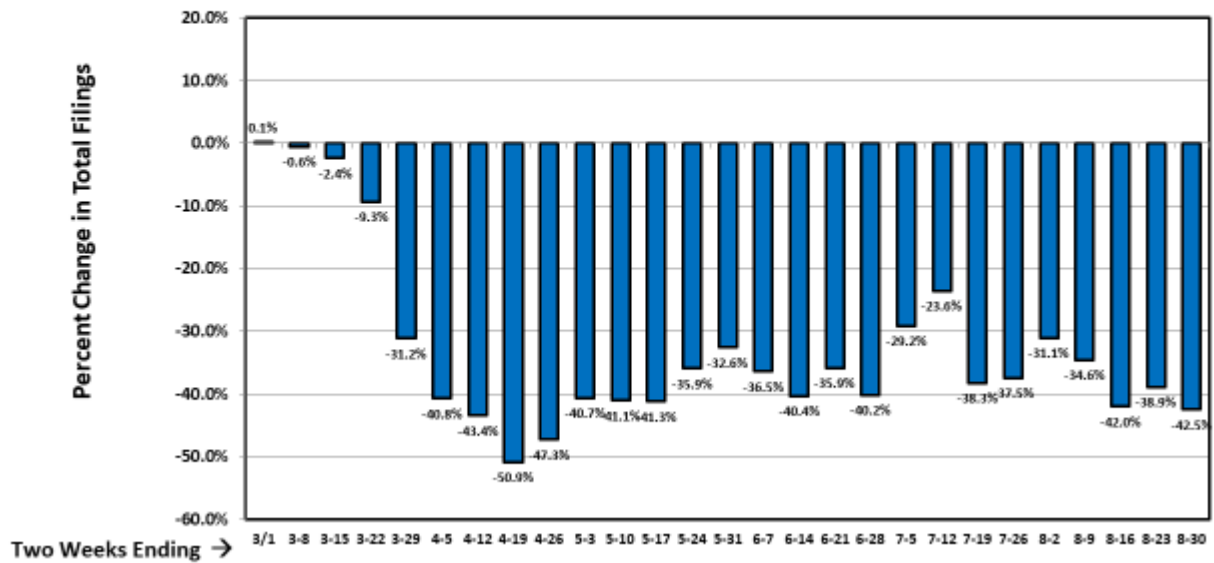
² These figures are from PACER and are subject to change. See <https://www.pacer.gov/>.

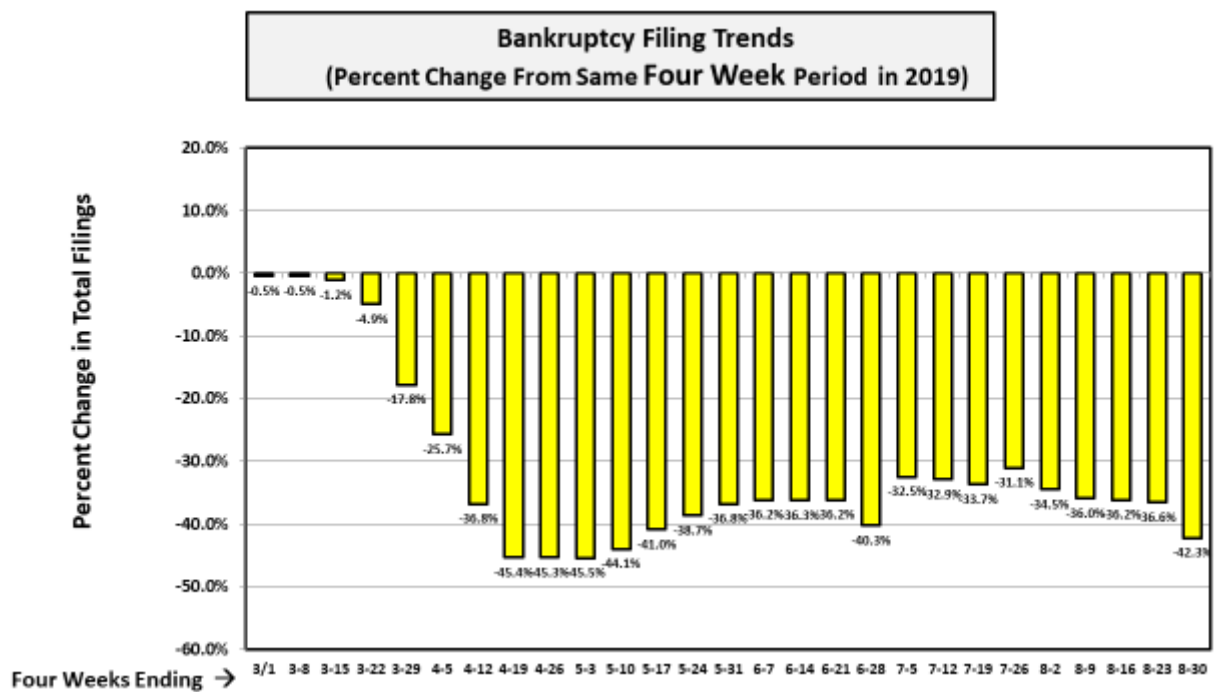
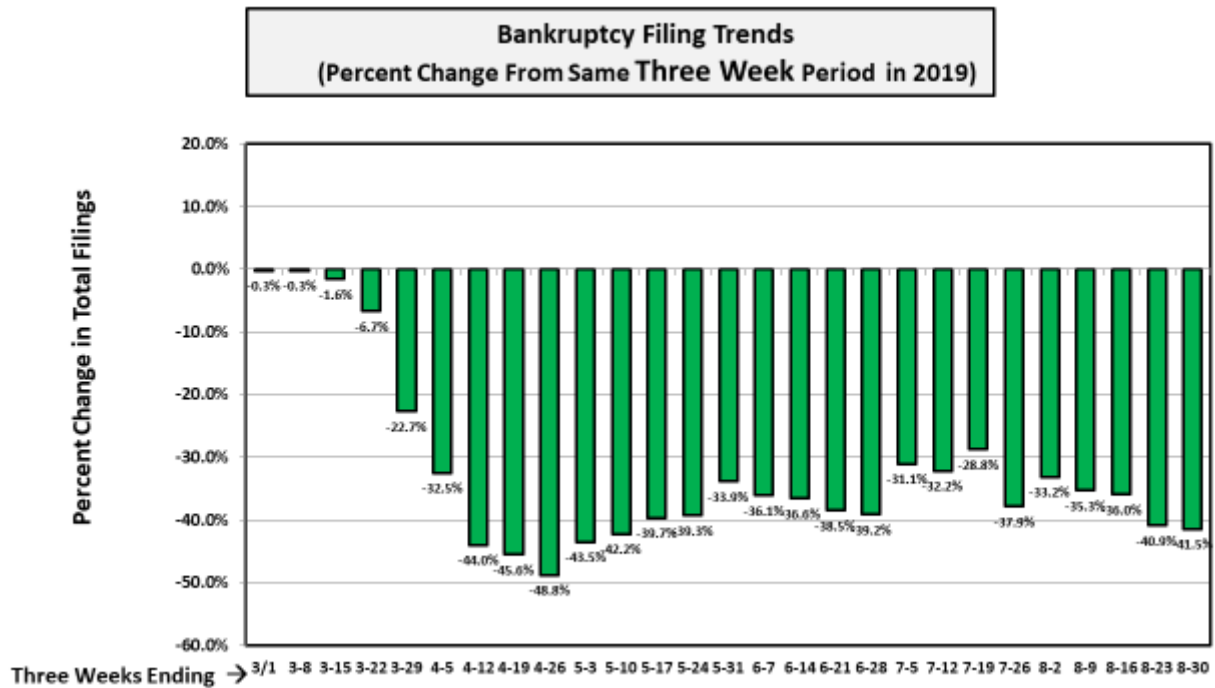
Bankruptcy Filing Trends By Week
(Percent Change From Same Week in 2019)



To provide a truer picture of actual trends, the following three charts show the weekly trends based on two-, three- and four-week rolling averages.

Bankruptcy Filing Trends
(Percent Change From Same Two Week Period in 2019)





Chapter 11 Cases

Chapter 11 filings during the week were down slightly from the same week last year.

Types of Chapter 11 Cases Filed		
	August 24 - 30	
	2020	2019
Total Filed	99	103
Solo Cases	63	75
Parent cases	7	7
Child cases	29	21
Filed By Individuals	17	26
Subchapter V Cases	42	NA

The 42 subchapter V cases filed during the week bring the total filed to 795 since subchapter V became available on February 19, 2020. Once again, more than one-half of the solo chapter 11 cases filed during the week were subchapter V cases.

Notable Case Filings

COVID-19 has caused a dramatic increase in prominent bankruptcy filings (e.g., companies with debts and assets of several hundred million or more or firms that are household names), particularly by retailers and energy companies. However, there has been somewhat of a drop-off in these cases during the month of August. As of August 30, there have been 16 notable case filings, compared with 27 in July, 28 in June and 31 in May.

All but two of the notable cases in August were filed in Delaware, the Southern District of New York or the Southern District of Texas. The two exceptions were *Stein Mart Inc.* which was filed in the Middle District of Florida, and *Lord & Taylor, LLC*, which was filed in the Eastern District of Virginia.

Notable Case Filings August 24 - 30, 2020				
Company Name	Industry	Date Filed	Court of Filing	Number of Related Cases
SAExploration Holdings, Inc.	Oilfield services	8/27/2020	Texas Southern	4
Shiloh Industries, Inc.	Auto components supplier	8/30/2020	Delaware	18

See the ABI Headlines for news of the latest filings at <https://www.abi.org/newsroom/headlines>.

Month-End Spike in Filings

As noted above, the weekly filing totals can be distorted by several factors, including the surge in filings that occurs on the last business day of each month. As a result of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), eligibility for relief under chapter 7 and available disposable income under chapter 13 are both dependent in part on the debtor's *current monthly income*. Current monthly income is defined in Section 101 of the Bankruptcy Code as

the average monthly income from all sources that the debtor receives (or in a joint case the debtor and the debtor's spouse receive) without regard to whether such income is taxable income, derived during the 6-month period ending on the last day of the calendar month immediately preceding the date of the commencement of the case....

This means that the current monthly income would have to be recalculated if the filing of the case is carried over to a new month. To beat this deadline, there is a spike in filings of both chapter 7 and chapter 13 cases at the end of each month.

Prior to BAPCPA, filings were slightly higher than average on the last business day of the month.³ On the last business day in 2019, chapter 13 filings were more than 50 percent above average and chapter 7 filings were nearly double their typical volume. During the months since COVID-19, while filings have dropped substantially, the end-of-the-month spike is even more pronounced for both chapter 7 and 13 cases.

	Pre-BAPCPA	Pre-Covid-19	Post-COVID 19
	Calendar Year	Calendar Year	April to July
	2004	2019	2020
Chapter 7			
Daily Average Filings Excluding Last Day	4,605	1,836	1,370
Average Filings on Last Day of Month	5,090	3,541	3,350
Percent Increase on Last Day	10.5%	92.9%	144.5%
Chapter 13			
Daily Average Filings Excluding Last Day	1,636.0	1,111.0	422.0
Average Filings on Last Day of Month	1,680.0	1,697.0	945.0
Percent Increase on Last Day	2.7%	52.7%	123.9%

Upcoming Week

Filings during the upcoming week (August 31-September 6) will be skewed for two reasons. The 2020 figure will include the month-end surge in filings. Additionally, Labor Day was on September 2 last year, which depressed filings for the week. As a result, in the coming week I expect that bankruptcy filings will show their first year-over-year increase since February.

³ In this analysis, daily average filings are based on the number of non-holiday weekdays, while filings include cases filed on weekends and holidays. This lowers the percent increase on the last-day figure very slightly.