

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO

CLERK OF COURT'S
FISCAL YEAR 2014
ANNUAL REPORT



KENNETH J. HIRZ, CLERK

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

Judge Pat E. Morgenstern-Clarren, Chief Judge
Judge Russ Kendig
Judge Mary Ann Whipple
Judge Arthur I. Harris
Judge Kay Woods
Judge Jessica E. Price Smith
Judge John P. Gustafson
Judge Alan M. Koschik

TABLE OF CONTENTS

Introduction..	1
Information Technology.	3
Human Resources.	5
Table of Organization	7
Statistical Analysis.	8
Case Filings Charts.	10
Case Closings Charts..	14
Pending Cases Charts.	16
Unclaimed Funds.	18
Revenue.	19
Operating Expenses..	20

UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF OHIO FISCAL YEAR 2014 ANNUAL REPORT

Introduction

The United States Bankruptcy Court for the Northern District of Ohio serves close to six million citizens in the northern 40 counties of the State of Ohio, with court locations in Akron, Canton, Cleveland, Toledo, and Youngstown. In FY2014, there were 22,010 bankruptcy cases filed in the district, a 9% decrease compared to the prior year. This follows decreases in filings in the previous two years: 10% in FY2013, and 17% in FY2012. Case filing figures (compiled by the Administrative Office of the U.S. Courts, for the fiscal year) depict the Northern District of Ohio as the 8th largest of 94 bankruptcy courts nationally.

The judges serving during this fiscal year are listed with the city in which they served: Honorable Pat E. Morgenstern-Clarren, Chief Judge (Cleveland); Honorable Marilyn Shea-Stonum (Akron); Honorable Russ Kendig (Canton); Honorable Mary Ann Whipple (Toledo); Honorable Arthur I. Harris (Cleveland); Honorable Kay Woods (Youngstown); Honorable Jessica E. Price Smith (Cleveland); Honorable John P. Gustafson (Toledo); and Honorable Alan M. Koschik (Akron).

Judge Pat E. Morgenstern-Clarren assumed duties as chief judge on January 3, 2012. Judge Arthur I. Harris was appointed to a four-year term to the Sixth Circuit Bankruptcy Appellate Panel on January 1, 2009, which was extended through 2014. He is also serving as a member of the Judicial Conference of the United States Advisory Committee on Bankruptcy Rules. Judge Marilyn Shea-Stonum retired on May 1, 2014 after serving as bankruptcy judge for 20 years. Serving their first terms as bankruptcy judges are Judge John P. Gustafson (Toledo) and Judge Alan M. Koschik (Akron), sworn in on April 8 and May 2, 2014, respectively.

At the close of the fiscal year, the clerk's office had a staff of 63, in five court locations. A Table of Organization is attached. In recent years, the clerk's office was staffed with 100 deputies, and staffing was reduced in response to limited resources and increased efficiencies. In FY2014, the clerk's office operated on a budget of \$5.4 million and collected revenues of more than \$8.5 million. Nearly \$8 million are court fees and charges. These are deposited to the U. S. Treasury, inuring to the benefit of the entire judiciary.

The remaining \$559,340 are deposits with the court of unclaimed monies, following trustees' distribution of estates. During the fiscal year, the court redistributed \$538,945 of unclaimed funds to claimants (including funds deposited with the court in prior years). Unclaimed fund accounts are searchable on the court website, at www.ohnb.uscourts.gov.

The court website includes additional information on case filing statistics, general orders, local rules, administrative orders, and judges' opinions.

Bankruptcy petitions and pleadings have been filed with the court electronically since 2002, through the Case Management/Electronic Case Filing system (CM/ECF). The CM/ECF server

maintains case data from 1990, including more than 25,092 open cases and 698,646 closed cases. The court's CM/ECF server maintains more than 40.9 million documents, of which 673,018 were filed during this fiscal year. Of all documents filed in FY 2014, court staff entered nearly 15%, attorneys or trustees entered 49%, and 4% were entered by other parties (such as creditors, claim agents, and other professionals). The remaining 32% were automatic filings and other administrative processing.

In FY2014, there were 11,431 registered users of CM/ECF. Attorneys comprised 68.5% of registered users, and 31.5% were creditors. Pro se filers accounted for 3% of all cases filed in FY2014.

During the fiscal year, 78,412 claims were filed with the court. More than 94% of claims were filed electronically.

In the following pages, you will be introduced to further details about our Information Technology and Human Resources activities. Additional information includes data on case filing, closing, adversary and pending caseload data, followed by a report on revenue and operating expenses confirmed by the Administrative Services Department. The clerk's office remains committed to providing the highest level of service to the bench, bar and public. To that end, we welcome suggestions toward the improvement of services.

Kenneth J. Hirz
Clerk of Court

Information Technology

Due to court staff reductions and budget constraints this year, work continued to further automate case administration tasks, standardize docket entries, and reduce case administrator workload. The court continued Automation Committee initiatives (implemented in FY2012) to improve efficiencies. The committee, which includes staff from IT and the Clerk's Office, identifies case administration tasks that can be successfully automated, thoroughly tests the automated function, and documents the process after implementation.

The following are docket events that were automated during FY2014: Chapter 13 case discharges; Chapter 7 dismissed case closings; Cash Register transactions; ACH transactions; Repeat Filer; case transfers to the two new judges in Akron and Toledo; and case transfers to the new Chapter 13 Trustee in Toledo.

Other items that have been automated during FY2014 include: after the U.S. Trustee docketed the *Notice of Assets & Request for Notice to Creditors* the system automatically generates the associated notice; the *Summons* form is automatically populated with case data, signed electronically, and sent to the appropriate parties; the *Notice of Deficiency* form is automatically populated with case data, and sent to the appropriate parties; per request of the U.S. Trustee's office the *Statement of Presumed Abuse* form is automatically populated with case data, and sent to the appropriate parties; online eTraining modules for ECF were developed and posted on the court's website; a secure dropbox has been created for court staff to place electronic copies of hearing recordings and for the authorized transcription firm to access it; and an attorney registration program was implemented that allows an attorney to request an ECF account online, after which the account is automatically created, and an email notification is sent to the attorney with login information.

IT continues to streamline processes to support chambers, including electronic orders and hearing calendars. In the past year, 63,691 E-Orders were uploaded into the court's system for review, and 50,189 orders were electronically signed. IT assisted chambers and Clerk's Office staff to take advantage of functionality in a program named CHAP to reduce work related to managing a judge's hearing schedule. This includes the preparation of hearing calendars, easily updating the calendar as changes occur, and automatically posting the calendar to the court's website. Since the staff for the judges in Akron and Toledo are using CHAP, IT was able to format their hearing calendars for display on the kiosks in the courthouse lobbies.

During the year, IT initiated multiple cost saving efforts:

- renegotiated the contract for the courtroom technology system maintenance and support agreement with annual savings of \$4,400
- renegotiated the contract for the phone system maintenance and support with annual savings of \$2,000
- elimination of power-failure telephone lines and excess T1 circuits from the court telephone systems, with estimated annual savings of \$20,500
- acquisition of 40 (nearly new) PCs from Arizona District Court, with an estimated cost avoidance of \$49,900 (the court will utilize these PCs for three or four more years).

The laptops and tablets used by the court's mobile users are aging and need to be replaced. IT started a project this year to evaluate the capability of the Microsoft Surface Pro 3 in our court's network environment. The initial testing phase was successful and testing is now being expanded to all IT staffers. If the device performs as expected, the court's mobile users, including judges and some managers, will get this device to replace their desktop PC, laptop, and/or tablet. The potential cost savings are significant.

IT completed the multi-year upgrade project to replace some of the district's courtroom technology equipment. The equipment that was replaced includes sound system components and control systems.

The court's PCs were migrated to the Windows 7 operating system, and the servers are in the process of being upgraded to the Windows Server 2012 operating system.

IT hosted four contractors hired by the Administrative Office of the U.S. Courts (AO) for one week during which all aspects of network, system and application security were assessed. The IT Security Assessment Team documented areas for improvement, and gave IT high marks for the court's automation systems security posture.

With assistance from a committee of court employees, IT is developing the court's new website. The committee is reviewing current website content to identify needed modifications, and determining where content should be located on the new website. The website will use a national template provided by the AO which will incorporate improvements to the look and functionality of the court's website. The new website will be put into production in FY2015.

The court continues to have representation on the national project team formed by the AO to define requirements and design functionality for the NextGen CM/ECF system. During the past year, the court's representative performed functional testing of the new user interface for the NextGen system. The first release of the NextGen system for bankruptcy courts is currently scheduled for Summer 2015.

Members of the IT department continue to commit themselves to continuous learning and professional development. Training in the following subjects was completed by one or more IT members during the year: Java, Securing Websites and Servers, Building Websites with Drupal 7, Drupal Explained, Secure Web Development Bootcamp, IT Security Awareness, Writing for Leaders, Appropriations Law, and Project Source Selection. Whenever possible, IT staff identifies quality training opportunities that are either free or minimal cost to the court.

Lori McLaughlin-Nelson
Director, Information Technology

Human Resources

Personnel

The United States Bankruptcy Court for the Northern District of Ohio anticipated a significant budget deficit and possible government sequestration for FY2014. A personnel budget shortfall of over \$780,000 resulted in the elimination of ten clerk's office positions during the fiscal year: 7 case administrators, 1 intake clerk, 1 personnel specialist, 1 deputy clerk in charge. As a result of personnel cuts, the clerk's office started FY2014 with a staff of 64. Judicial staff started FY2014 with 7 judges, and ended the year with 8 judges. Judges' chambers staff included 12 law clerks, and 3 judicial assistants at the end of the fiscal year. In spite of budget deficits and declining staffing levels, Human Resources continues to maintain its quality of service in meeting the needs of staff.

Human resources continued to monitor employee evaluations to ensure that they were completed timely. Managers were apprised of the responsibility to ensure that evaluations and Individual Development Plans were submitted by the due dates, and the practice of issuing reminder notices by Human Resources was discontinued. At the start of FY2014, 97% of the court's evaluations had been submitted by the due dates.

Hiring/Promotions

At the start of FY2014 there was one judge vacancy; the vacancy was filled in April 2014. There was a judge retirement in May 2014; the vacancy was filled in May 2014. Additionally, there was a law clerk and judicial assistant hired for each new judge.

During FY2014, there was a deputy clerk in charge retirement, and a promotion from a courtroom deputy position to fill the vacancy. Additionally, there was a promotion from a case administrator position to fill the courtroom deputy vacancy. There was also a promotion from supervisor to deputy clerk in charge, and the elimination of a supervisor position.

Professional Development

Realizing the importance of professional development, and its impact on operational efficiency, the court has continued to require 10 hours of training each year. Participation in the Individual Development Plan (IDP) Program, which requires staff to set training goals comprised of position-related resources, has also remained a requirement. While the court strongly encouraged fiscally-responsible educational resources that presented minimal or no associated cost, there were Tuition Assistance Program (TAP) funds set aside for specialized training, such as IT-related instruction or other specialized courses. Six TAP requests were approved during the fiscal year. Additional training included, but is not limited to the following resources.

- *Federal Judicial Television Network (FJTN)* - Provides long distance training via broadcasts in areas such as customer service, automation applications, leadership, communication, legal advice, and court procedures.
- *Judiciary On-line University* - Provides on-line study in both soft skills and word processing courses.
- *Federal Judicial Center* - Provides on-line and on-site training resources to court staff in areas such as, leadership development, customer service, team building, and performance

management.

- *National Conference of Bankruptcy Clerks* - An annual educational conference that offers court-specific courses through the Federal Judicial Center, Administrative Office of the United States (AO), Michigan State University, other professional training vendors, and trainers from Bankruptcy Court staff.
- *Internal Cross Training* - Training provided by clerks to provide hands-on job-specific training.
- *Local Public Libraries* - Public service programs provided to the community in computer applications.
- *American Red Cross* - CPR instruction.
- *CCS Training* - A private vendor service providing specialized soft skill training in areas such as, written communication, interpersonal communication, customer service, team-building, etc.

Keeping abreast of technology trends has been paramount in the face of declining staff and budget reductions. Therefore, the court has also recognized the need to provide adequate IT-specific resources. The training courses obtained during FY2014 by IT staff included:

- Building Websites with Drupal
- Drupal Explained
- JAVA Programming Introduction
- Securing Web Applications, Services and Servers

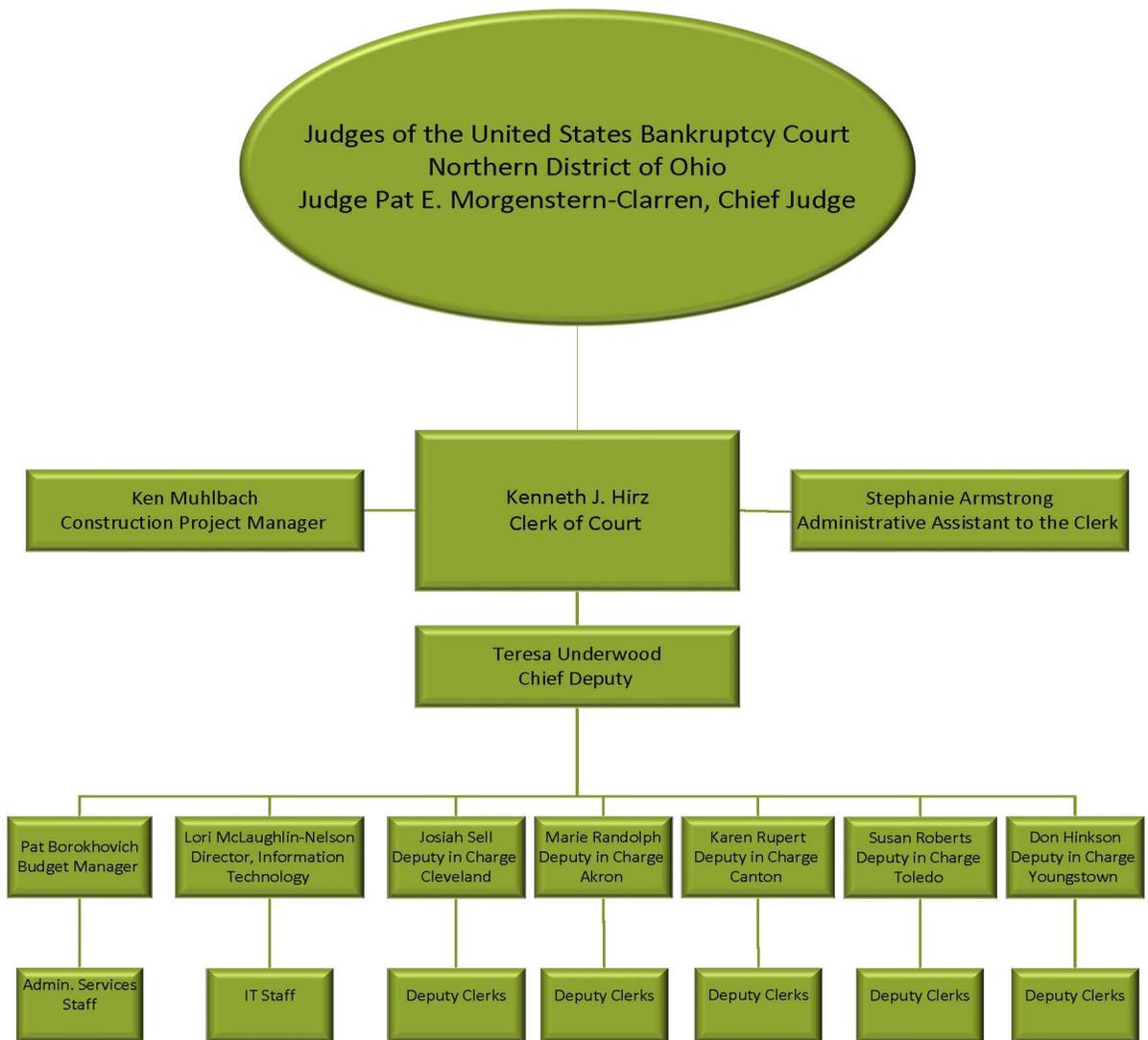
Benefits

The benefits open season in FY2014 was November 11, 2013 through December 9, 2013. Several webinars were provided by the Administrative Office of the U.S. Courts to assist employees with benefit decisions and health fairs were scheduled near each court location. Informational resources provided by the Benefits Division include the following sessions:

- Open Season is on the Way
- Federal Employees Dental and Vision Insurance and Web Tour of BENEFEDS
- Federal Employees Health Benefits and Web Tour
- Reimbursement Accounts
- Medicare

Teresa Underwood
Chief Deputy Clerk

TABLE OF ORGANIZATION



STATISTICAL ANALYSIS

A total of 22,010 cases were filed in the district in fiscal year (FY) 2014. (In this report, all references to fiscal year figures are based on the period of October 1 through September 30.) Total cases filed in FY2014 decreased by 9% compared to the prior fiscal year. The following shows the comparison of cases filed, by chapter:

	FY2014	% of Total
Chapter 7	18,223	83%
Chapter 11	39	0%
Chapter 12	0	0%
Chapter 13	3,746	17%
Chapter 15	2	0%
Total	22,010	100%

This court has five locations: Akron, Canton, Cleveland, Toledo, and Youngstown. The following shows total filings in each court location, and the percentage increase/decrease compared to the prior fiscal year:

	FY2013	FY2014	% Change
Akron	3,712	3,394	-9%
Canton	3,274	2,891	-12%
Cleveland	9,113	8,243	-10%
Toledo	5,299	4,784	-10%
Youngstown	2,853	2,698	-5%
Total	24,251	22,010	-9%

These filing figures do not include reopened cases, and are not weighted; they do not take into account the size of the cases filed. Therefore, they may not precisely represent the judicial workload in any particular court location.

The following are cases filed at each court location, by chapter:

AKRON	FY2013	FY2014	% Change
Chapter 7	2,978	2,696	-9%
Chapter 11	4	12	200%
Chapter 12	0	0	0%
Chapter 13	730	686	-6%
Chapter 15	0	0	0%

CANTON	FY2013	FY2014	% Change
Chapter 7	2,694	2,470	-8%
Chapter 11	6	4	-33%
Chapter 12	0	0	0%
Chapter 13	574	417	-27%
Chapter 15	0	0	0%

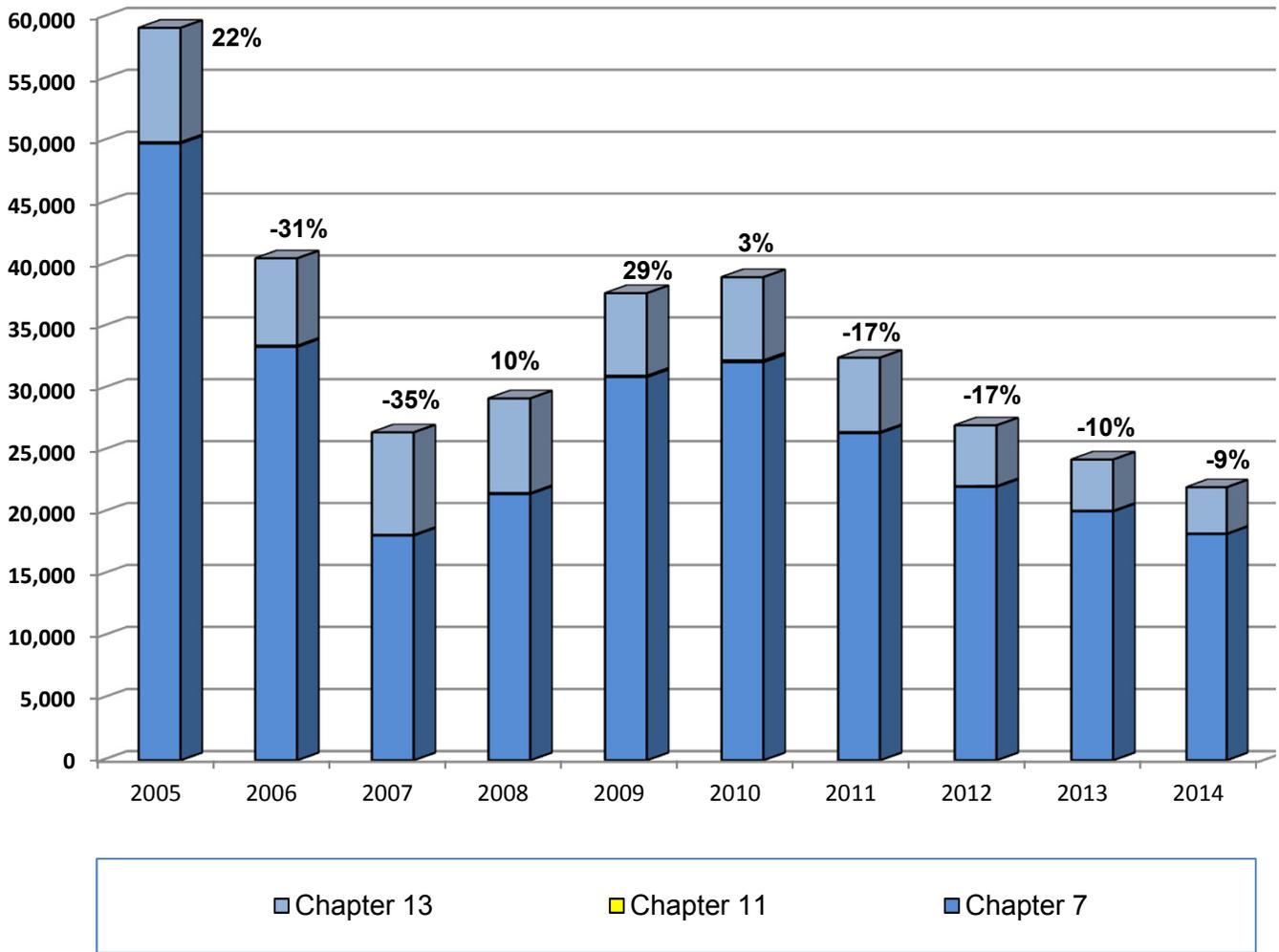
CLEVELAND	FY2013	FY2014	% Change
Chapter 7	7,287	6,514	-11%
Chapter 11	23	13	-43%
Chapter 12	0	0	0%
Chapter 13	1,803	1,715	-5%
Chapter 15	0	1	100%

TOLEDO	FY2013	FY2014	% Change
Chapter 7	4,839	4,352	-10%
Chapter 11	11	9	-18%
Chapter 12	5	0	-100%
Chapter 13	443	422	-5%
Chapter 15	1	1	0%

YOUNGSTOWN	FY2013	FY2014	% Change
Chapter 7	2,261	2,191	-3%
Chapter 11	2	1	-50%
Chapter 12	0	0	0%
Chapter 13	590	506	-14%
Chapter 15	0	0	0%

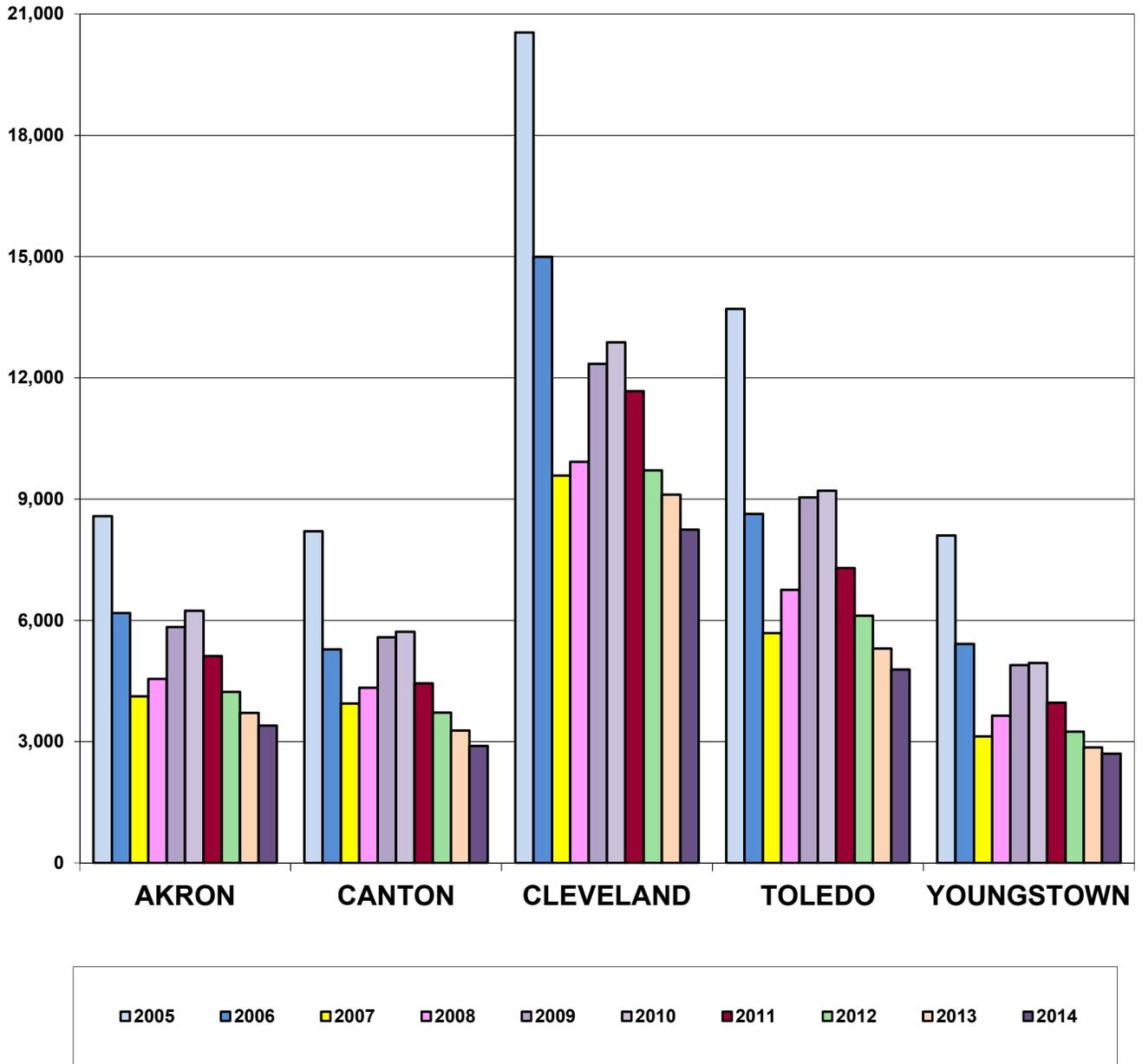
DISTRICT TOTAL	FY2013	FY2014	% Change
Chapter 7	20,059	18,223	-9%
Chapter 11	46	39	-15%
Chapter 12	5	0	-100%
Chapter 13	4,140	3,746	-10%
Chapter 15	1	2	100%

TOTAL CASE FILINGS FY2005 - 2014

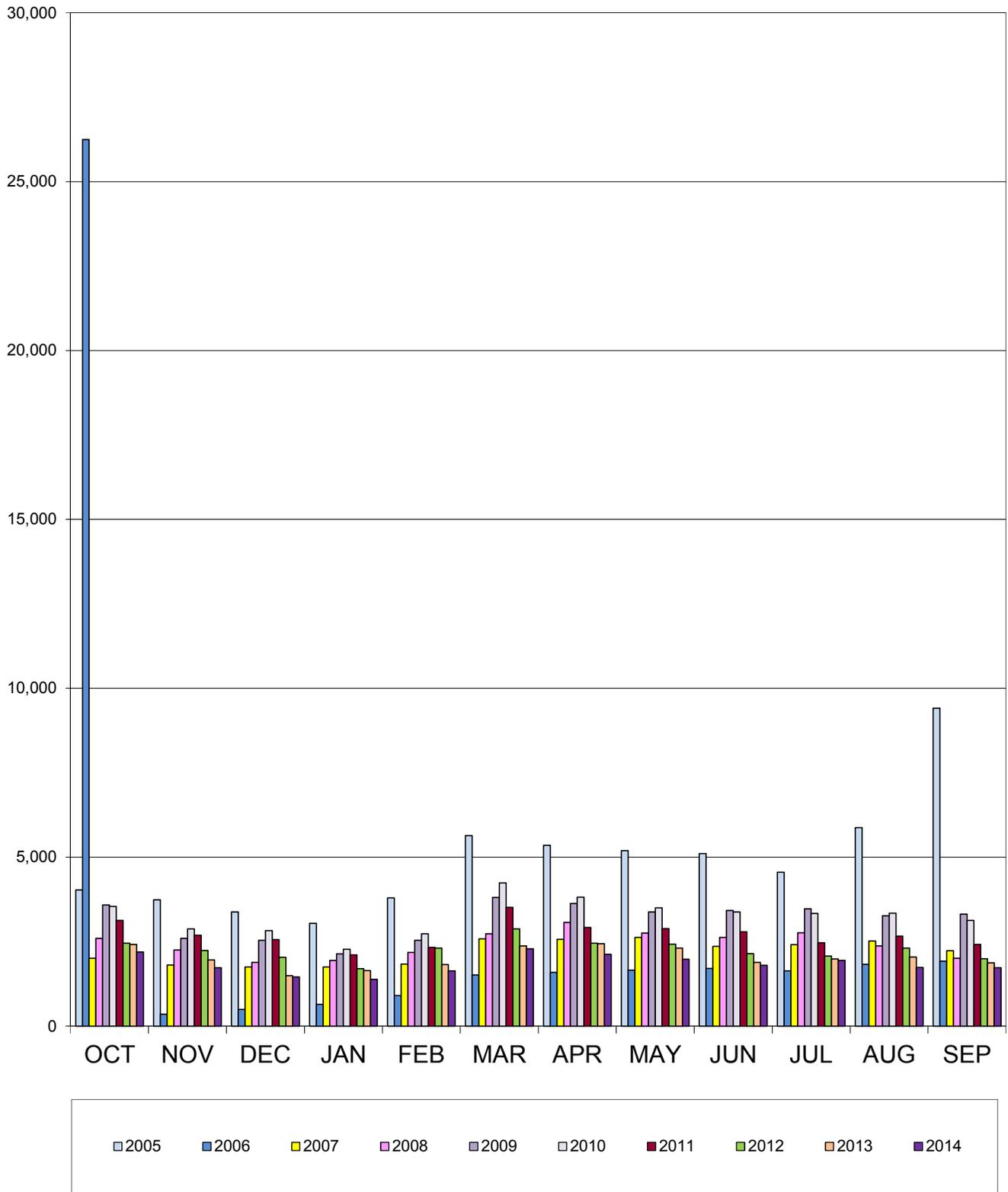


(shows % change from prior fiscal year)

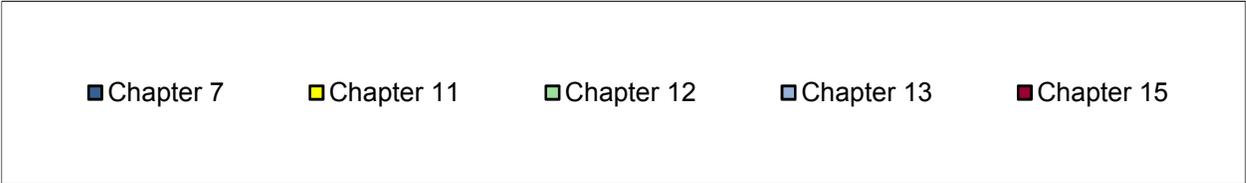
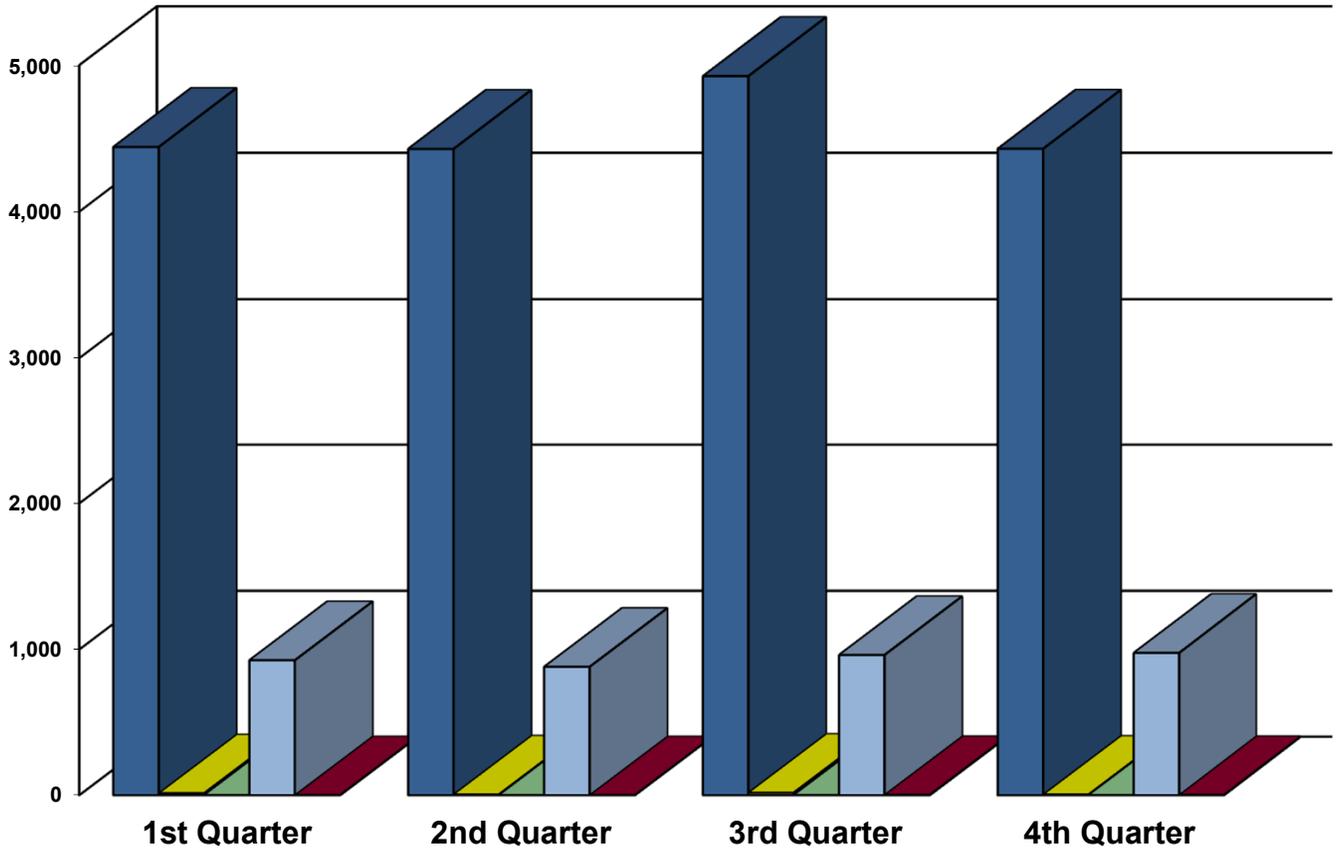
**FILINGS PER OFFICE
FY2005 - 2014**



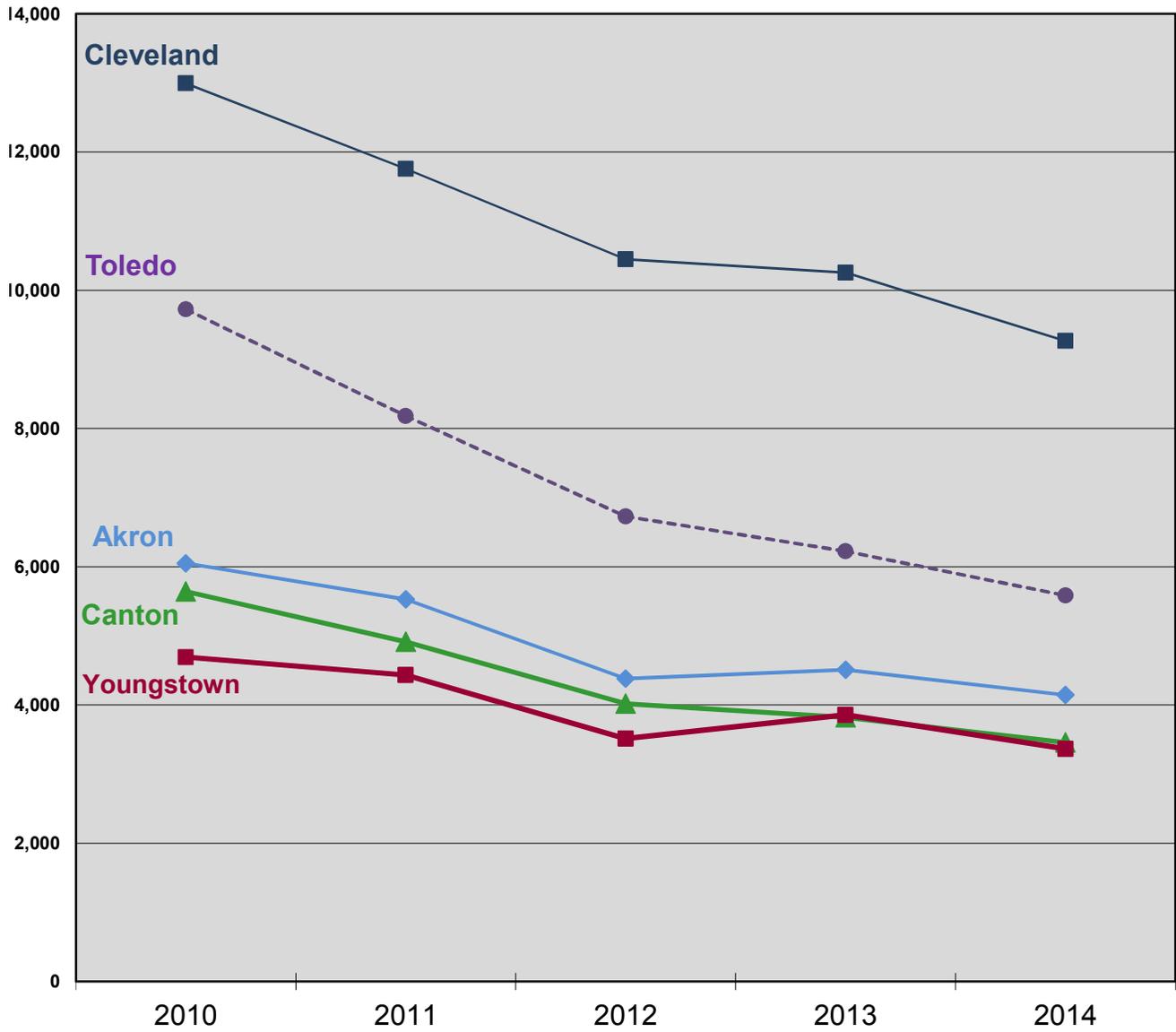
COMPARISON OF MONTHLY FILINGS FY2005 - 2014



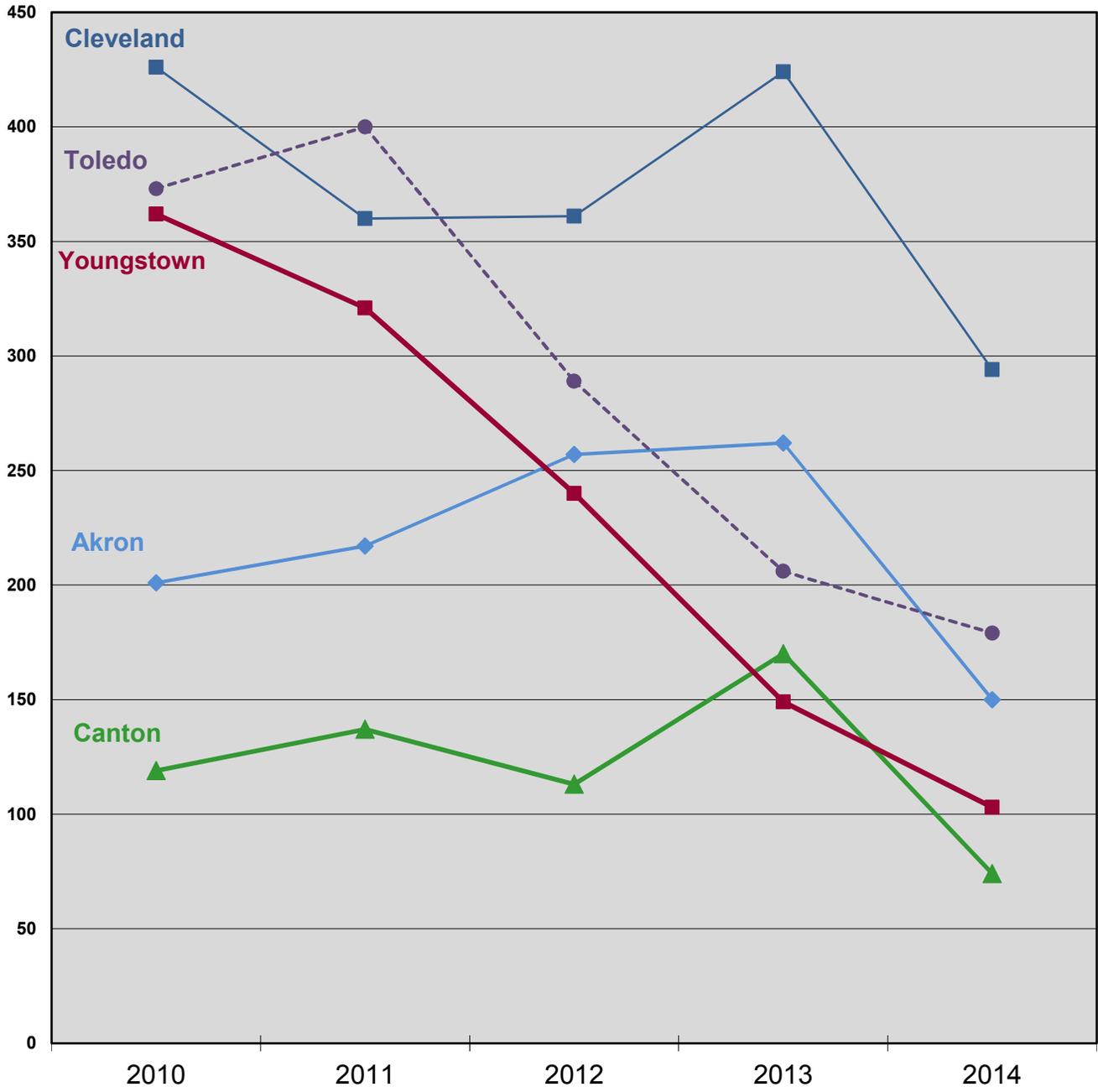
QUARTERLY FILINGS FY2014



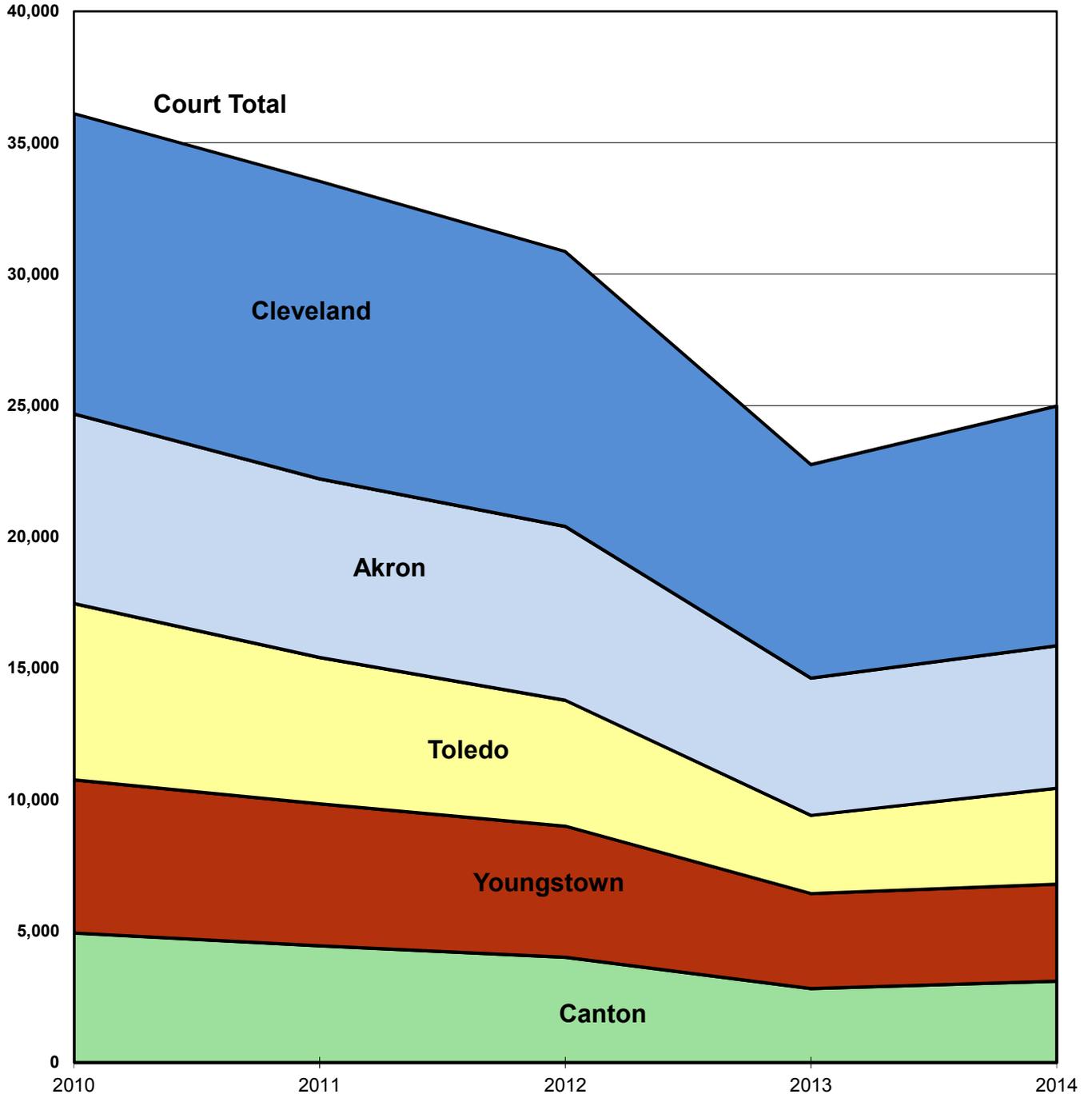
CASE CLOSINGS FY2010 - 2014



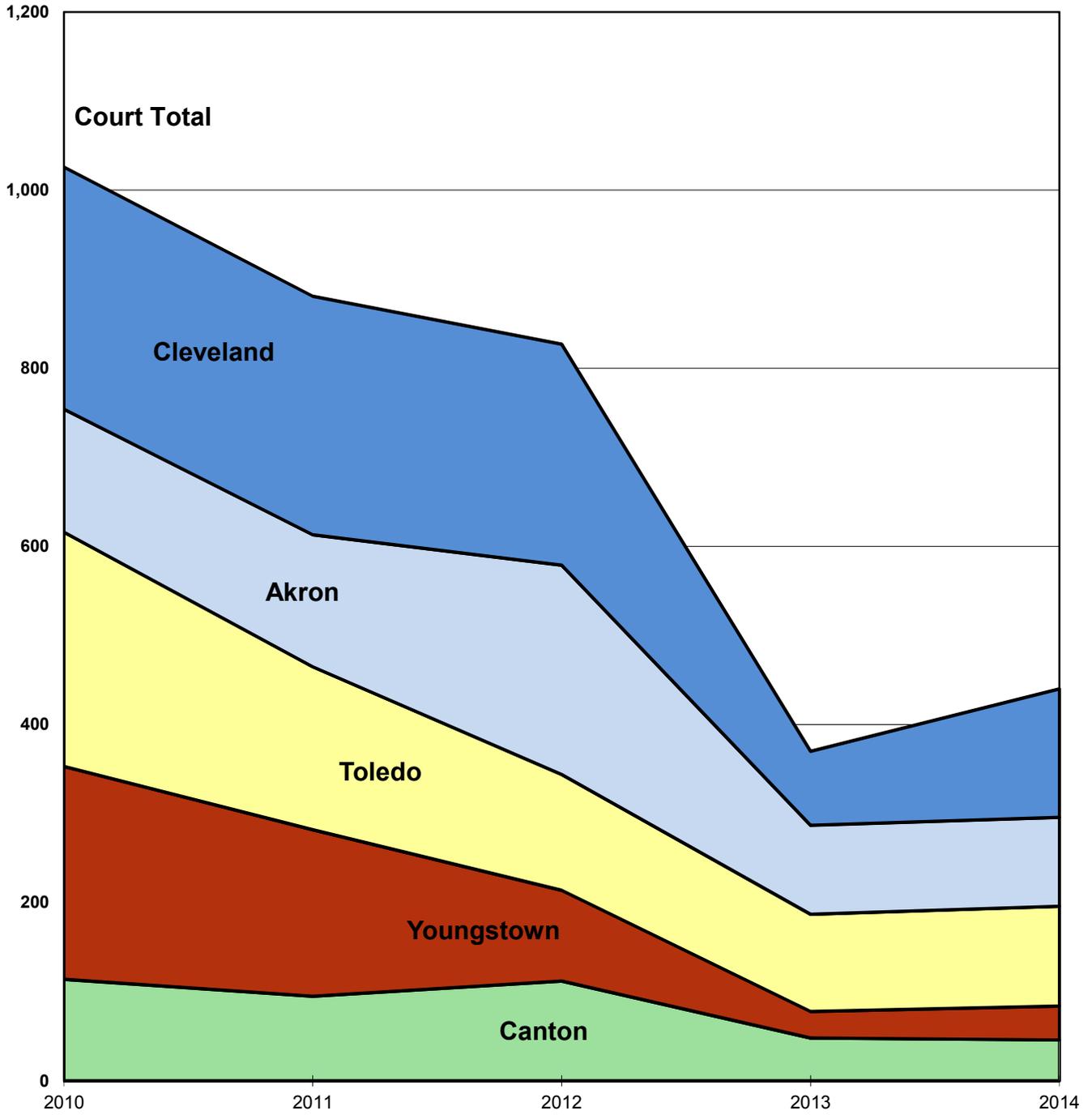
ADVERSARY CLOSINGS
FY2010 - 2014



**NUMBER OF PENDING CASES
FY2010 - 2014**



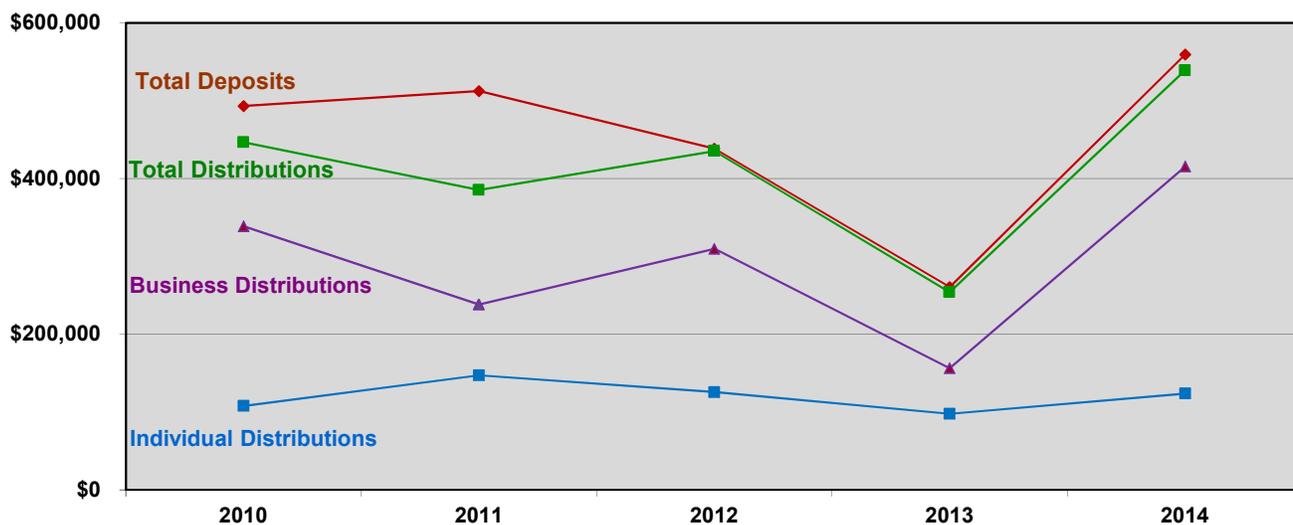
**NUMBER OF PENDING ADVERSARIES
FY2010 - 2014**



UNCLAIMED FUNDS

Unclaimed funds are held by the court for an owner who has failed to claim the funds, has not negotiated a payment of the funds, or cannot be located or identified. This includes distributed property of a bankruptcy estate which is unclaimed after ninety days. (In these circumstances, the court receives the unclaimed funds from the case trustee, after the distribution check has been returned.) A total of \$559,340 in unclaimed funds were deposited to the court in FY2014.

Unclaimed monies are held in the court's registry fund or deposit fund until proper disposition can be determined. Monies remaining unclaimed after a specified period are transferred per judiciary policy: to Unclaimed Fund 6133BK (for amounts of \$25 or more), or Forfeitures of Unclaimed Money and Property Fund 106000 (for amounts less than \$25). The claim exists in perpetuity; funds may be claimed at any time by the owner, a successor, or any other petitioner proving rightful ownership. The court disburses unclaimed funds consistent with court orders. In FY2014, the court processed 334 distributions, a total amount of \$538,945.



<u>Fiscal Year</u>	<u>2010</u>	<u># of Dist</u>	<u>2011</u>	<u># of Dist</u>	<u>2012</u>	<u># of Dist</u>	<u>2013</u>	<u># of Dist</u>	<u>2014</u>	<u># of Dist</u>
Total Deposits	\$493,192	-	\$512,335	-	\$438,347	-	\$260,624	-	\$559,340	-
Total Distributions	\$446,652	391	\$385,301	204	\$435,251	287	\$253,972	226	\$538,945	344
Business Distributions	\$338,747	322	\$238,147	139	\$309,692	190	\$156,275	150	\$415,207	309
Individual Distributions	\$107,906	69	\$147,154	65	\$125,558	97	\$97,697	76	\$123,737	35

Note: Annual deposits above exclude transfer of funds within the court, of monies deposited in prior years.

FY2014 REVENUE

<u>Account</u>	<u>Amount</u>
086400	\$ 744,648
086500	1,626
086900	702,616
106000	245
322350	1,653
322360	5,260
5073XX	1,780,020
510000	3,624,119
510100	0
5514CR	2,273
6047BK	559,340
6133BK	494
6855BF	0
6855BK	24,784
6855TT	<u>1,067,105</u>
TOTAL	\$ <u>8,514,182</u>

Account Descriptions:

086400 Portion of (Ch. 7, 13) filing fee increase enacted in 2005 Deficit Reduction Act

086500 Portion of (Ch. 9, 11) filling fee increase per 2012 Temporary Bankruptcy Judgeship Extension Act

086900 Portion of (Ch. 7, 9, 11, 13, 15) filing fees to U.S. Treasury General Fund

106000 Forfeitures of Unclaimed Money and Property Fund, less than \$25 held more than five years

322350 Copy fees

322360 Miscellaneous fees (certifications, searches, retrieval, service charges, notices)

5073XX Portion of filing fees to Trustee Systems Fund; certain fines/damages awarded to U.S. government

510000 Portion of (Ch. 7, 9, 11, 13, 15) filing fees to Special Fund for the Judiciary ("Judiciary Fee")

510100 Administrative charge for registry funds deposited in interest bearing accounts

5514CR Printing fees for electronic records

6047BK Registry fund, undistributed and unclaimed funds held less than five years

6133BK Unclaimed funds, \$25 or more, held more than five years

6855BF Clearing account, fees between transfers (such as inter-district case transfers)

6855BK Deposit Fund, monies held until refunded, disbursed, or transferred (such as case trustee fees)

6855TT Portion of (Ch. 7) filing fees held until transferred or disbursed to case trustees

Note: Figures shown above for accounts 106000, 6133BK, and 6047BK include only current year deposits, excluding prior years' deposits transferred among these accounts during the fiscal year. (Transfers are reflected in deposit figures submitted to the Administrative Office of the U.S. Courts, consistent with reporting requirements.)

FY2014 OPERATING EXPENSES
(shown in \$1,000's)

