BANKRUPTCY LAW NEWSLETTER

Published by Federal Bar Association
Western District of Michigan Chapter

Vol. 2, No. 12 August, 1990

RIGHT ON SCHEDULE

*By John A. Porter**

It was a dark and stormy night. The new Bankruptcy Trustee was alone in his sixth-floor office reviewing Schedules before his §341 meetings. Lightning flashed and thunder rolled around the building, adding an ominous tone to his already arduous task. He jumped as a flash of lightning illuminated the city below. That same instant, he heard a loud but recognizably feminine knock on the outer door, an unexpected intrusion at 10:14 p.m. Thoughts of the imminent encounter raced through his mind as he approached the door in the gloom of his unlit outer office. He opened the door not knowing what to expect.

Her eyes were wide and flashed with excitement as she asked, smiling through three black spaces in her otherwise pearly white teeth, "Can I finish cleaning up here? You're my last office."

When I took this job two years ago, no one had explained that reviewing bankruptcy Schedules would sometimes be such a struggle. As a practitioner for over twenty years and having represented debtors for a good portion of that time, I was familiar with what the Trustees and the Court wanted and how to present the information in a way that minimized the questions which the Trustee, his counsel or the Judge would ask at the §341 meetings. Under the guidance of the bankruptcy expert in my former law firm and the Trustees I represented during that period, I set my goal to be as detailed as possible and to provide enough explanation so my clients' exposure to questions by the examiners would be minimized. It is now apparent that not all practitioners share my passion for full disclosure. After becoming a Bankruptcy Trustee and reviewing approximately 1,000 sets of Schedules since August of 1988, I have discovered just how many Schedules could be improved.

The Bankruptcy Code [11 U.S.C.S. §521] requires that the debtor "(1) file a list of creditors and, unless the Court orders otherwise, a Schedule of assets and liabilities, a Schedule of current income and current expenditures and a Statement of the debtor's financial affairs;". Section 1007 of the Rules of Bankruptcy requires in subsection (b)

 Mr. Porter is presently a Bankruptcy Trustee and is also a practicing attorney. Prior to becoming a Bankruptcy Trustee in August of 1988, he was a partner with the law firm of Day, Sawdey & Flaggert, where he practiced law as a general practitioner with emphasis on bankruptcy.

(1) that "the debtor in a Chapter 7 liquidation case or a Chapter 11 reorganization case, unless the Court orders otherwise, shall file with the Court Schedules of assets and liabilities, prepared as described by Official Form #6, a Schedule of current income and expenditures, prepared as described by Official Form #6A, if appropriate, a Statement of financial affairs, prepared as described by Official Forms #7 and #8, whichever is appropriate, and a Statement of executory contracts." Both the Code and the Rules provide the debtor and the practitioner with a statement of the debtor's responsibilities, but they do not specify the type of detail required, nor do they impose an obligation of completeness. True, the Code does require that the statements by the debtor in his testimony supporting his Schedules be under oath [11 U.S.C.S. §343] and that the debtor shall cooperate with the Trustee to the extent necessary to aid in the administration of the estate [11 U.S.C.S. §521(4)], but these requirements are designed for implementation after the Trustee has had the Schedules and reviewed them. In fact, it seems these Sections were incorporated into the Code to make it easier for a Trustee to get information that was otherwise lacking in the Schedules.

I recently reviewed a set of Schedules which contained absolutely no information which I could use. Of course, all the right blanks were filled with something so it could be accepted for filing, but they provided no information from which I could determine any facts about the debtor or the debtor's assets. No exemptions were claimed, although the debtor owned a home. The address of the property was given, but the references to liens and values were so garbled they made no sense. Preparation for the §341 meeting in this case, and in cases where the facts are misstated or unclear or are inconsistent with the disclosures or are otherwise incomplete, takes a considerable amount of time. Generally, the Trustee has to try to formulate enough questions to complete the Schedules, to obtain information regarding assets and to determine if the debtor is entitled to claim any exemptions. Even after substitute counsel was appointed in the case described and the Schedules were amended, new facts and new assets were discovered as the debtor continued to "remember" that there were other assets and claims previously not disclosed.

This case is an example of failure on the part of the debtor to provide enough information to counsel, but it also is an example of failure on the part of counsel to ask enough questions and to insist that his client b[illegible] plete and truthful [illegible] the facts required t[illegible] disclosed. The Co[illegible] places the responsibility squarely on the debtor to provide the information. Counsel, on the other hand, serves to transfer that information into the form required by the Code and take the debtor through the process of presenting the information to the Court, the Trustee and the creditors. Once an attorney agrees to represent his client in a bankruptcy matter, he becomes responsible for presenting the information accurately and in the proper form. This requires much more than transposing the information the debtor provides in the preliminary worksheet onto the approved forms and sending them to Court. It requires analysis of the data provided, follow-up questions concerning the way assets are owned, the background of a debt or a lawsuit, the relationship of parties and a myriad of other questions which, if asked, would result in Schedules so complete the Trustee would have very little to cover at the §341 exam.

The importance of asking some follow-up questions is illustrated in a case involving a debtor who listed real estate on Schedule B-1 as being "owned with mother" and listed half of the total value of the real estate as being the value of the asset. He claimed his one-half interest as exempt. He

with his mother in home and honestly med they owned the operty together. At ne §341 meeting, he provided the Deed to verify ownership, but the Deed presented was a deed by which his mother had conveyed her interest in the property to the debtor several years before the filing of his Petition. He was the sole owner of the property. A few additional questions about his assets before the Schedules were prepared would have disclosed this fact. This fact was significant enough to warrant a possible change in the way the debtor used his exemptions and it might even have made a difference concerning whether he should have filed a Chapter 7 or a Chapter 13 proceeding, or whether he should not have filed for relief under the Bankruptcy Code at all. Some follow-up questions concerning the real estate would also have saved the Trustee the time he spent developing the true nature of the title.

Accurate and correct presentation of the nature of ownership of assets described by the debtor in the worksheet is the job of the debtor's counsel. An attorney's legal training enables counsel to evaluate the facts and establish the correct legal status of the debtor's ownership. Relying on the client's perception of ownership, particularly in the case of real estate, can sometimes create problems. I recently reviewed Schedules filed by co-debtors in which they represented that they were the joint owners of certain real estate. By claiming the appropriate exemptions, there appeared to be no equity in that real estate for the benefit of the estate. Other disclosures in the Schedules, however, were not consistent with that result and the facts showed that only one of the co-debtors owned the property in question. Since the house was not their principal residence, only the owner could claim an exemption and the net equity became an asset of the estate. This was an expensive surprise to the debtors at the §341 meeting, which could have been avoided by a more detailed inquiry of the disclosures on the worksheet.

Generally, Trustees prefer to review Schedules that contain a lot of detail. For example, it is helpful if secured transactions are described by the date of the transaction and the description includes a list of all of the documents executed which establish the lien. The legal description and permanent parcel number of real estate is invaluable to the Trustee's analysis of the equity position of the estate. Also, the dates and descriptions of the documents signed creating the lien and an accurate statement of the balance due on the mortgage or land contract saves considerable time. Asking the debtor to provide this information while completing the Schedules and disclosing the information on the Schedules generally does not involve any more preparation time for the practitioner. By asking for this information and incorporating it into the Schedules, the debtor is more responsible for completing his obligation to file complete and accurate Schedules. If it is not on the Schedules, the Trustee generally asks the debtor for this information anyway. By doing a thorough preliminary investigation, the practitioner can eliminate those embarrassing looks from your clients at the §341 meetings when the Trustee asks for some information the debtor could have provided and could have been included in the Schedules.

Any unusual transactions should be described in detail. A paragraph never hurts and can eliminate a lot of time and questioning. A detailed description of a debtor's involvement in businesses when the facts and circumstances are unusual or complicated eliminates a lot of uncertainty and saves time at the §341 meeting. If the debtor operated a business that is closed, a detailed statement of what happened to the assets of that business is also helpful since that question will be asked by a Trustee at the §341 meeting anyway. The effort to obtain this

detail is well spent when the Schedules are prepared because the debtors know they are required to produce the information so you can complete the documents required to file their bankruptcy proceeding. It is not as easy, nor as economical, to get the data from your client after the case has been filed. The debtor has lost interest and his counsel has moved on to other matters in the expectation that no further data needs to be provided.

It is unfortunate that the printed forms used by most bankruptcy practitioners do not accommodate extensive disclosure; consequently, detailed disclosure of facts generally requires a lot of attachments. The number of attachments can almost double the size of the Schedules, depending on the complexity of the debtor's disclosures. Today, computer-generated forms are designed so that no matter how long the answer is, it will follow the question. This makes it much easier to be more complete and more detailed. The forms in most software packages for use by bankruptcy practitioners certainly make the preparation of the Schedules and the Statement of affairs easier and should make it easier for the practitioner to provide more detail in the Schedules. Unfortunately, in some cases, it leads to more reliance on the data provided by the debtor and less analysis of that information before the Schedules are prepared. Most computer-generated Schedules are easy to read. However, some are more difficult since there is no distinction in printing style and/or emphasis between the questions and the answers. It takes less time to review Schedules when the distinction between the questions and the answers is clear. If you are using software packages, see if there is a way to emphasize either the questions or the answers.

Exemptions are another critical area of the Schedules which requires accuracy and attention to detail. It is the practitioner's task to present the maximum exemptions that are allowable to the debtor for the Trustee's and the Court's consideration. A thorough knowledge of both State and Federal exemption statutes is clearly required since the proper preservation of a debtor's assets is the practitioner's responsibility.

It is, therefore, surprising when Schedules are filed that do not maximize the debtor's exemptions or fail to claim any exemptions at all. The latter case is clearly difficult for a Trustee to deal with because it presents a conflict between his obligation to maximize the recovery of assets for the benefit of creditors and his obligation to allow the debtor to protect certain assets to enable him to a fresh start. I per ally had to deal w this issue in an i stance where the debto owned an interest in real estate and some other personal assets and had the right to receive a workers compensation award when a final judgment of her workers compensation claim was entered. However, the word "None" was entered in Schedule B-4, despite the fact that the information indicating that existence of the house, the personal effects and the workers compensation claim appeared elsewhere in the Schedules. A letter to her original counsel did not produce any changes so, after consulting with the Judge assigned to the case, I filed an application to allow her certain bare-bones exemptions. This action did not result in any action by the debtor's counsel, but it did result in the debtor replacing her attorney with other counsel. They then filed a proper B-4 Schedule and her exemptions were properly protected. I probably spent five to six hours on this issue alone, which was much longer than should be spent by a Trustee to protect the debtor's rights.

This is an extreme example. A more common occurrence is the incorrect application of exemptions between co-debtors when a particular asset is owned by only one of them. One example of this situation has already been

sed. Another ex- involved co- tors claiming their ximum exemptions under 522(d)(5) in accounts receivable of a business owned and operated solely by one of the debtors. In that case, the Schedules and the testimony at the §341 meeting clearly established that only one co-debtor had any interest in the business, but the Trustee had to file an objection to the debtor's exemptions to obtain the proper application of those exemptions.

Other sources of concern relating to exemptions include exempting property which has not been referred to in any other place on the Schedules, not exempting assets that are listed and are clearly exemptible, and not accurately totaling the amount of exemptions claimed. The latter is particularly true in cases where several assets are claimed under §522(d)(5). In that situation, the debtors often claim more exemptions than they are allowed.

All of these situations can be remedied by filing amendments. However, this becomes expensive and, in most cases, involves extra work for the debtor's counsel for which he or she may not get paid. It also causes some degree of embarrassment at the §341 meeting and could give rise to more serious consequences when these consequences could have been avoided while the Schedules were being prepared. It also causes the Trustee extra time and expense trying to determine what exemptions are properly allowed to the debtors.

Finally, it is very helpful to the Trustees to feel confident that the debts listed on the Schedules are actually the debts of the person who appears at the §341 meeting. Recently, in this District, one of the Trustees was questioning the supposed debtor at the §341 meeting about the debts listed on Schedule A-3. The supposed debtor repeatedly professed to have no knowledge of how the debts arose or the amounts involved. The Trustee continued to question the supposed debtor and finally asked why she did not have any knowledge of these debts. She responded by stating that she was not the debtor and proceeded to identify herself by another name. She indicated that she had filed the Schedules so she would not be liable for the debtor's debts. This case is still pending and is rather bizarre. It could happen to any practitioner, however, and it shows that attention to detail, even to the point of making sure that the person you are dealing with is the debtor, is extremely important when representing a potential bankrupt.

In general, the Schedules filed in this District are usually well done and fairly accurate and complete. Also, I believe the Trustees understand that the degree of cooperation you get from the debtor is, to some extent, the controlling factor in how the Schedules are prepared. However, the practitioner has the opportunity to decline to represent someone who refuses to provide accurate figures or who he or she might suspect is not making full and honest disclosures of their assets and affairs. Without question, there is always room for improvement and this article is designed to remind its readers of some areas that can be improved upon. It may seem that these suggestions would not make the Trustee's work any easier. In fact, however, the more detail that is presented for the Trustee's analysis, the less questions he will have, the less analysis he will have to make and the questions he must ask will be more direct and to the point. Most Trustees would rather be encountering the cleaning woman at 10:14 p.m. because of extra reading which is providing him with more information than because he is having trouble understanding the Schedules due to lack of facts and inconsistent, inaccurate disclosures.

Please consider these suggestions when you work on your next set of Schedules. All involved will be better served if we are right on schedule.

RECENT BANKRUPTCY DECISIONS:

The following are summaries of recent court decisions that address important issues of bankruptcy law and procedure. These summaries were prepared by Patrick E. Mears with the assistance of Larry A. Ver Merris.

Gosch v. Burns (In re Finn), Case No. 89-1827 (6th Cir. July 31, 1990). The decisions rendered by the bankruptcy and district courts below are reported at 86 Bankr. 902 and 111 Bankr. 123. The district court's decision is discussed in the August, 1989 issue of the Newsletter. In this case, the Chapter 7 trustee commenced an adversary proceeding against the individual debtor's brother to recover preference payments made by debtor on an installment consumer loan guaranteed by her brother. Both the bankruptcy and district courts authorized this recovery and the brother thereafter appealed to the Sixth Circuit Court of Appeals. On appeal, the Sixth Circuit remanded the action to the bankruptcy court for a factual determination as to whether the debtor had incurred her debt to the credit union in the ordinary course of her financial affairs within the scope of 11 U.S.C. § 547(c)(2).

In its opinion, the Sixth Circuit first rejected the brother's argument that the trustee failed to establish all of the necessary elements of a preference under 11 U.S.C. § 547(b). The brother's next argument--that the lower court's erred in rejecting his defense that his sister's consumer debt to her credit union was incurred and paid in the ordinary course of business within the meaning of 11 U.S.C. § 547(c)(2)--was sustained, however. The lower courts had concluded that this debt was not incurred in the ordinary course because long-term consumer loans are never incurred in the ordinary course of a consumer's financial affairs.

The Sixth Circuit first ruled that long-term consumer debt may be incurred in the ordinary course of a debtor's financial affairs within the meaning of 11 U.S.C. § 547(c)(2) provided that the debt is a "'normal financial relation' and that is not 'unusual action' undertaken during the debtor's 'slide into bankruptcy'." This defense is available even if the consumer debt is the first such transaction undertaken by the debtor. Since the lower courts did not engage in a factual analysis to determine whether this debt was incurred in the ordinary course of the debtor's financial affairs, the Sixth Circuit remanded this case to the bankruptcy court with directions to make such an analysis.

Taunt v. Fidelity Bank of Michigan (In re Royal Golf Products Corp.), Case No. 88-1615 (6th Cir. July 18, 1990). In November, 1985, Fidelity Bank of Michigan ("Fidelity") loaned $194,000 to Royal Golf Products Corp. ("Debtor") on an unsecured basis. One of the Debtor's shareholders, Francis McMath ("McMath") obtained a $200,000 irrevocable letter of credit from NBD for the benefit of Fidelity to cover this obligation. In April, 1986, Debtor defaulted on its loan obligations to Fidelity, and Fidelity thereafter attempted to draw under the letter of credit. McMath, however, requested that Fidelity accept payment from a trust that be controlled. These payments from the trust were made within 90 days before the Debtor's bankruptcy and were secured by liens in Debtor's assets in favor of McMath. According to the Sixth Circuit, "[s]ince McMath's payment of [Debtor's] obligation to Fidelity was essentially a loan, the amounts paid by McMath were sums which [became] due and owing from the Debtor to the secured party [McMath] under the security agreement."

cer an involuntary bankruptcy case was commenced against Debtor, its cee initiated an adversary proceeding against Fidelity to recover as ferences the payments made by McMath to Fidelity. The bankruptcy court found favor of the trustee and entered judgment against Fidelity for $157,000, nich was the Debtor's net worth at the time of the payment. The bankruptcy court found that the payment to Fidelity could not have depleted the Debtor's estate by more than this amount. The bankruptcy court's decision is reported at 79 Bankr. 695. This judgment was affirmed on appeal to the federal district court. On a further appeal, the Sixth Circuit affirmed the lower courts, relying upon its earlier decision of In re Hartley, 825 F.2d 1067 (6th Cir. 1987).

On appeal, Fidelity argued that the payment it received did not deplete the Debtor's estate since McMath's lien was unperfected and subject to avoidance by the trustee. The Sixth Circuit rejected this argument by finding that, for purposes of a preference analysis, the effect of the transfer on the Debtor's net worth must be determined at the time of the transfer. The Sixth Circuit concluded that the payment to Fidelity actually depleted the Debtor's net worth at that point in time by liening up the Debtor's assets.

Home Health Care of Metropolitan Detroit, Inc. v. Midwest Home Health Care, Inc. (In re Home Health Care of Metropolitan Detroit, Inc.), Case No. 90-CV-70618 (E.D. Mich. July 27, 1990). In its Chapter 11 case, the debtor, Home Health Care of Metropolitan Detroit, Inc. ("Debtor"), commenced an adversary proceeding against two defendants in August, 1989, to recover money. The defendants filed an answer to Debtor's complaint in September, 1989. The final pretrial conference was thereafter scheduled by the bankruptcy court for January 16, 1990 and trial for January 26, 1990. The parties were ordered to submit a joint final pretrial order in compliance with the local bankruptcy rules for the Eastern District of Michigan.

On January 3, 1990, the bankruptcy court denied a request to adjourn the pretrial conference and trial. At the pretrial conference, Debtor's counsel advised the bankruptcy court that discovery had not been completed and that he was not prepared to go forward with that conference or the trial. The bankruptcy court thereupon granted defendant's motion to dismiss the adversary proceeding with prejudice and later entered a dismissal order.

On appeal to the district court, Debtor argued that the bankruptcy court erred in dismissing the adversary proceeding and also asserted that the dismissal order was not entered in strict compliance with L.B.R. 120 (E.D.M.). The district court, per Judge Lawrence Zatkoff, held that the bankruptcy court did not abuse its discretion in dismissing the adversary proceeding. In addition, Judge Zatkoff held that even though LBR 120 (E.D.M.) was not strictly complied with in presenting the order of dismissal, the debtor suffered no actual prejudice from that failure.

Ankers v. Endsley, Case Nos. 89-CV-72948 and 89-CV-73709 (E.D. Mich. June 25, 1990). This case involves an appeal from a judgment of nondischargeability entered by Bankruptcy Judge Walter Shapero in an adversary proceeding commenced by a shareholder/employee of a corporation controlled by the individual Chapter 7 debtor. In his nondischargeability complaint, the plaintiff asserted that debtor fraudulently induced him to invest in the corporation by making false representations as to the corporation's liabilities. In this adversary proceeding, plaintiff argued that the doctrine of collateral estoppel applied since a default judgment was entered against debtor in a state court action previously commenced by plaintiff.

In his decision granting plaintiff's motion for summary judgment, Judge Shapero applied the doctrine of collateral estoppel and held the debt

nondischargeable under 11 U.S.C. § 523(a)(2)(A). On appeal to the di court, the debtor argued that section 523(a)(2)(A) did not apply on its since the misrepresentations complained of related to the financial condi of an "insider" of the debtor, viz. the corporation. District Judge Patri Duggan agreed with the debtor and remanded the action to the bankruptcy cou for consideration of the debtor's contention that 11 U.S.C. § 523(a)(2)(A) did not apply. Judge Duggan also directed the bankruptcy court to consider whether sections 523(a)(4) and (a)(6) of the Bankruptcy Code would render this debt nondischargeable. Judge Duggan also held that Judge Shapero erred in applying collateral estoppel since no competent testimony of debtor's fraud was apparently ever introduced in the state court action.

Clairmont Transfer Co. v. Rice, Rice, Gilbert & Marston (In re Clairmont Transfer Co.), Adversary Proceeding No. 90-9008 (Bankruptcy W.D. Mich. July 31, 1990). This adversary proceeding was commenced by the Chapter 11 debtor to recover a post-petition debt allegedly owed to it by its former counsel. Defendant filed a demand for a jury trial which was objected to by the debtor. In this decision denying the debtor's motion to strike the jury demand, Bankruptcy Judge Laurence Howard held that bankruptcy courts may conduct jury trials in core proceedings, agreeing with In re Ben Cooper, Inc., 896 F.2d 1394 (2d Cir. 1990).

In re Showinsky, Case No. HM 90-90086 (Bankr. W.D. Mich. July 31, 1990). In this decision also rendered by Bankruptcy Judge Howard, 11 U.S.C. § 522(f)(1) was applied to avoid a judicial lien in the debtor's exempt property when that lien arose from a divorce judgment.

Scrima v. Insurance Company of North America (In re Scrima), Adversary Proceeding No. 86-0198 (Bankr. W.D. Mich. July 31, 190). In a previous decision rendered by District Judge Robert Holmes Bell and summarized in the July, 1989 issue of the Newsletter, the attempted post-petition cancellation of an insurance policy on the debtors' business premises was deemed void since it violated the automatic stay. This earlier decision was reported in 103 Bankr. 128. In this subsequent proceeding before Bankruptcy Judge Howard, he held that Transamerica Insurance Company was liable to debtors for $90,930.76 in lost profits and $82,806.15 in policy coverage. Judge Howard concluded that Transamerica's attempted cancellation of debtors' insurance policy waived the sixty-day proof of loss requirement contained in that policy. Consequently, Transamerica was estopped from asserting that requirement as a bar to debtors' claims under the policy.

Watervliet Paper Co. v. City of Watervliet (In re Shoreham Paper Co.), Adversary Proceeding No. 89-0237. (Bankr. W.D. Mich. July 27, 1990). The Chapter 11 debtor commenced this adversary proceeding against the City of Watervliet and Berrien County for a determination that the 1988 Winter real estate taxes did not attach to realty owned by the debtor since the date of the attachment and perfection of the tax liens (i.e. the lien day) was a date that fell post-petition. In a decision granting debtor's motion for summary judgment, Bankruptcy Judge Jo Ann Stevenson first held that the automatic stay provisions of 11 U.S.C. § 362(a)(4) prohibited the attachment and perfection of the tax lien. Judge Stevenson thereafter held that the "relation back" provision of 11 U.S.C. § 546(b) did not apply to perfect the real estate tax lien.

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MICHIGAN

NOTICE

PROPOSED CHANGE TO THE ASSIGNMENT POLICY FOR CHAPTER 13 CASES

This Court has recently been requested by several of the trustees who administer Chapter 13 cases, and by the United States Trustee, to consider a change in the manner in which cases are assigned to the judges of this Court. The purpose of the change would be to reduce the number of motion days in which Chapter 13 cases are scheduled in Grand Rapids and Kalamazoo.

In response to this request, the judges of this Court have indicated their willingness to modify the assignment policy of the Court. Specifically, this Court is considering assigning two of the four judges to handle all Chapter 13 cases in Grand Rapids and two of the four judges to handle all Chapter 13 cases in Kalamazoo. Pending cases would be reassigned using the same policy. This would result in a decrease in the number of motion days in which Chapter 13 matters would arise in both locations by one-half as the judges would continue their present policy of conducting motion days biweekly.

Prior to implementation of such an assignment system, the Court would like comments from the bankruptcy bar and interested members of the public on the positive and/or negative effects of such a policy. Comments should be sent to the Clerk, U.S. Bankruptcy Court, P.O. Box 3310, Grand Rapids, MI 49501, by September 15, 1990.

NOTICE OF CHANGE IN ASSIGNMENT PRACTICE OF THE UNITED STATES BANKRUPTCY COURT

The members of the bankruptcy bar should be aware that the Hon. David E. Nims, Jr. will no longer hear cases in Traverse City and the Hon. James D. Gregg will no longer hear cases in Lansing. Judge Nims will assume all Lansing area cases now assigned to Judge Gregg, and Judge Gregg will assume all Traverse City area cases now assigned to Judge Nims. New cases will be randomly assigned to Judges Howard and Gregg in Traverse City and to Judges Nims and Stevenson in Lansing.

Members of the bar are asked to change their records accordingly, and to send motions, orders, pleadings and correspondence to the appropriate judge. A formal order reassigning these cases may be issued in the immediate future.

Any questions about this policy can be addressed to the clerk's office of the court.

EDITOR'S NOTEBOOK

Please be advised that the United States Bankruptcy Court for the Eastern District of Michigan has adopted new local rules which will become effective September 1, 1990. Should you desire to obtain a copy of these new local rules, we would suggest that you contact the Clerk of that Court.

As most of you know, the Second Annual Bankruptcy Seminar was held at Shanty Creek on August 23 - August 25, 1990. We had 118 people pre-registered, which is up approximately 20% from last year. From all accounts, the presentations were well received and quite educational. Plans are already being made for next year's Seminar. If you have any interesting ideas as to subject areas to be covered, please do not hesitate to contact the undersigned or Brett Rodgers.

Larry A. Ver Merris

STEERING COMMITTEE MEETING MINUTES

A meeting was held on August 24, 1990 at 7:45 a.m. at Shanty Creek.

1. The policy statement regarding Steering Committee membership as published in the July, 1990 Newsletter was adopted.

2. The following persons were elected to the Bankruptcy Steering Committee for the following terms:

One-Year Term	Two-Year Term	Three-Year Term
Thomas W. Schouten	Timothy J. Curtin	Robert W. Sawdey
James A. Engbers	Patrick E. Mears	Colleen M. Olson
Brett N. Rodgers	Peter A. Teholiz	Robert E. L. Wright

   In addition, Brett N. Rodgers was elected Chairman for another year.

3. It was also agreed that while attendance at future Steering Committee meetings would continue to be open to non-Steering Committee members, this should be confirmed through previous request made to Brett Rodgers' office. It was felt that in order to keep the meetings from becoming unwieldy, to assure a firm head-count and to keep the luncheon costs down (which are paid for by the local Chapter of the Federal Bar Association), it was necessary to adopt such measures.

4. The next Steering Committee meeting was initially scheduled for noon at the Peninsular Club on Friday, September 21, 1990. However, because of the bankruptcy court golf outing scheduled for the same day, this meeting has been moved back one week to Friday, September 28, 1990; same time and place.

Larry A. Ver Merris

V C I S

THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF MICHIGAN

IS PLEASED TO ANNOUNCE THE INSTALLATION OF:

Voice Case Information System

WHAT DOES VCIS OFFER?

Dialing in from any touchtone will enable you to hear the latest information on a case, including:

- *Case number*
- *Name of debtor(s) or parties*
- *Case filing date*
- *Case chapter*
- *The attorney for the case*
- *The trustee*
- *The judge*
- *Discharge & closed date*
- *341 meeting, date, time, place*
- *The status of the case*
- *If the case has assets*

WHAT DO I NEED TO USE IT?

All you need is a standard touch-tone telephone. The information on the case you select will be read to you by a computer generated synthetic voice.

HOW MUCH DOES VCIS COST?

The information service is provided free of charge.

WHEN IS IT AVAILABLE?

As a rule, you may call for information at any time, 7 days a week.

HOW DO I FIND A CASE?

When you call the special VCIS number, the computer will answer the phone and ask you to enter a name. Using the keys on the phone, enter the name of the debtor. A few seconds after pressing the # key the computer will read the most recent information available about the case.

If there is more than one name found, it will read each case. If you are not interested in the case that is being read, press any key to go on to the next case.

VCIS PHONE NUMBER: (616) 456-2075

LOCAL BANKRUPTCY STATISTICS

The following is a summary of the number of bankruptcy cases commenced in the United States Bankruptcy Court for the Western District of Michigan during the period from January 1, 1990 through July 31, 1990. These filings are compared to those made during the same period one year ago, and two years ago.

	1/1/90 - 7/31/90	1/1/89 - 7/31/89	1/1/88 - 7/31/88
Chapter 7	2,292	1,940	1,627
Chapter 11	92	61	60
Chapter 12	12	7	19
Chapter 13	981	711	669