

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO

CLERK OF COURT'S
FISCAL YEAR 2012
ANNUAL REPORT



KENNETH J. HIRZ, CLERK

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

Judge Pat E. Morgenstern-Clarren, Chief Judge
Judge Richard L. Speer
Judge Marilyn Shea-Stonum
Judge Russ Kendig
Judge Mary Ann Whipple
Judge Arthur I. Harris
Judge Kay Woods
Judge Jessica E. Price Smith

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Introduction

The United States Bankruptcy Court for the Northern District of Ohio serves close to six million citizens in the northern 40 counties within the State of Ohio, with court locations in Akron, Canton, Cleveland, Toledo, and Youngstown. The 27,014 bankruptcy cases filed in the district in FY2012 is a 17% decrease compared to the previous fiscal year. This follows a 17% decrease in filings in FY2011, and a 3% increase in FY2010. Case filing figures (as compiled by the Administrative Office of the U.S. Courts) depict the Northern District of Ohio as the 12th largest of 94 bankruptcy courts nationally during this fiscal year.

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

Judge Pat E. Morgenstern-Clarren assumed duties as chief judge on January 3, 2012. Judge Marilyn Shea-Stonum was appointed to the Sixth Circuit Bankruptcy Appellate Panel on January 1, 2008 to a four-year term, which was extended through 2012. Judge Arthur I. Harris was appointed to a four-year term to the Sixth Circuit Bankruptcy Appellate Panel on January 1, 2009, which has been extended through 2013. He is also serving as a member of the Judicial Conference of the United States Advisory Committee on Bankruptcy Rules. Judge Richard L. Speer has now served for 37 years as a bankruptcy judge, and is the second longest serving active bankruptcy judge nationally.

The clerk's office has a staff of 86 located in five court locations, as reflected in the attached Table of Organization. In recent years, the clerk's office was staffed with 100 deputies and has reduced staffing in response to limited resources and increased efficiencies. The clerk's office operated on a budget of \$7.3 million and collected revenue of \$10 million as identified in this report. These figures demonstrate that revenues collected far exceed the operating costs of the court. All fees collected are transferred to the Federal Reserve, and enure to the benefit of the entire judiciary. A total of \$438,347 was deposited with the court as unclaimed monies, following trustees' distribution of estates. In FY2012, the court redistributed \$435,251 (including prior year amounts) to claimants. Unclaimed fund accounts are searchable on our website at www.ohnb.uscourts.gov, where additional information can be found 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 (CM/ECF) system. In FY2012, there were more than 32,242 open cases, more than a half-million closed cases, and more than 35.8 million documents contained on the CM/ECF server (the server maintains cases from 1990). More than 7,330 attorneys and 2,750 creditors are registered for electronic filing of documents.

During the fiscal year, nearly 863,923 documents were filed in the CM/ECF system. Of these documents, 27% were entered by court staff, 44% were entered by attorneys and trustees, and 4% were filed by other parties such as creditors, claim agents, and other professionals. The remaining 25% of documents filed were a combination of automatic and other administrative processing. Ninety-three percent of 103,658 claims in FY2012 were filed electronically. During the fiscal year, 2.6% of all cases were from pro se filers.

In the following pages, you will be introduced to further detail 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

During this past year our CM/ECF application was upgraded to v4.2, then to v4.3. As part of the v4.2 upgrade the decision was made to migrate from a court-developed version of the E-Orders program to the version created by the Administrative Office of the U.S. Courts (AO) and included with ECF. It was a large project because many of the enhancements that IT had created over the years using E-Orders had to be programmed into the more generic version offered by the AO. The impetus to migrate to the AO's version was to gain the technical support offered by the Systems Deployment and Support Division (SDSD). Approximately 58,000 E-Orders were uploaded, and about 56,500 were electronically signed during the past year. A new version of ECF (v5.0) is scheduled to be released in October 2012.

IT staff worked with our courtroom technology maintenance vendor to conduct an assessment of the courtroom technology equipment during the year. The AO does not have a defined cyclical replacement period for courtroom technology equipment, so the purpose of the assessment was to gather usage information for the equipment and develop a multi-year replacement plan. Three of the courtrooms in the district have equipment that is 10 or more years old, which has started to break down. The replacement plan calls for aged equipment to be replaced over a five-year time frame, with the first phase to start at the beginning of 2013. The first phase will cover the sound system in Judge Whipple's courtroom; some of the Crestron control system and sound system components in Judge Woods' courtroom; and some of the Crestron control system and sound system components, and the document camera, in Judge Shea-Stonum's courtroom.

In response to a reduction in staff, a project was initiated in the Akron Clerk's Office to automate the case discharge and closing activities as much as possible. IT worked with Clerk's Office staff to set up the parameters that render a case eligible for discharge and closing. Akron staff modeled their work after a project that the Toledo Clerk's Office had previously completed on this topic. These activities have been extremely successful, so a committee has been set up to examine all areas of docketing that can reliably be automated. Other bankruptcy courts around the country are successfully docketing up to 30% of their docket events in an automated fashion. Another function that has been fully tested in our court that will reduce staff time requirements is the new ability that ECF has provided to electronically perform inter-district case transfers. This used to be a tedious and manual process that has been reduced to a few steps for a case administrator to initiate the electronic transfer of case files to another bankruptcy court in the country.

The large uninterruptible power supply (UPS) that was used to support the court's phone system, network equipment, and servers in the Cleveland courthouse was replaced during the year in response to some failing batteries and electronics. The UPS devices that support the same complement of equipment in Akron and Toledo courthouses will be replaced in early 2013 for the same reason, with the AO providing funding assistance. This equipment is shared with District Court, Probation and Pretrial, and the Circuit Court.

Our court continues to have representation on the national project team that was formed by the AO to define requirements and design functionality for the NextGen ECF system. During the past year the portion of the project to develop business process documents was

completed, the requirements were prioritized to determine what will be included in the first release of the NextGen system, and design documents are being created. Our court's representative has been assigned to the Work Space Expert Panel, which will determine how the system's work space will look and function. This is a massive project and it will be several years before the full results of this project are realized.

During the past year the IT department continued work to trim court automation expenses. Design and testing work was completed on a disk-to-disk backup process over the network, which will allow the court to eliminate the purchase of backup tapes and the cost to transport those tapes to off-site locations. Total estimated cost savings is \$11,000 per year. Based upon the evaluation IT conducted last year of the cyclical replacement schedule, the court did not purchase any new PCs or laptops during the year. Although a few pieces of equipment failed, there were enough spare PCs available to avoid purchasing any new equipment. This program will be extended into 2013.

Members of the IT department continue to commit themselves to continuous learning and development. Two IT staff members attended the AO's Security Operations Center mentorship program, one staff member attended the AO's Network Operations Center mentorship program, one attended Drupal (website development) training, two attended Java programming training, one individual attended phone system administration training, and one attended on-line contracting officer training. One IT staff member attended the National Conference of Bankruptcy Clerks national conference, and two attended the Bankruptcy Courts Operational Practices Forum.

Due to budget restrictions, the court's IT staff was downsized by three positions in 2012. This is in addition to the position that was eliminated a year earlier when an individual transferred to another court. The staffing reduction was offset, in part, by migrating some procurement duties earlier this year to the Administrative Clerk located in the Cleveland courthouse. The loss of staff in the IT department has a noticeable impact on the expediency and volume of work accomplished for IT projects.

Lori McLaughlin-Nelson
Director, Information Technology

Human Resources

Personnel

The 2012 fiscal year was an extremely challenging one for the court. Due to the salary budget shortfall, we concluded the year at a lower level than in previous years. A combination of early retirements, reduction in force, and transfers to district court resulted in a total of 14 positions lost.

The court began this fiscal year with 100 staff and ended with 86 staff which includes the replacement of one full-time Courtroom Deputy (Youngstown) and one promotion from Case Administrator to Courtroom Deputy (Cleveland).

Judges' chambers were staffed by 20 individuals. They include thirteen full-time and three part-time law clerks, and four judicial assistants.

Human Resources (HR) continued to ensure that all employee evaluations were completed and processed within the month the evaluation was due. Employee evaluation notifications were sent to managers one month prior to the evaluation due date. In FY2012, there were no outstanding evaluations as of the end of the fiscal year.

A section on procedures for reporting fraud, waste, abuse, or mismanagement of resources was added to the *Employee Handbook*, as well as a revised Telework Policy which enhanced its procedures. Modifications were made to position descriptions, performance standards, and performance appraisals to be consistent with Judicial Conference of the United States policy language.

The Business Technology Optimization Division (BTOD) continued its support to the court's HR Department with the implementation of HRMIS Leave Tracking. Training for the court's managers and staff was conducted in March 2012. The court went "Live" with HRMIS Leave Tracking on March 26, 2012.

Professional Development/Training

In spite of the budget shortfall, the court fully supported and continued its Individual Development Plan (IDP) for staff during FY2012.

Training hours for FY2012 totaled 1,861 hours which is a decrease from last year however, the minimum 16 hours of training required for the IDP was accomplished by each staff member.

Training opportunities were offered through sources such as:

- Long distance training via streaming video from the Federal Judicial Television Network (FJTN) Training topics offered through FJTN included automation application usage, customer service, leadership skills, communication skills, legal and procedural information, management-related issues, and general federal judiciary information

- Professional Educational Institute (PEI)
- CourtsLearn
- Public libraries
- Judiciary Online University (JOU)
- WebEx
- Tuition Assistance Program (TAP), in which employees attended TAP-sponsored programs on automation skills, interpersonal skills, written and oral communication skills, college level programs, and specialized information technology skills
- Participation in the National Conference of Bankruptcy Clerks annual educational conference, which offered general and court-specific seminars as well as the opportunity to complete college credit programs via Michigan State University (MSU).

The court continues to place a high emphasis on technical and automation training to help employees develop and maintain their levels of technical knowledge.

Other training included:

- in-house training to external ECF users
- Bankruptcy local rules
- Creditor-Debtor Law
- Court Trustee Exchange Program
- iBot Webinar
- Benefits for Life Webinars
- e-learning programs
- Judicial Administration Program at MSU.

In conclusion, the HR Department continues to stay apprised of the most current enhancements in position related training, software, and professional development provided through the HR Leadership Academy; the HR Community of Practice; the CPMD; the BTOD; and the Benefits and Retirement Division of the Administrative Offices of the U.S. Courts. Overall, HR continues to maintain its quality of service in meeting the ever-changing demands of the federal judiciary and its local staff.

Penny Hoffman
Training and Personnel Specialist

**Judges of the
United States Bankruptcy Court
Northern District of Ohio
Pat E. Morgenstern-Clarren, Chief Judge**

Kenneth Muhlbach
Construction Project Manager

Kenneth J. Hirz
Clerk of Courts

Stephanie Armstrong
Administrative Assistant to Clerk

William A. Kurtz
Chief Deputy Clerk

Cheryl Simon
Director,
Administrative
Services

Administrative
Staff

**Lori
McLaughlin-Nelson**
Director, Information
Technology

IT Staff

Teresa Underwood
Deputy in Charge
Cleveland

Deputy Clerks

Marie Randolph
Deputy in Charge
Akron

Deputy Clerks

Karen Rupert
Deputy in Charge
Canton

Deputy Clerks

David Fickel
Deputy in Charge
Toledo

Deputy Clerks

Donald Hinkson
Deputy in Charge
Youngstown

Deputy Clerks

Northern District of Ohio Statistical Analysis

A total of 27,014 cases were filed in the district in Fiscal Year (FY) 2012. (All references to fiscal year figures in this report are based on the period of October 1 through September 30.) The FY2012 total of cases filed is a 17% decrease compared to FY2011. The following shows the comparison, by chapter, of cases filed:

	FY2012	% of Total
Chapter 7	22,043	82%
Chapter 11	60	<1%
Chapter 12	6	<1%
Chapter 13	4,902	18%
Chapter 15	3	<1%
Total	27,014	100%

This court is comprised of five court locations: Akron, Canton, Cleveland, Toledo, and Youngstown. The distribution of the total filings referred to above, and the percentage of increase/decrease in filings for each location, are as follows:

	FY2011	FY2012	% Change
Akron	5,114	4,228	-17%
Canton	4,441	3,717	-16%
Cleveland	11,667	9,708	-17%
Toledo	7,293	6,116	-16%
Youngstown	3,963	3,245	-18%
Total	32,478	27,014	-17%

These filing figures are unweighted and 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.

Statistical Table of Case Mix

The following is the mix of cases for each office, by chapter:

AKRON

AKRON	FY2011	FY2012	% Change
Chapter 7	3,992	3,279	-18%
Chapter 11	9	6	-33%
Chapter 12	0	1	*
Chapter 13	1,113	942	-15%
Chapter 15	0	0	0%

CANTON	FY2011	FY2012	% Change
Chapter 7	3,660	3,111	-15%
Chapter 11	21	14	-33%
Chapter 12	1	0	-100%
Chapter 13	759	592	-22%
Chapter 15	0	0	0%

CLEVELAND	FY2011	FY2012	% Change
Chapter 7	9,254	7,663	-17%
Chapter 11	31	26	-16%
Chapter 12	0	0	0%
Chapter 13	2,382	2,019	-15%
Chapter 15	0	0	0%

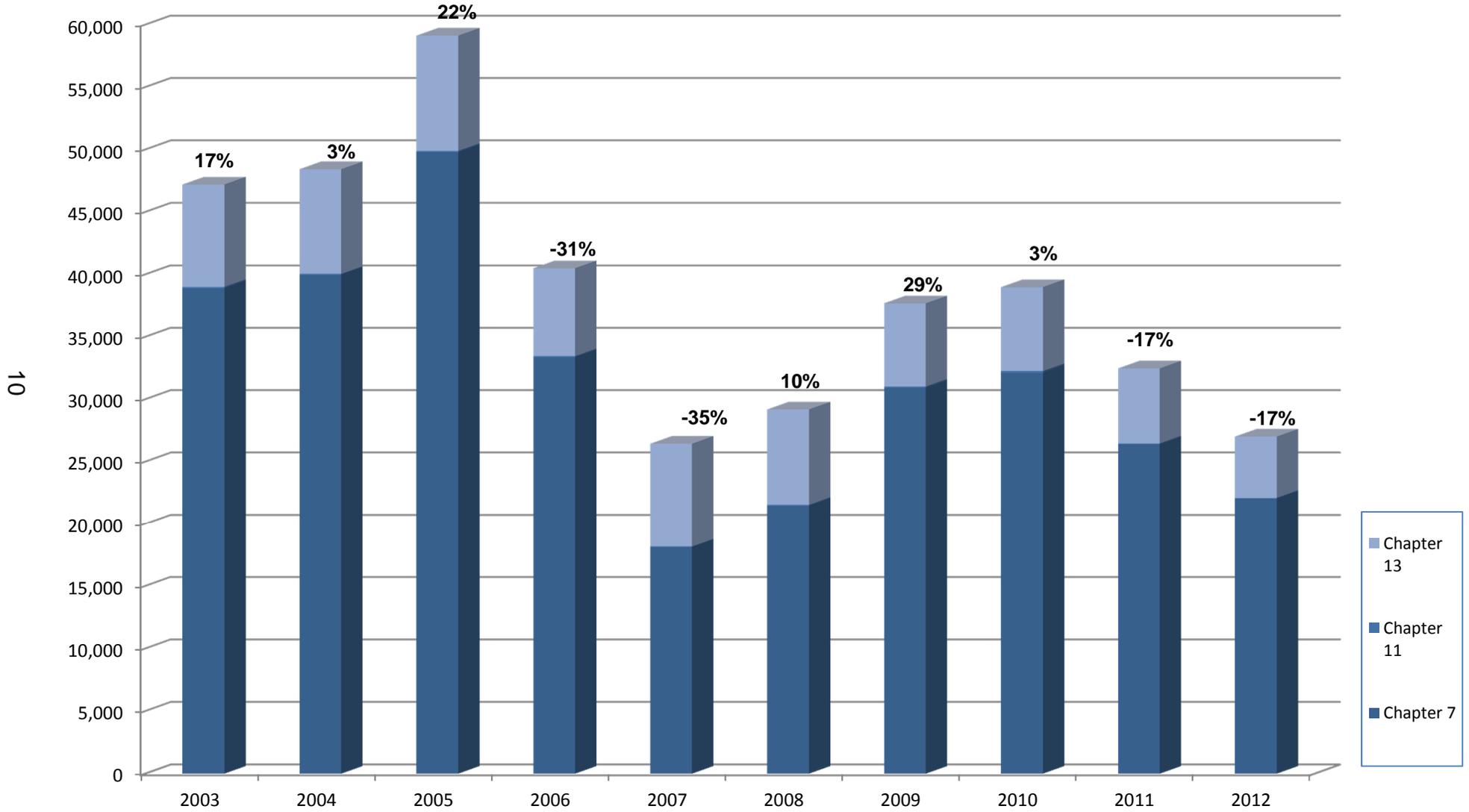
TOLEDO	FY2011	FY2012	% Change
Chapter 7	6,508	5,492	-16%
Chapter 11	23	12	-48%
Chapter 12	0	4	*
Chapter 13	762	605	-21%
Chapter 15	0	3	*

YOUNGSTOWN	FY2011	FY2012	% Change
Chapter 7	2,968	2,498	-16%
Chapter 11	4	2	-50%
Chapter 12	1	1	0%
Chapter 13	990	744	-25%
Chapter 15	0	0	0%

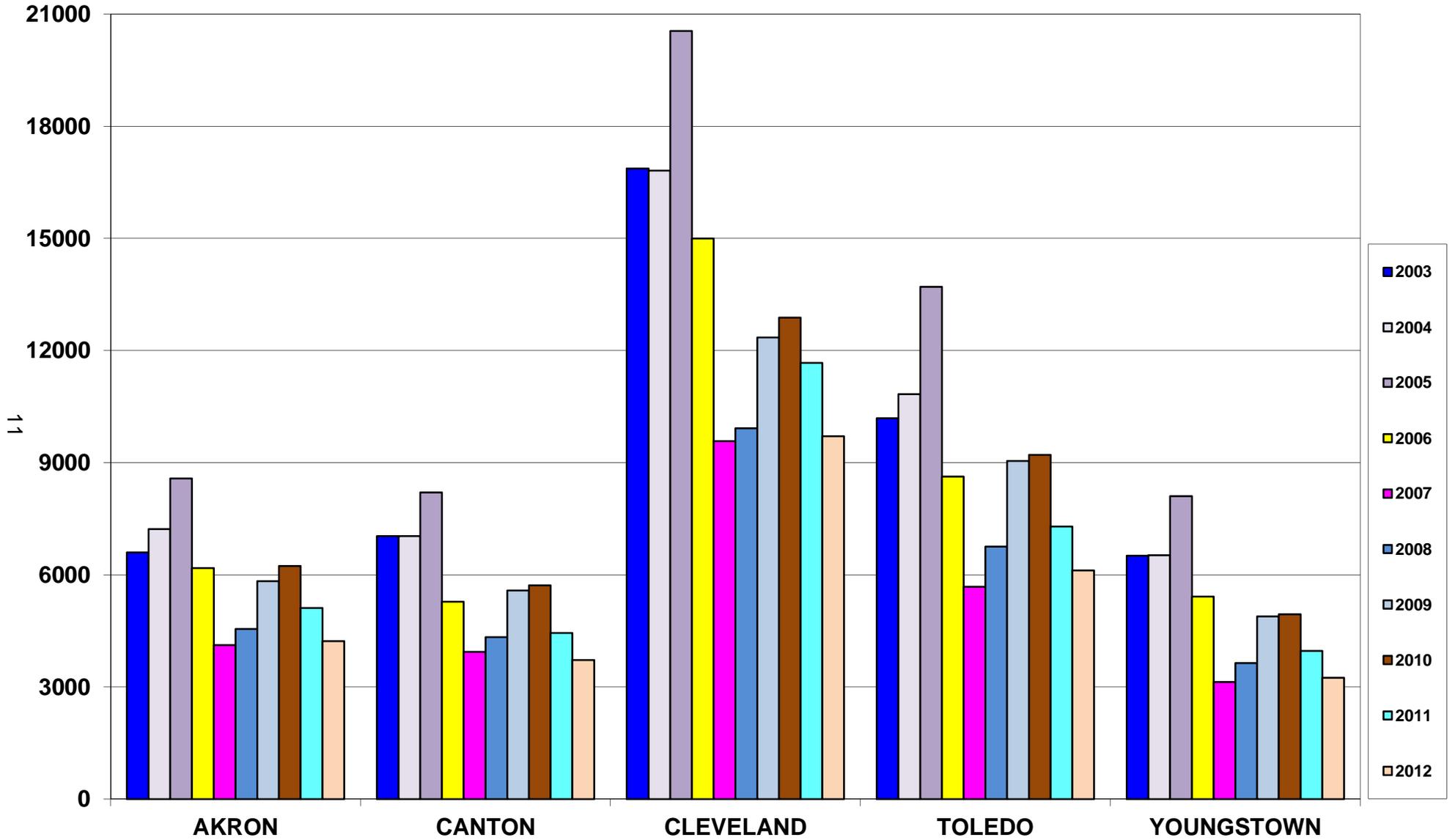
DISTRICT TOTAL	FY2011	FY2012	% Change
Chapter 7	26,382	22,043	-16%
Chapter 11	88	60	-32%
Chapter 12	2	6	200%
Chapter 13	6,006	4,902	-18%
Chapter 15	0	3	*

* Percentage change is not calculable, since increase is from zero.

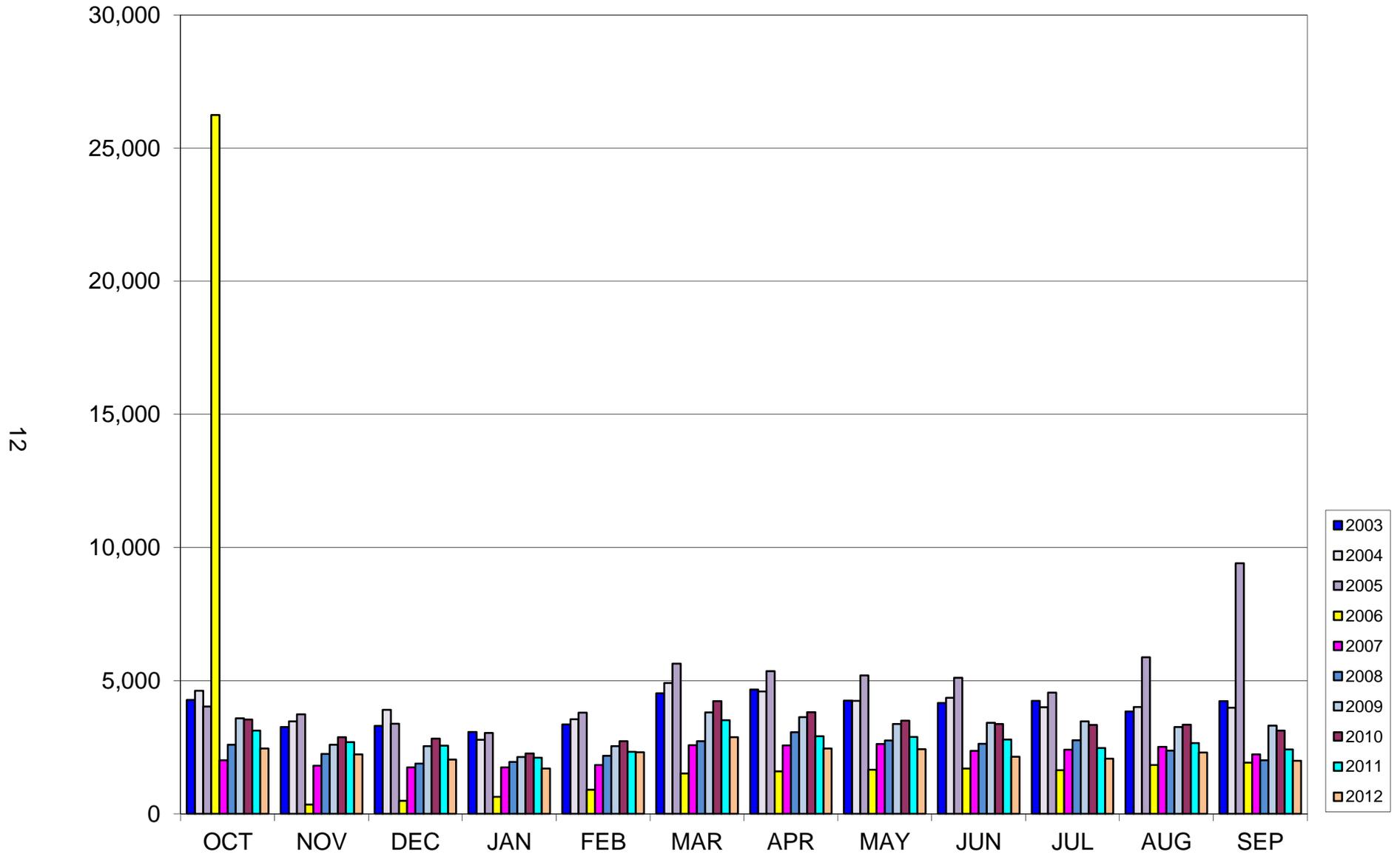
TOTAL CASE FILINGS
FY2003 - 2012
(WITH % CHANGE FROM PRIOR FISCAL YEAR)



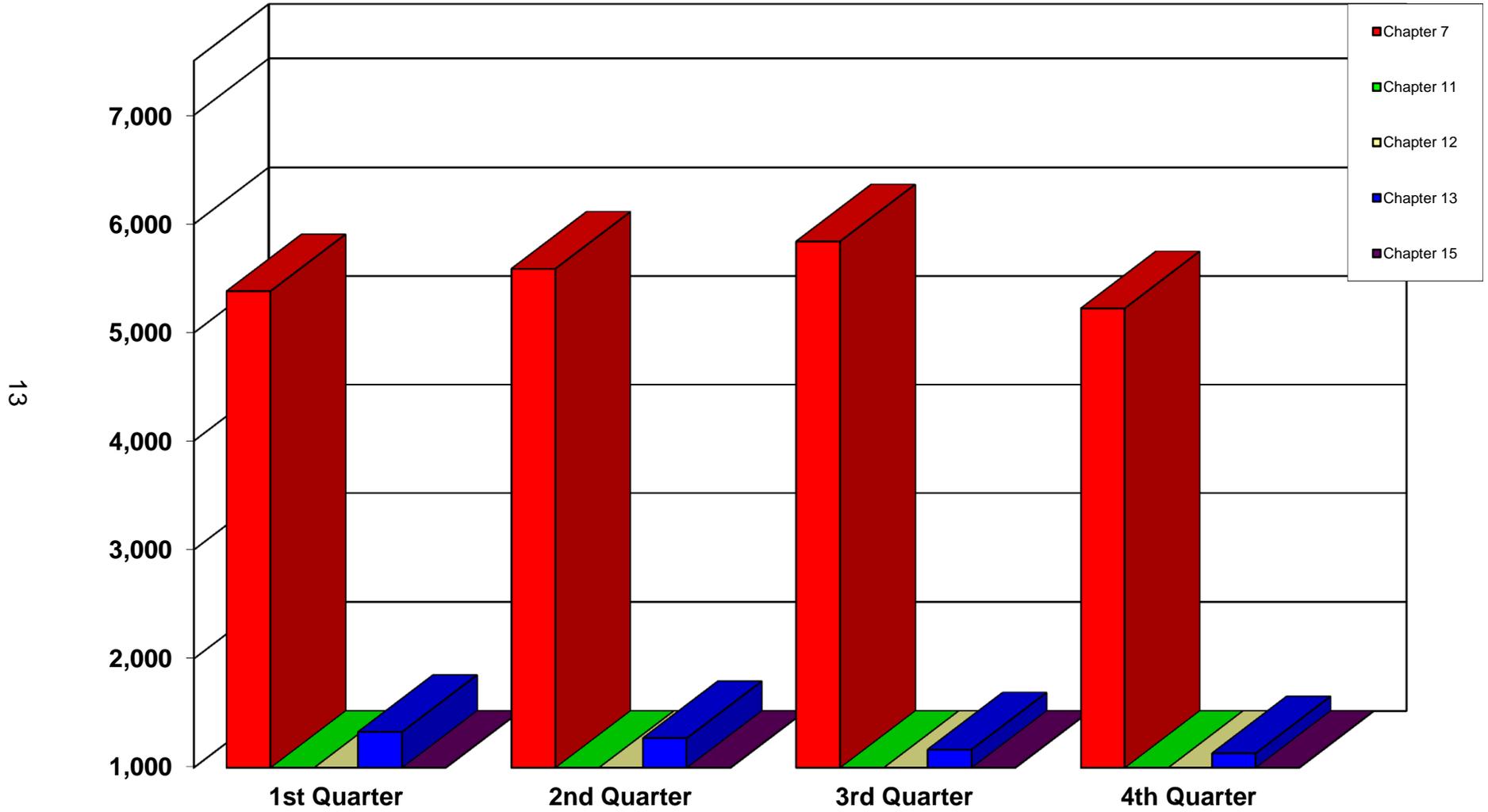
FILINGS PER OFFICE
FY2003 - 2012



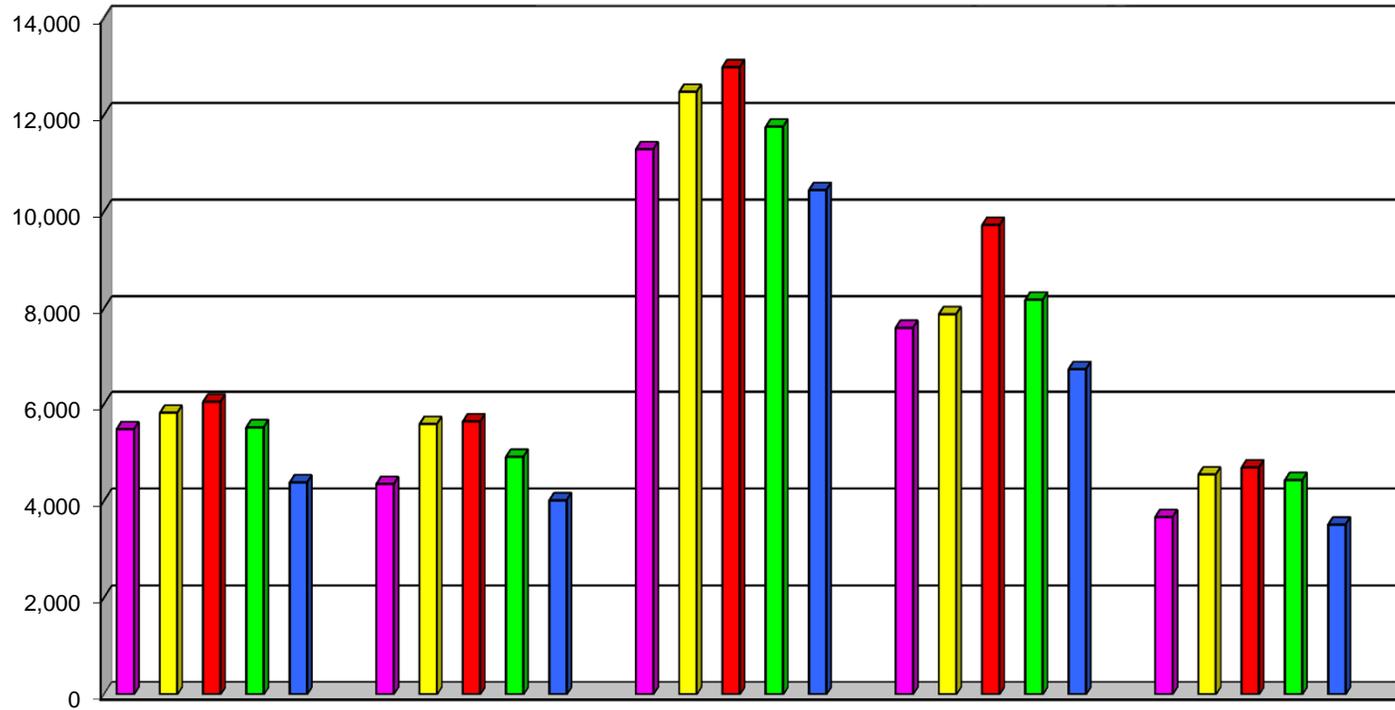
COMPARISON OF FILINGS FY2003 - 2012



QUARTERLY FILINGS FY2012



CASE CLOSINGS FY2008 - 2012



14

AKRON

CANTON

CLEVELAND

TOLEDO

YOUNGSTOWN

2008
2009
2010
2011
2012

5,483
5,820
6,051
5,527
4,381

4,347
5,589
5,642
4,916
4,017

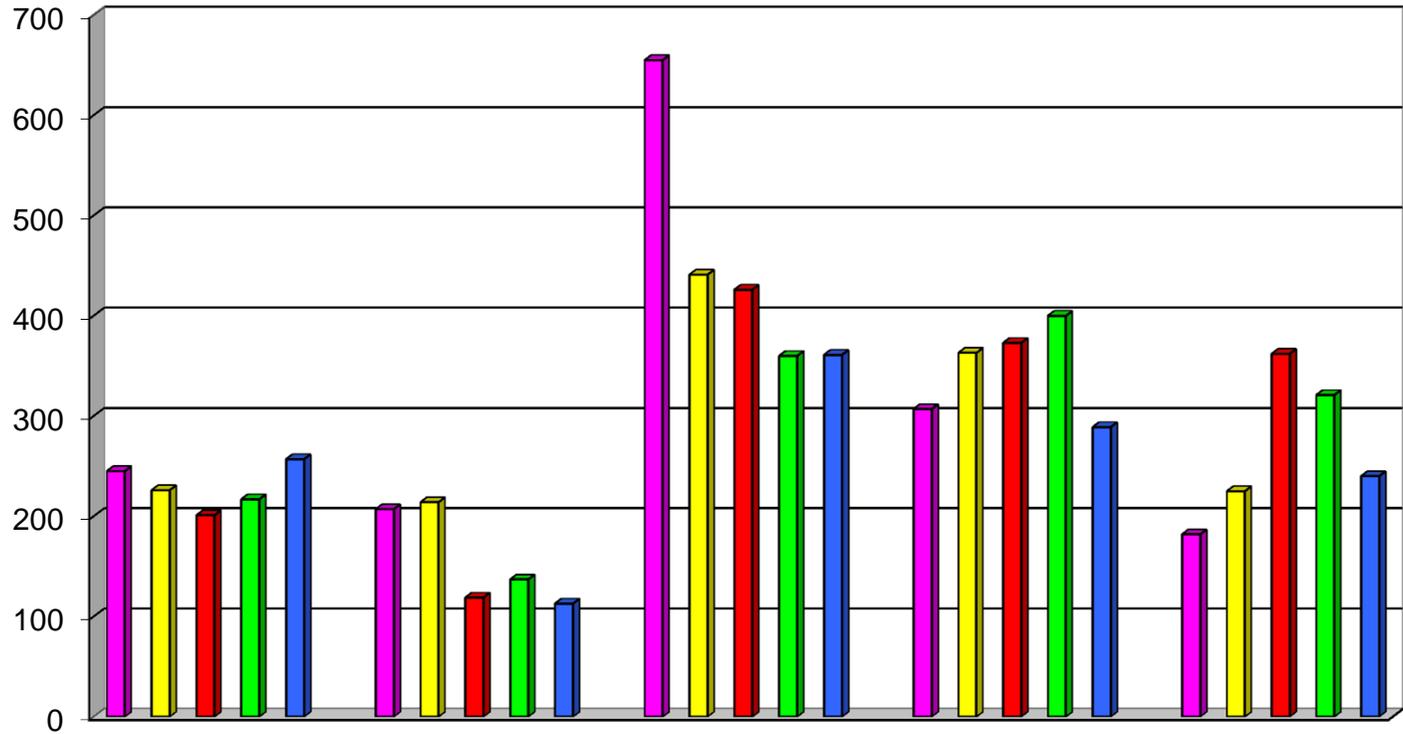
11,293
12,478
12,994
11,758
10,451

7,598
7,884
9,725
8,183
6,728

3,666
4,544
4,693
4,433
3,514

ADVERSARY CLOSINGS FY2008 - 2012

15



2008
2009
2010
2011
2012

245
226
201
217
257

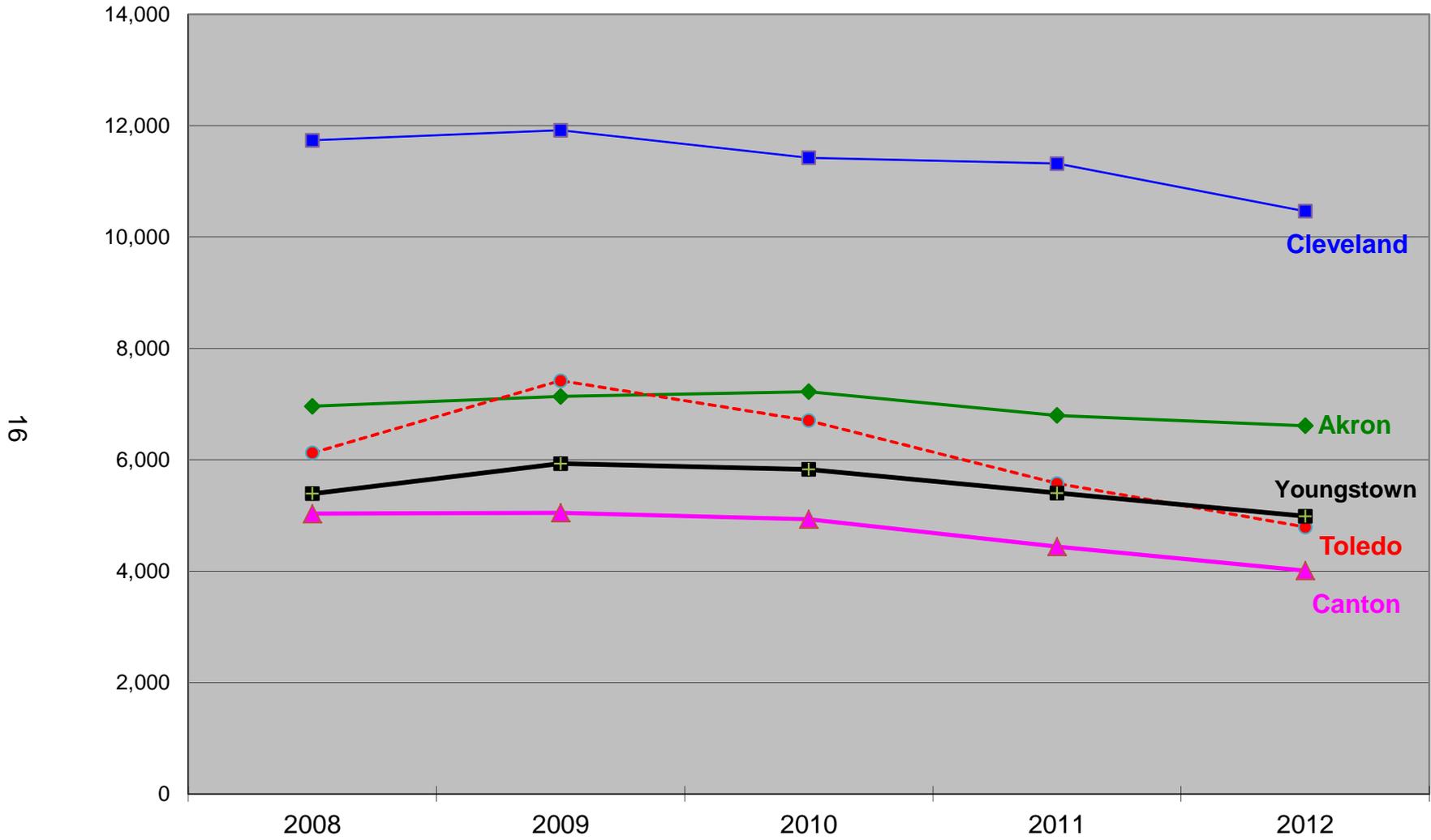
207
214
119
137
113

655
441
426
360
361

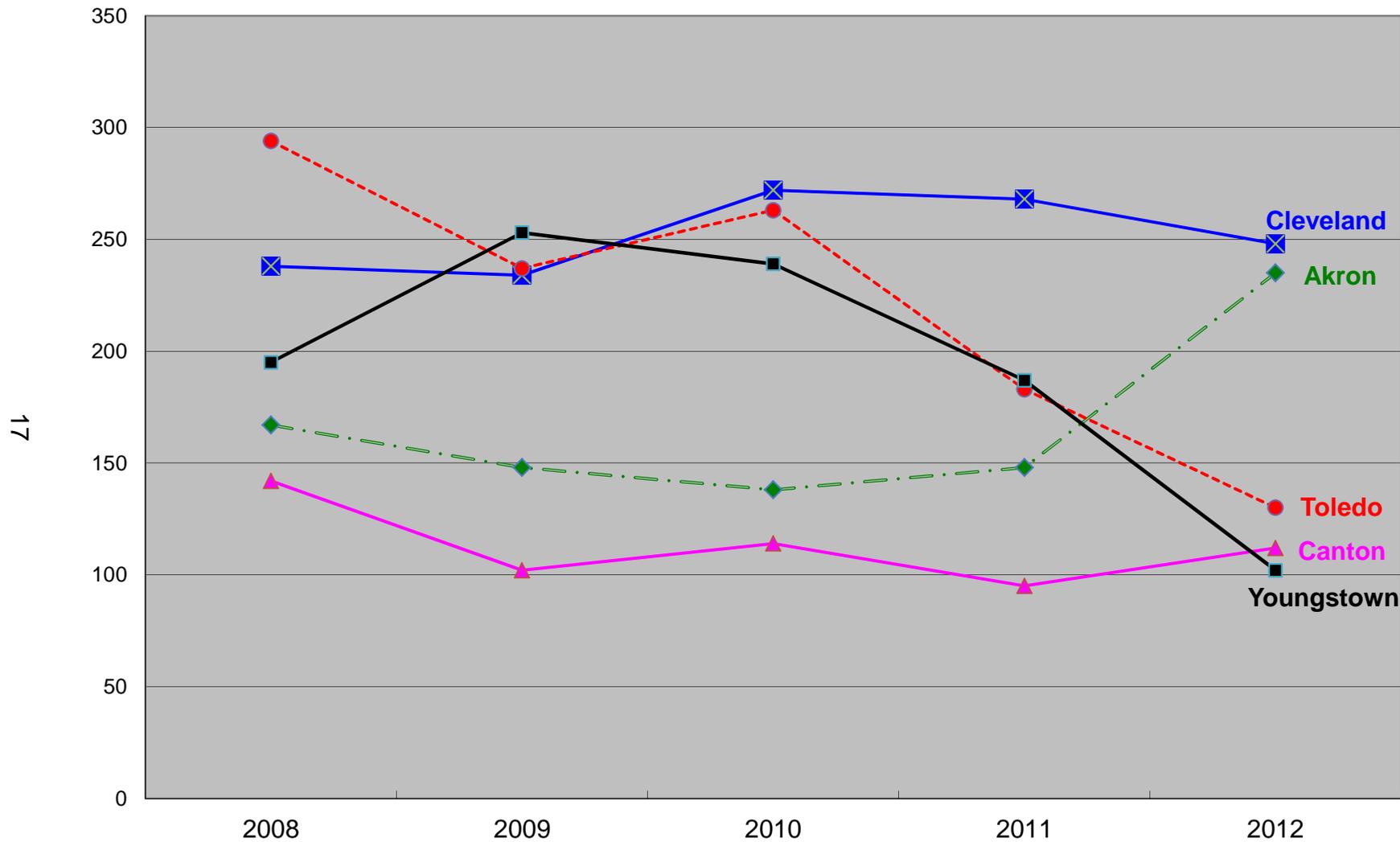
307
363
373
400
289

182
225
362
321
240

PENDING CASES
FY2008 - 2012



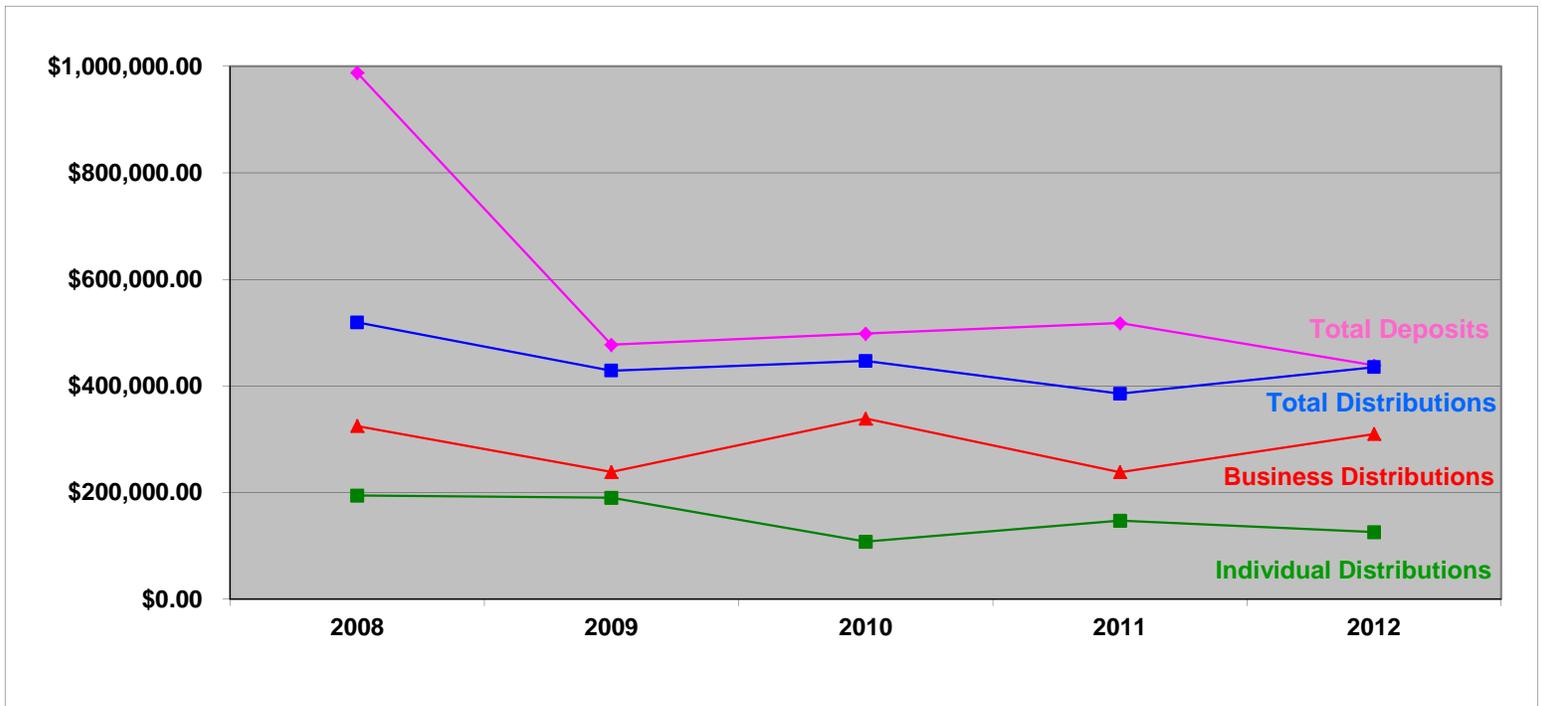
PENDING ADVERSARIES
FY2008 - 2012



UNCLAIMED FUNDS

Pursuant to 11 U.S.C. § 347 (a) and 28 U.S.C. Chapter 129, property of a bankruptcy estate that is unclaimed ninety days after final distribution shall be paid into the registry of the court. The court receives the unclaimed monies from the case trustee following receipt of distribution checks that had been returned. The court deposits these unclaimed funds into U.S. Treasury fund 6047BK. Following a period of five years, these funds are transferred into either fund 106000 (for amounts less than \$25.00), or fund 6133BK (for amounts of \$25.00 or more). Deposits of less than \$25 are forfeited as unclaimed money. Deposits of \$25 or more are held by the U.S. Treasury pending future requests of the unclaimed money.

During FY2012, total unclaimed funds were in the amount of \$438,347.08 (including funds 6047BK, 6133BK, and 106000). In FY2012, the court prepared 287 court-ordered distributions of these funds, resulting in the disbursement of \$435,250.71.



<u>Fiscal Year</u>	<u>2008</u>	<u>#of Dist</u>	<u>2009</u>	<u>#of Dist</u>	<u>2010</u>	<u>#of Dist</u>	<u>2011</u>	<u>#of Dist</u>	<u>2012</u>	<u>#of Dist</u>
Total Deposits	\$987,415.60	-	\$477,205.05	-	\$498,238.45	-	\$517,891.54	-	\$438,347.08	-
Total Distributions	\$519,018.18	336	\$428,549.57	348	\$446,652.46	391	\$385,301.29	204	\$435,250.71	287
Business Distributions	\$324,741.49	253	\$238,601.10	270	\$338,746.69	322	\$238,147.48	139	\$309,692.44	190
Individual Distributions	\$194,276.69	83	\$189,948.47	78	\$107,905.77	69	\$147,153.81	65	\$125,558.27	97

FY2012 REVENUE

<u>Fund</u>	<u>Balance</u>
086400	\$ 900,104.90
086900	947,891.86
106000	9,151.77
109900	1,675.00
322350	2,192.00
322360	5,200.00
5073XX	2,150,034.11
510000	4,283,818.67
510100	3.89
5514CR	2,395.50
6047BK	122,603.10
6133BK	307,266.53
6855BF	4.00
6855BK	20,264.20
6855TT	<u>1,288,342.53</u>
TOTAL REVENUE	\$ 10,040,948.06

Fund Description:

086400	Increase to fees that were authorized by the passage of PL 109-171
086900	Filing Fees (portion of Ch. 7, 13 and adversary filing fees, motions, etc.)
092037	Fees for Bankruptcy Notices
106000	Forfeitures of Unclaimed Money less than \$25.00 and held over 5 years
109900	Miscellaneous Fines, Penalties and Forfeitures
143500	Interest earned on all registry funds deposited into interest-bearing accounts
322340	Sale of Publications
322350	Copy Fees
322360	Miscellaneous Fees (certifications, searches, amendments to schedules, retrieval, service charges, claims, notices)
322380	Recoveries of Court Costs
387500	Clearing Account
3875CC	Clearing Account / Credit Card Transactions
5073XX	Portion of Ch. 11 non-railroad filing fee credited as offsetting collections to the United Trustee System Fund
510000	Civil Filing Fees (portion of Ch. 7 and 13 filings, relief from stay, adversaries and abandonments)
510100	Registry Fees Handling Charges (fees assessed on funds deposited into interest-bearing accounts)
5514CR	Printing Fees for Electronic Records
6047BK	Unclaimed Funds
6133BK	Forfeitures of Unclaimed Money of \$25.00 or more, and held over 5 years
6855BF	Clearing Account
6855BK	Deposit Funds, U.S. District Court (held temporarily for refund, transfer, or disbursement)
6855TT	Deposit Fund (Bankruptcy Trustee Account)

Note: Funds with a zero balance are not shown.

**FY2012
OPERATING EXPENSES**

(as of 11/2/12, shown in \$1,000's)

