

Weekly Bankruptcy Analysis

October 10-16, 2022

Written by:

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The 7,026 total case filings recorded last week were slightly above filings during the same week in 2021. However, filings are still down by about half since prior to the pandemic. Chapter 13 filings continue to rebound toward pre-pandemic levels, while chapter 7 filings continue to drop compared to prior years.

Bankruptcy Filings October 10 - 16, 2022				
Type of Case	Number Filed	Percent Change From Same Week Last Three Years		
	2022	2021	2020	2019
Total	7,026	2.1%	-17.6%	-49.0%
- Chapter 7	3,853	-10.8%	-37.0%	-54.5%
- Chapter 11	80	-36.0%	-48.7%	5.3%
- Chapter 13	3,090	27.1%	38.1%	-41.0%
- Other Cases*	3	-50.0%	-85.0%	-75.0%

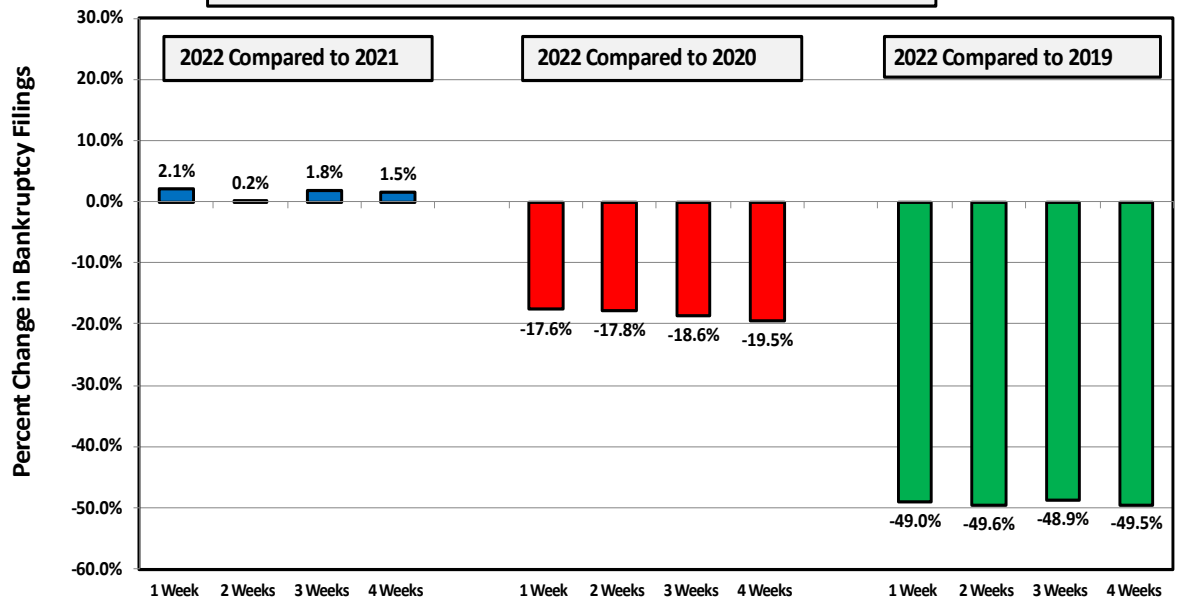
The following charts show recent weekly filing trends by chapter compared to 2021, 2020 and 2019.

¹ Ed Flynn is a consultant with ABI. He previously worked for more than 30 years at the Executive Office for U.S. Trustees and the Administrative Office of the U.S. Courts.

Week Ending
October 16

Bankruptcy Filing Trends (All Chapters)

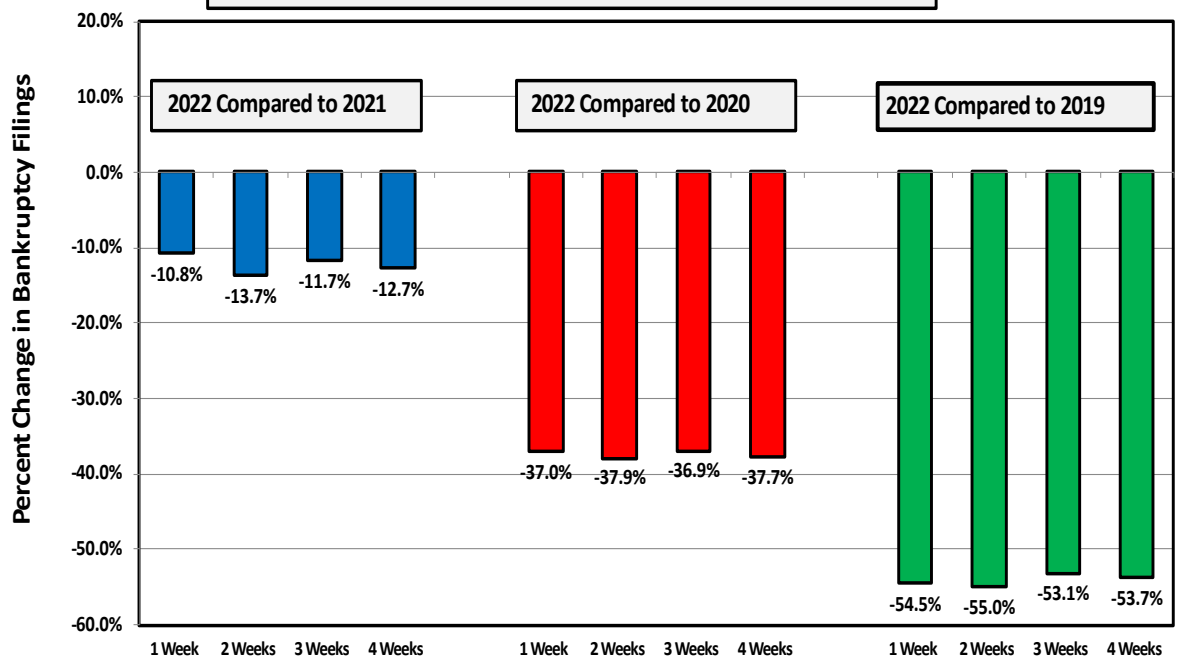
Percent Change From 2021, 2020, and 2019

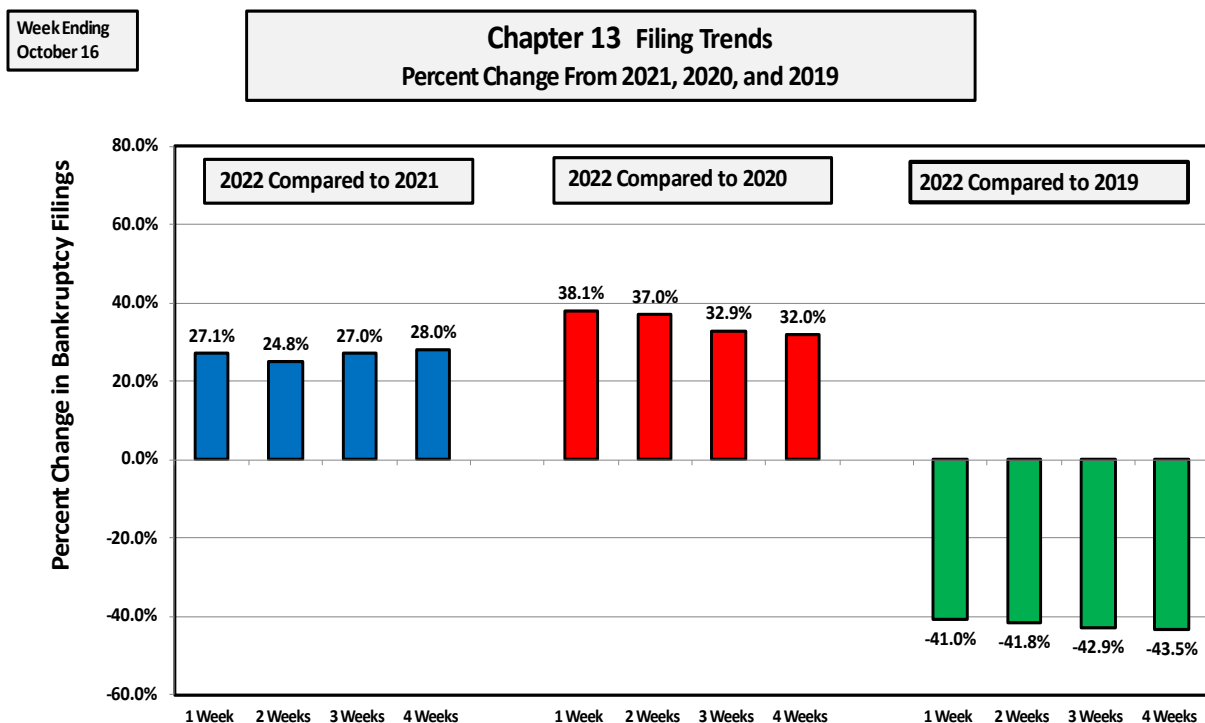
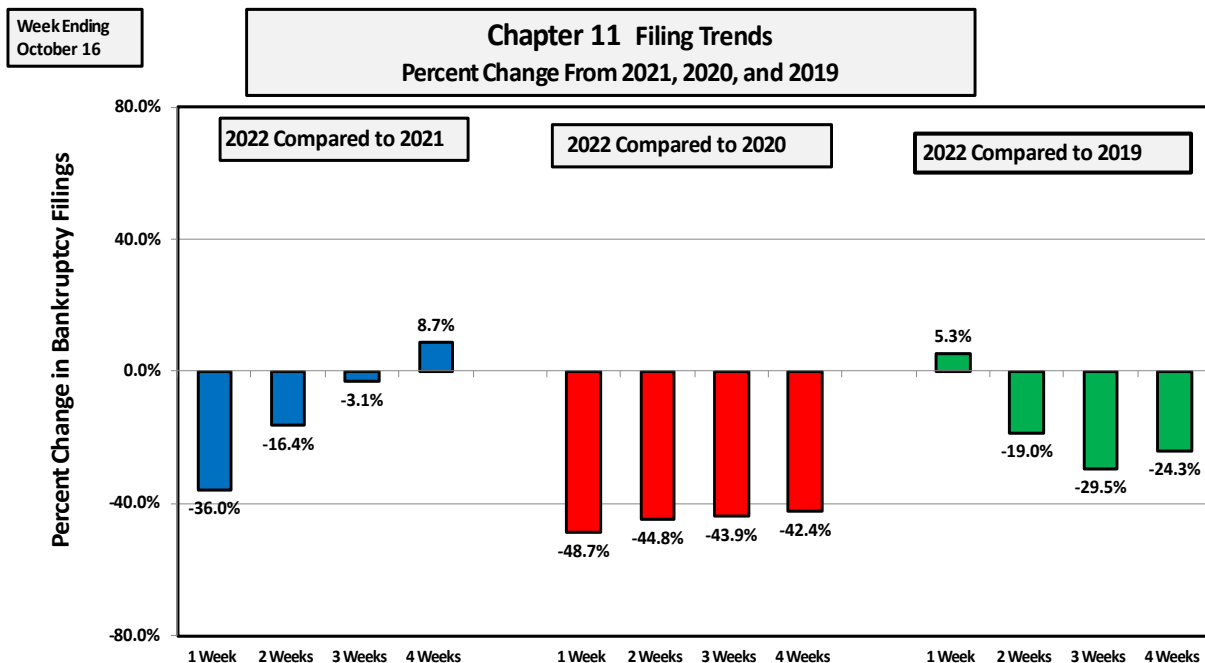


Week Ending
October 16

Chapter 7 Filing Trends

Percent Change From 2021, 2020, and 2019





Chapter 11 Cases

The 80 chapter 11 cases filed last week were well below the number of filings during the same week for the last two years. However, more than half of the chapter 11 cases filed during the same week in 2021 and 2020 were related filings by corporate subsidiaries (the filing by

opioid-maker Mallinkrodt PLC on Oct. 12, 2020, included 63 related filings, and on Oct. 14, 2021, nursing home operator Gulf Care Health LLC filed along with 61 related entities). Excluding related filings, the chapter 11 caseload last week was about the same as the last three years.

The single notable chapter 11 case filed during the week involved Vital Pharmaceuticals, Inc., the parent of Bang energy drink. The debtor filed in the Southern District of Florida on Oct. 10, along with six related entities.

Types of Chapter 11 Cases Filed				
	October 10 - 16			
	2022	2021	2020	2019
Total Filed	80	125	156	76
Solo Cases	57	54	64	64
Parent Cases	7	4	9	5
Child Cases	16	67	83	7
<i>Filed By Individuals</i>	11	17	26	26
Subchapter V Cases	31	21	37	N/A

Subchapter V Cases Top 4,000

The Small Business Reorganization Act of 2019 (SBRA) took effect on Feb. 19, 2020, just a few weeks before the national shutdown due to the COVID-19 pandemic. With the creation of subchapter V, the SBRA provided a streamlined path through chapter 11 for small business debtors. On Oct. 11, the 4,000th subchapter V case was filed. Below are some statistics on subchapter V filings to date:

- As of Oct. 16, 2022, there have been 4,017 subchapter V cases filed;
- Subchapter V cases have been filed in every state;
- About 35 percent of subchapter V cases have been filed in three states: Florida (574), California (431) and Texas (411);
- About one-quarter of the subchapter V cases have been filed by individuals who reported that a majority of their debt was business debt;
- The leading categories of businesses using subchapter V include restaurants and bars, health care professionals and facilities, business services, retail, construction and development, and trucking and transport firms;
- Many of the filings are clearly caused by the pandemic, including hotels and motels, taxi/limousine services, leisure and entertainment;
- About 80 percent of eligible small business debtors elect subchapter V. This rate has been fairly steady since subchapter V became available;

- The data shows that attorney choice was a big factor in whether or not subchapter V was used. Most attorneys use it nearly all the time, while some don't use it at all;
- Including judges, trustees and debtors' attorneys, well over 2,000 bankruptcy professionals have been involved in subchapter V cases;
- It takes a considerable amount of time for all of the cases filed during a period to complete. However, a study conducted by Bankruptcy Judge **Michelle M. Harner** (D. Md.; Baltimore) of 500 subchapter V cases filed in 2020 showed that the confirmation rate is far higher than it was for small business cases filed prior to the enactment of the SBRA; and
- Of the confirmed cases in the above study, 59 percent were consensual plans under § 1191(a).

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