

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO

CLERK OF COURT'S
FISCAL YEAR 2013
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 of the State of Ohio, with court locations in Akron, Canton, Cleveland, Toledo, and Youngstown. In FY2013, there were 24,251 bankruptcy cases filed in the district, a 10% decrease compared to the prior year. This follows a decrease in filings of 17% in each of the two previous years. Case filing figures (as compiled by the Administrative Office of the U.S. Courts, for the fiscal year) depict the Northern District of Ohio as the 9th 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 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).

The court mourned the passing of The Honorable Richard L. Speer on April 3, 2013. In Chief Judge Pat E. Morgenstern-Clarren's memo to the bar advising of Judge Speer's untimely death, she noted that he would be remembered for his "sharp wit and warm heart. As the court historian who lived through many twists and turns in the bankruptcy world during his 38 years on the bench. The mentor who welcomed law students into chambers so that they could learn how the court works from the inside out. And the man who was devoted to his wife Anita, and their children and grandchildren."

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 2013. He is also serving as a member of the Judicial Conference of the United States Advisory Committee on Bankruptcy Rules.

At the close of the fiscal year, the clerk's office had a staff of 72, 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 FY2013, the clerk's office operated on a budget of \$6.1 million and collected revenues of more than \$9.2 million. Nearly \$9 million are court fees and charges. These are transferred to the Federal Reserve, enuring to the benefit of the entire judiciary.

The remaining \$260,624 was deposited with the court as unclaimed monies, following trustees' distribution of estates. During the fiscal year, the court redistributed \$253,972 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 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 29,328 open cases and 709,727 closed cases. The court's CM/ECF server maintains more than 38.9 million documents, of which 803,830 were filed during this fiscal year. Of all documents filed in FY2013, 20% were entered by court staff, 44% by attorneys or trustees, and 9% by other parties (such as creditors, claim agents, and other professionals). The remaining 27% were automatic filings and other administrative processing.

In FY2013, there were 10,847 registered users of CM/ECF. Attorneys comprised more than 70% of registered users, and creditors nearly 30%. Pro se filers accounted for 2.4% of all cases filed in FY2013. During the fiscal year, 90,052 claims were filed with the court. Of these, 94% 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

During FY2013, the Department of Information Technology (IT) upgraded the court's CM/ECF application to version 5.1. The Administrative Office of the U.S. Courts (AO) announced that version 5.1 will be the last significant upgrade to the current generation CM/ECF system. The AO estimates that the next generation (NextGen) CM/ECF will be released in September 2014. Migrating to NextGen CM/ECF requires that courts agree to centralize their CM/ECF servers in one of the AO's two data centers.

Significant effort was expended this year to further automate case administration, to standardize docket entries and reduce case administrator workload. This is in response to court staff reductions and budget constraints. The court continued its Automation Committee initiative (implemented in FY2012) to improve efficiencies. The committee identifies case administration tasks that can be successfully automated, and then tests and documents these after implementation. The committee comprises staff from the IT department and clerk's office.

To date, the following events are automatically docketed in the CM/ECF system: Chapter 7 case discharges and closings; Returned Mail; List of Creditors Uploaded; Notice of Chapter 7 341 Meeting of Creditors and Deadlines; and Notice of Requirement to complete Course in Financial Management. Moving forward, the focus will be on eliminating all manual processes after the trustee docketed the Notice of Meeting of Creditors Chapter 13, Notice of Assets & Request for Notice to Creditors, and Notice of Statement of Presumed Abuse.

The committee also focuses on creating standard notices and forms with automatically-populated data fields. This eliminates the need for case administrators to create and upload a document from a word processing program to the docket report.

Other processes are currently being automated. IT is participating on a court committee that prepares online CM/ECF training modules for attorneys. The training module will be posted to the court's website, and when implemented, will alleviate court personnel from conducting onsite training.

IT also continues to automate chambers processes, including electronic orders and hearing calendars. In the past year, approximately 74,000 E-Orders were uploaded into the court's system, and approximately 59,000 orders were electronically signed. Four judges' hearings calendars (posted on the court's website) are now fully automated. Hearing minutes for two judges are now automatically docketed from typed notes of the courtroom deputy.

The CM/ECF system and the court's Cash Register program were modified to accept payments from trustees via Automated Clearing House (ACH), for unclaimed funds and for adversary and deferred reopening fees. This eliminates the need for trustees to make payments at a courthouse location, and for payments to be processed by court staff.

During the year, IT initiated multiple cost saving efforts:

- execution of a contract for mobile data and communication services with an estimated annual savings of \$8,600

- design of a new data backup procedure to eliminate off-site backup tape storage, with an estimated annual savings of \$11,000
- elimination of power-failure telephone lines from the court telephone systems, with an estimated annual savings of \$9,100
- acquisition of 98 (nearly new) PCs from Arizona District Court, with an estimated cost avoidance of \$122,500 (the court will utilize these PCs for at least four more years).

During FY2013, IT accomplished significant upgrades to courtroom technology equipment, with the following projects completed or in progress:

- in Akron, upgrading the courtroom sound system and components of the control system
- in Cleveland, replacing the audio switcher in each of the three courtrooms
- in Toledo, replacing an obsolete sound system
- in Youngstown, upgrading the sound system and components of the control system.

IT is currently configuring network gear and video conference equipment for the court's participation in the AO National Video Court Teleconference System (NVTCS). Recently implemented by the AO, this initiative provides bridging services to support multiple party video conferences. The court will connect to this service through the judiciary's data network, eliminating the cost of external video conference bridging services.

IT collaborated with the U.S. District Court to establish a program for sharing automation support in Akron, Toledo, and Youngstown. IT collected data and defined parameters for this program, implemented in response to staff reductions. Since the bankruptcy court no longer has technical support staff in Youngstown, staff from the Akron bankruptcy court and Akron district court alternate to provide onsite support in Youngstown four days each week. In Toledo, technical support staff from the bankruptcy court and the district court assume each other's responsibilities during scheduled vacations.

In FY2013, work was conducted related to the district's telephone system and changes resulting from staff reductions. IT initiated a full inventory of ports on the district's phone systems, identifying equipment no longer utilized. Additionally, a traffic study was conducted to determine the proper number of circuits needed to support call volume at each location. IT will begin eliminating unneeded circuits and phone system equipment to lower recurring costs. Estimated cost savings are projected to be \$25,000 annually.

The large uninterruptible power supply (UPS) units for Akron and Toledo (supporting the court's phone system, network equipment, and servers) were replaced during the year to remedy failing batteries and electronics of the older units. The AO provided funding assistance for this project. This equipment is shared with U.S. District Court, Probation and Pretrial Services, and the Circuit Court.

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 worked as part of the Workspace Expert Panel to determine how the system's user interface will look and function. The court's representative was also assigned to the NextGen CM/ECF Working Group that is responsible for identifying the release of NextGen CM/ECF that modification requests should be assigned to. This is a

massive project and it will be several years before the full results are realized.

Members of the IT department continue to commit themselves to continuous learning and professional development. One IT staff member attended a FedCTS online cybertraining session titled *Operation Cyber Threat Continuous Monitoring: Vulnerability Assessment*. Four staff members received training on the Crestron Fusion software (which provides remote diagnostics for courtroom technology). One staff member attended the online Captivate training session presented by the AO. One staff member completed an online training module of Federal Appropriations Law. One staff member attended Automated Docketing Interface (ADI) training. One staff member attended CM/ECF statistics training presented by the AO. Whenever possible, IT staff identifies quality training opportunities that are either free or minimal cost to the court.

After losing a third of its staff since 2011, IT has risen to the challenge of continuously delivering excellence and innovation for the court. There has been a noticeable impact upon the workload of all IT staff, both in the volume of work and the expediency with which work can be accomplished. In 2011 the IT department received an average of three work requests monthly. In 2013, the IT department received an average of nearly 12 work requests monthly. (Work requests are project-oriented requests that take a significant amount of time to accomplish.) Since each of the remaining IT staffers handle support duties for more systems and applications, the time to accomplish project-related work takes much longer than it did in 2011. The increase in the number of received work requests appears to be related to the desire by other court departments to automate their processes.

Lori McLaughlin-Nelson
Director, Information Technology

Human Resources

FY2013 was challenging for the court. Due to budget constraints, staffing levels were reduced by 14 positions (including early retirements, resignations, terminations, and reduction in force). The clerk's office ended the year with a staff of 72. Judges' chambers were staffed by 17 individuals: 12 full-time and two part-time law clerks, and three judicial assistants.

Changes in court staffing also included promotions: from Supervisor to Budget Manager (Cleveland); from Case Administrator to Courtroom Deputy (Canton), and from Cleveland Deputy Clerk to Chief Deputy Clerk.

Human Resources continued to work with managers to ensure employee evaluations were completed and processed within the month due; notices were sent to managers one month prior to the evaluation due date. In FY2013, two evaluations were outstanding at fiscal year end.

Modifications were made to position descriptions, performance standards, and performance appraisals, consistent with position duties and the Judicial Conference of the United States policy. To maintain compliance with the Sixth Circuit Judicial Council, the Whistle Blower Protection Plan was added to the court EDR plan.

In spite of budget constraints, the court continued to support its Individual Development Plan (IDP). Due to lower staffing levels, the minimum training requirement for each court employee was reduced from 16 to 10 hours, resulting in a decrease of total staff training completed in FY2013, to 1,025.25 hours.

Training opportunities were offered through sources such as

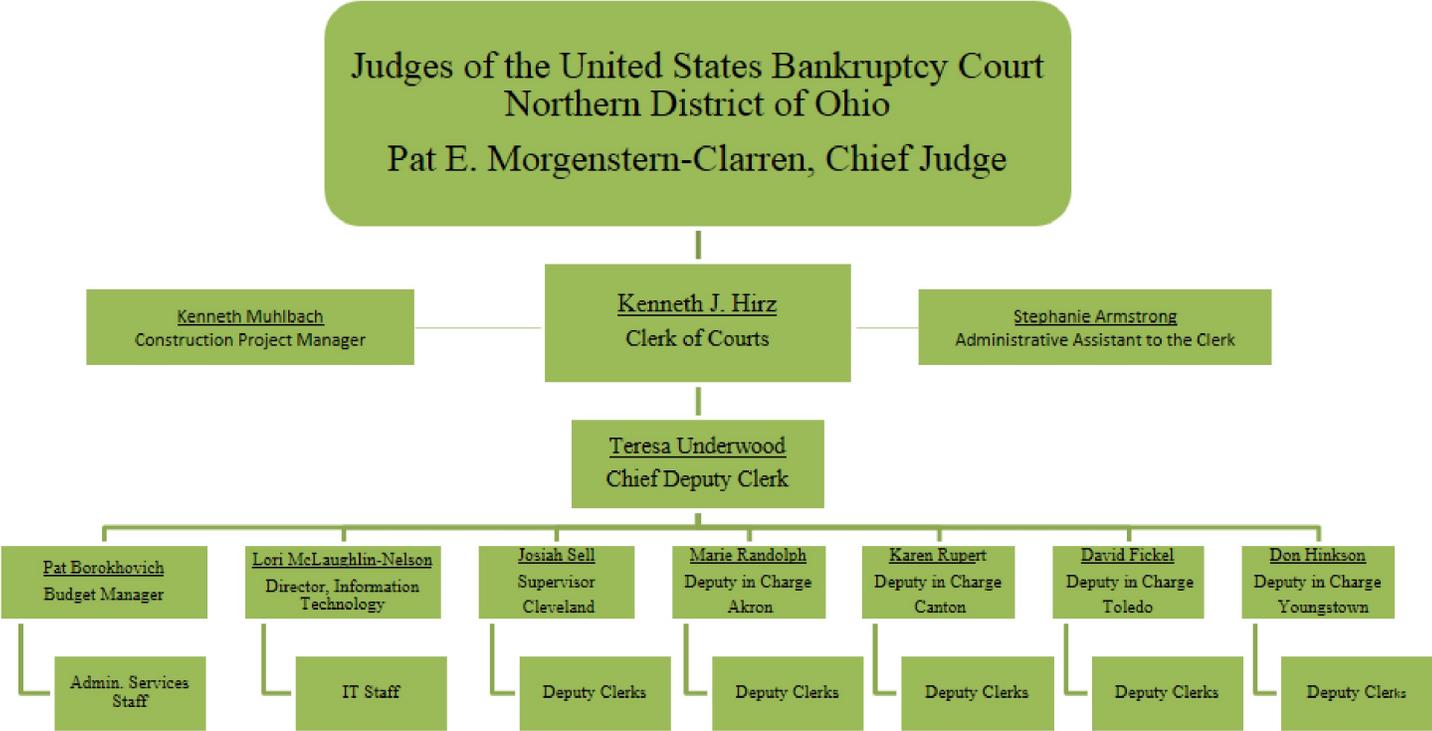
- Federal Judicial Television Network (FJTN), offering streaming videos on topics such as communication and leadership skills, customer service, automation applications, legal and judicial procedures, management related issues, and general federal judiciary information
- CourtsLearn, and Professional Educational Institute (PEI)
- Judiciary Online University (JOU)
- local public libraries

The court continues to place a high emphasis on technical and automation training for employees and court constituents. Additional training included

- training to external ECF users
- Ethical Considerations for Federal Court Employees
- iBot Webinar
- Cyber Security
- USMS Security Awareness

In conclusion, Human Resources continues to maintain its quality of service in meeting the ever-changing demands of the federal judiciary and its local staff.

TABLE OF ORGANIZATION



STATISTICAL ANALYSIS

A total of 24,251 cases were filed in the district in fiscal year (FY) 2013. (In this report, all references to fiscal year figures are based on the period of October 1 through September 30.) Total cases filed in FY2013 decreased by 10% compared to the prior fiscal year. The following shows the comparison of cases filed, by chapter:

	FY2013	% of Total
Chapter 7	20,059	83%
Chapter 11	46	< 1%
Chapter 12	5	< 1%
Chapter 13	4,140	17%
Chapter 15	1	< 1%
Total	24,251	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:

	FY2012	FY2013	% Change
Akron	4,228	3,712	-12%
Canton	3,717	3,274	-12%
Cleveland	9,708	9,113	-6%
Toledo	6,116	5,299	-13%
Youngstown	3,245	2,853	-12%
Total	27,014	24,251	-10%

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	FY2012	FY2013	% Change
Chapter 7	3,279	2,978	-9%
Chapter 11	6	4	-33%
Chapter 12	1	0	-100%
Chapter 13	942	730	-23%
Chapter 15	0	0	0%

CANTON	FY2012	FY2013	% Change
Chapter 7	3,111	2,694	-13%
Chapter 11	14	6	-57%
Chapter 12	0	0	0%
Chapter 13	592	574	-3%
Chapter 15	0	0	0%

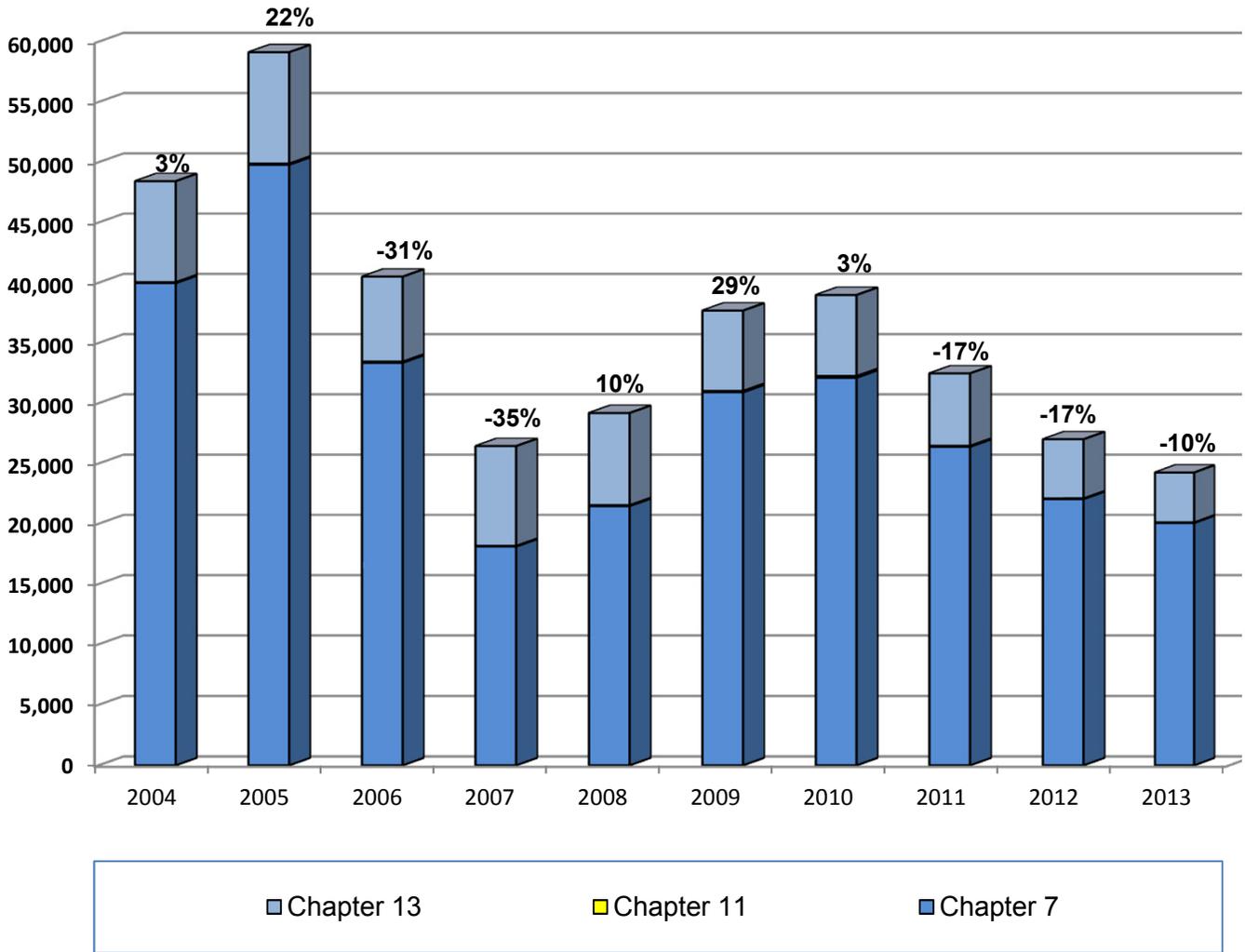
CLEVELAND	FY2012	FY2013	% Change
Chapter 7	7,663	7,287	-5%
Chapter 11	26	23	-12%
Chapter 12	0	0	0%
Chapter 13	2,019	1,803	-11%
Chapter 15	0	0	0%

TOLEDO	FY2012	FY2013	% Change
Chapter 7	5,492	4,839	-12%
Chapter 11	12	11	-8%
Chapter 12	4	5	25%
Chapter 13	605	443	-27%
Chapter 15	3	1	-67%

YOUNGSTOWN	FY2012	FY2013	% Change
Chapter 7	2,498	2,261	-9%
Chapter 11	2	2	0%
Chapter 12	1	0	-100%
Chapter 13	744	590	-21%
Chapter 15	0	0	0%

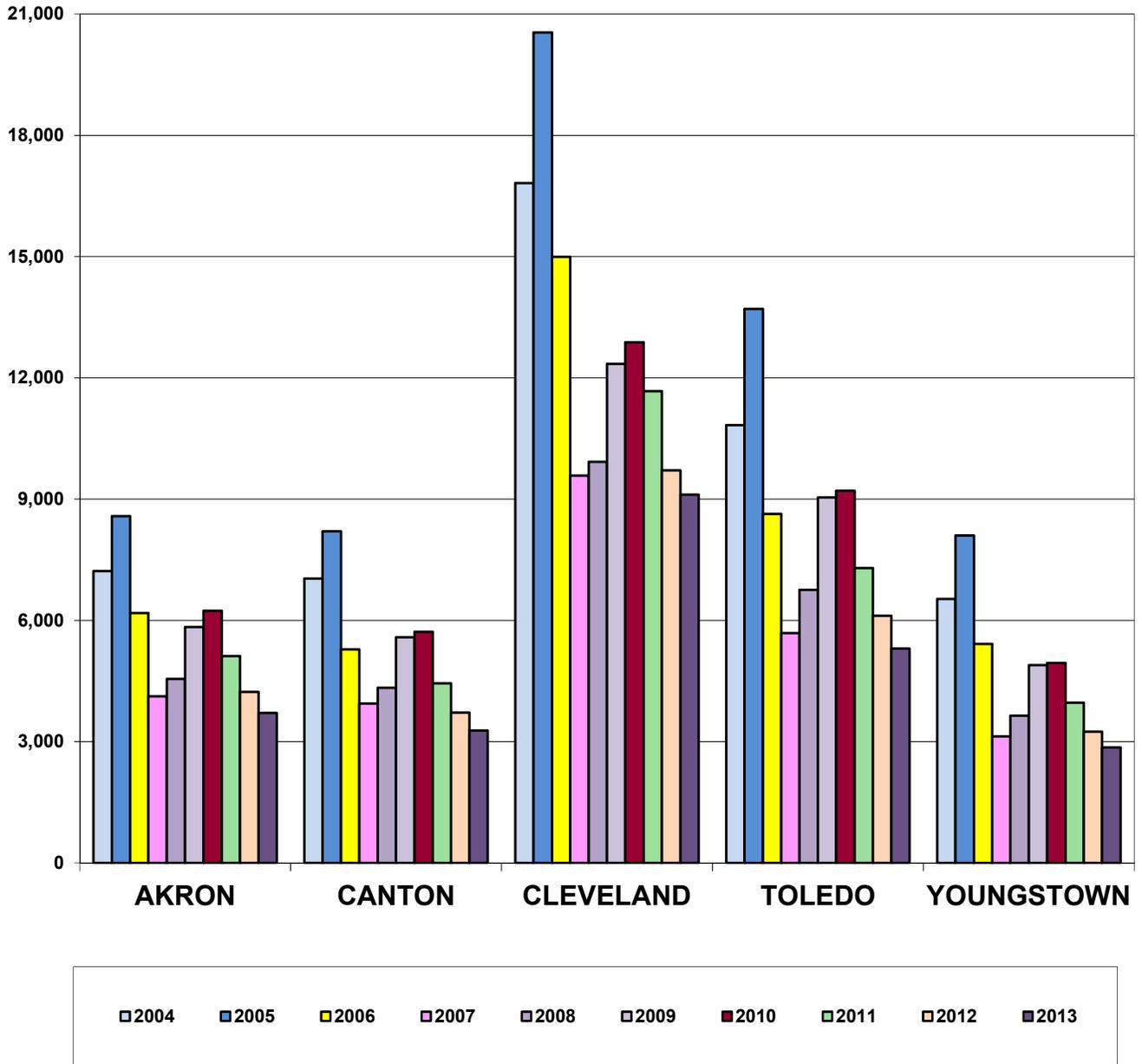
DISTRICT TOTAL	FY2012	FY2013	% Change
Chapter 7	22,043	20,059	-9%
Chapter 11	60	46	-23%
Chapter 12	6	5	-17%
Chapter 13	4,902	4,140	-16%
Chapter 15	3	1	-67%

TOTAL CASE FILINGS FY2004 - 2013

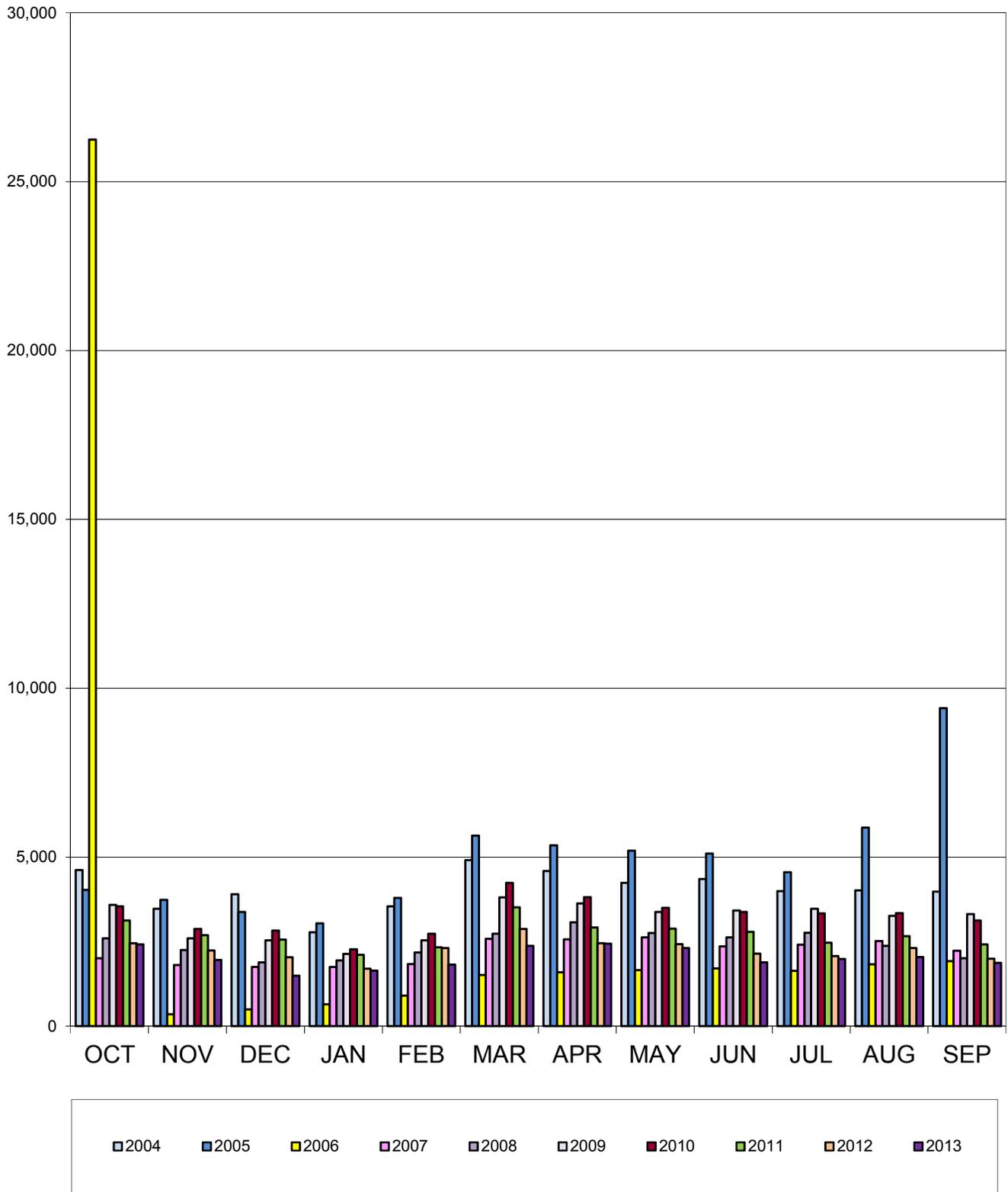


(shows % change from prior fiscal year)

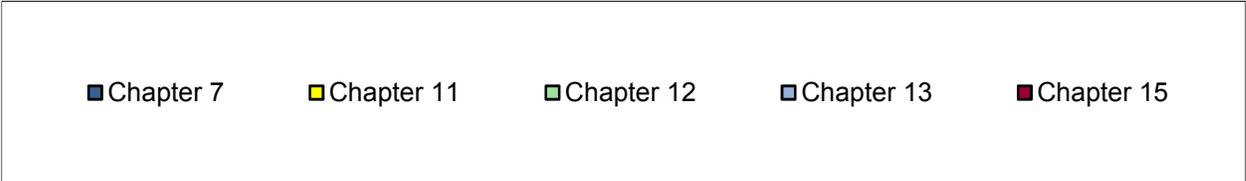
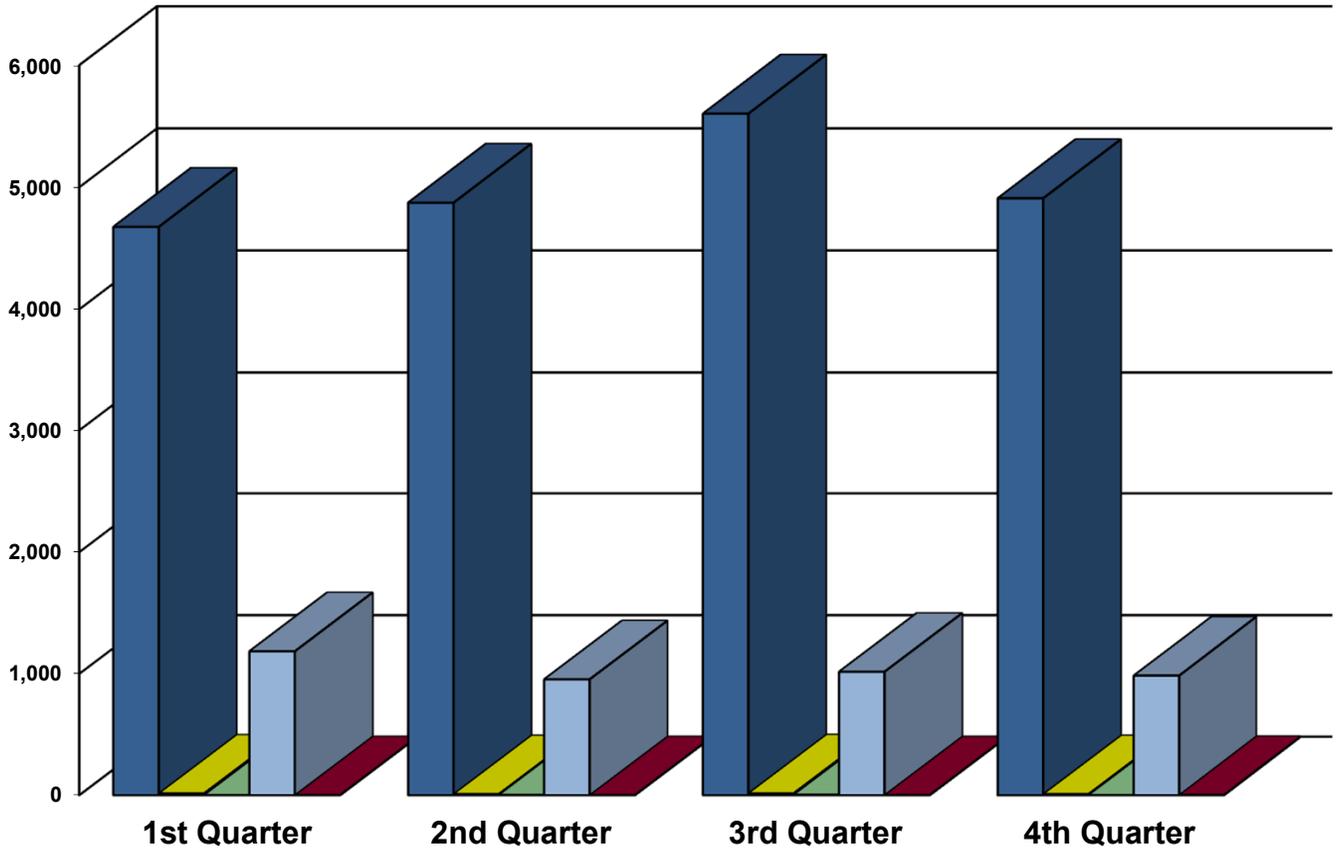
**FILINGS PER OFFICE
FY2004 - 2013**



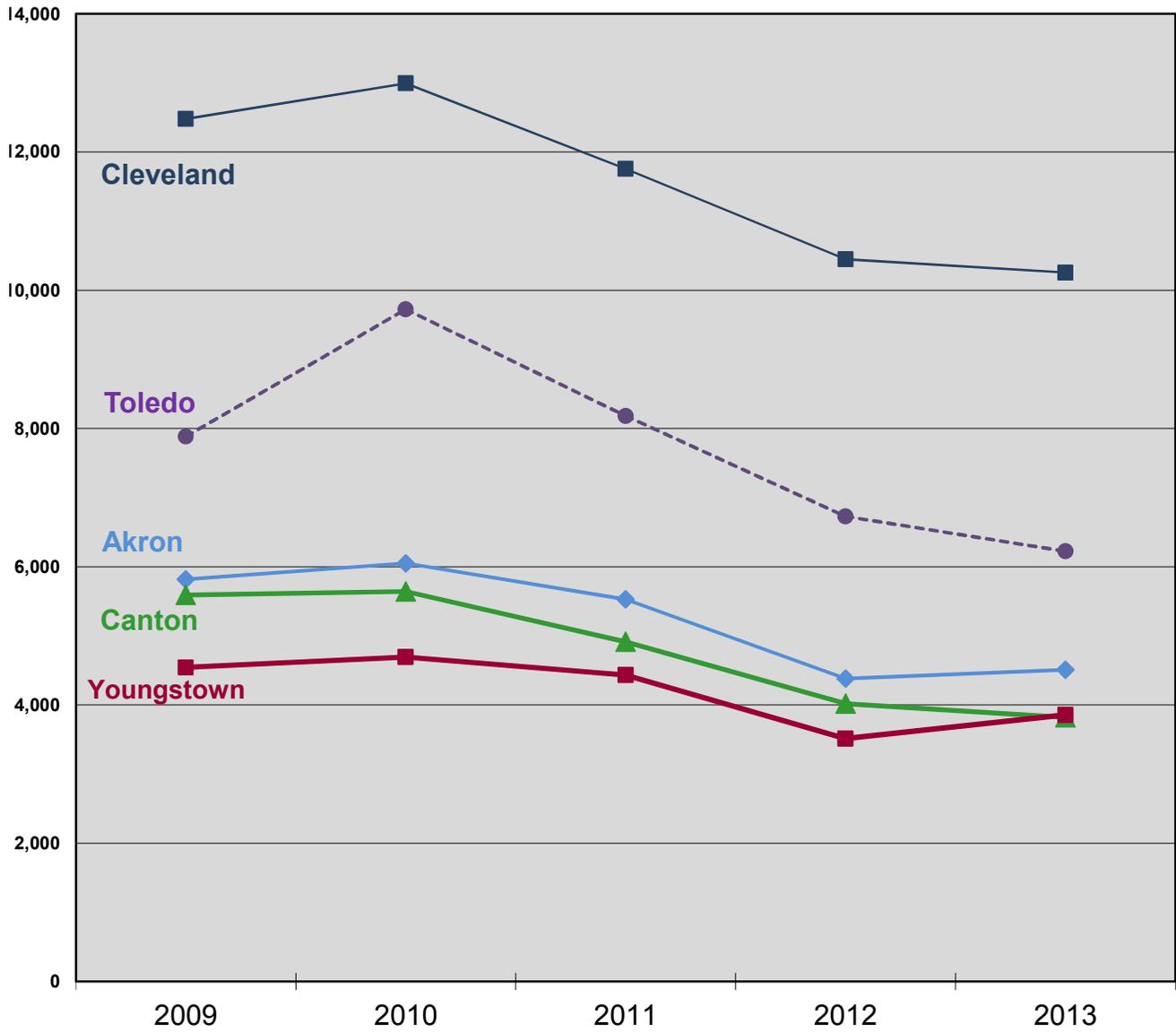
COMPARISON OF MONTHLY FILINGS FY2004 - 2013



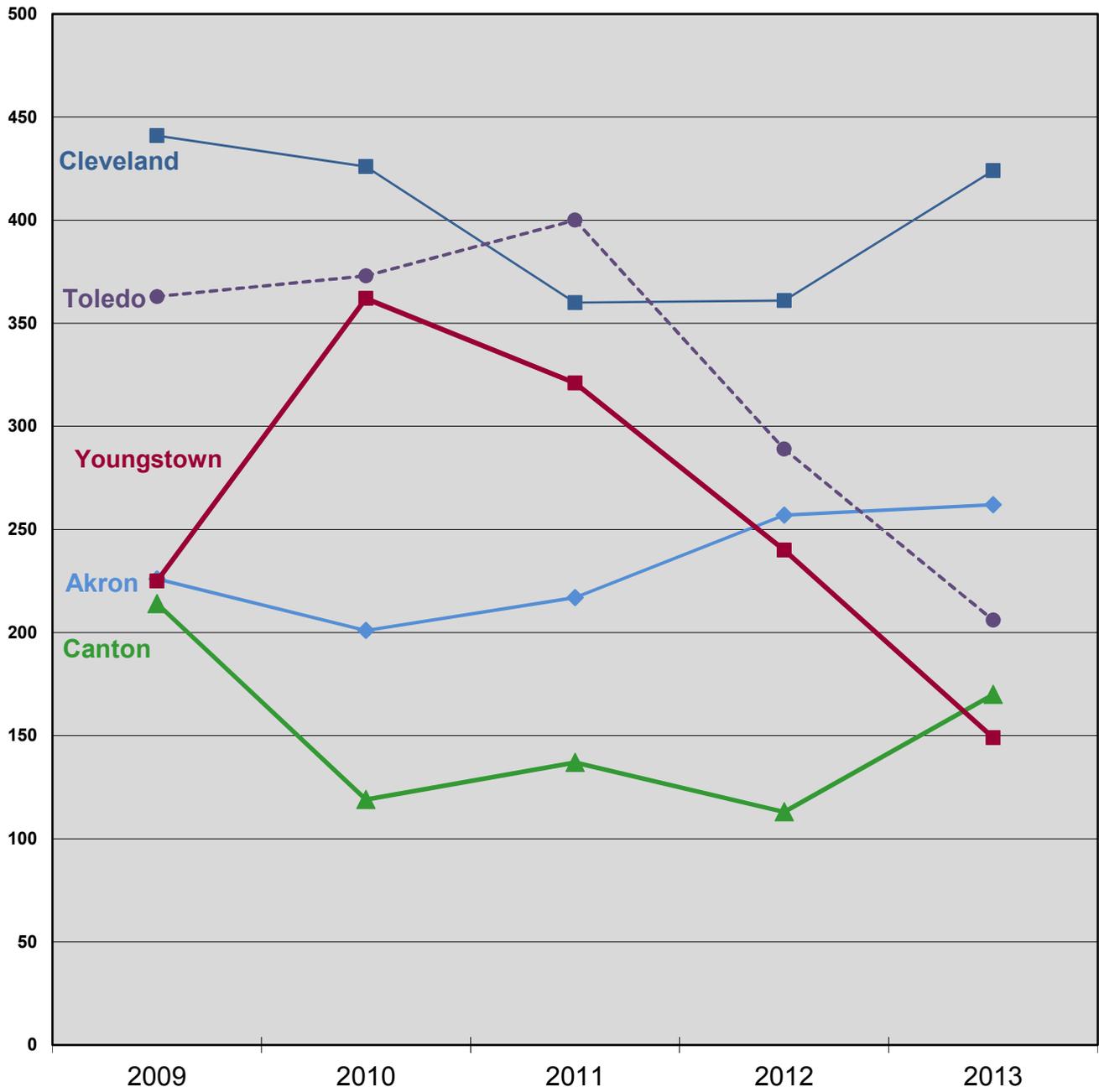
QUARTERLY FILINGS FY2013



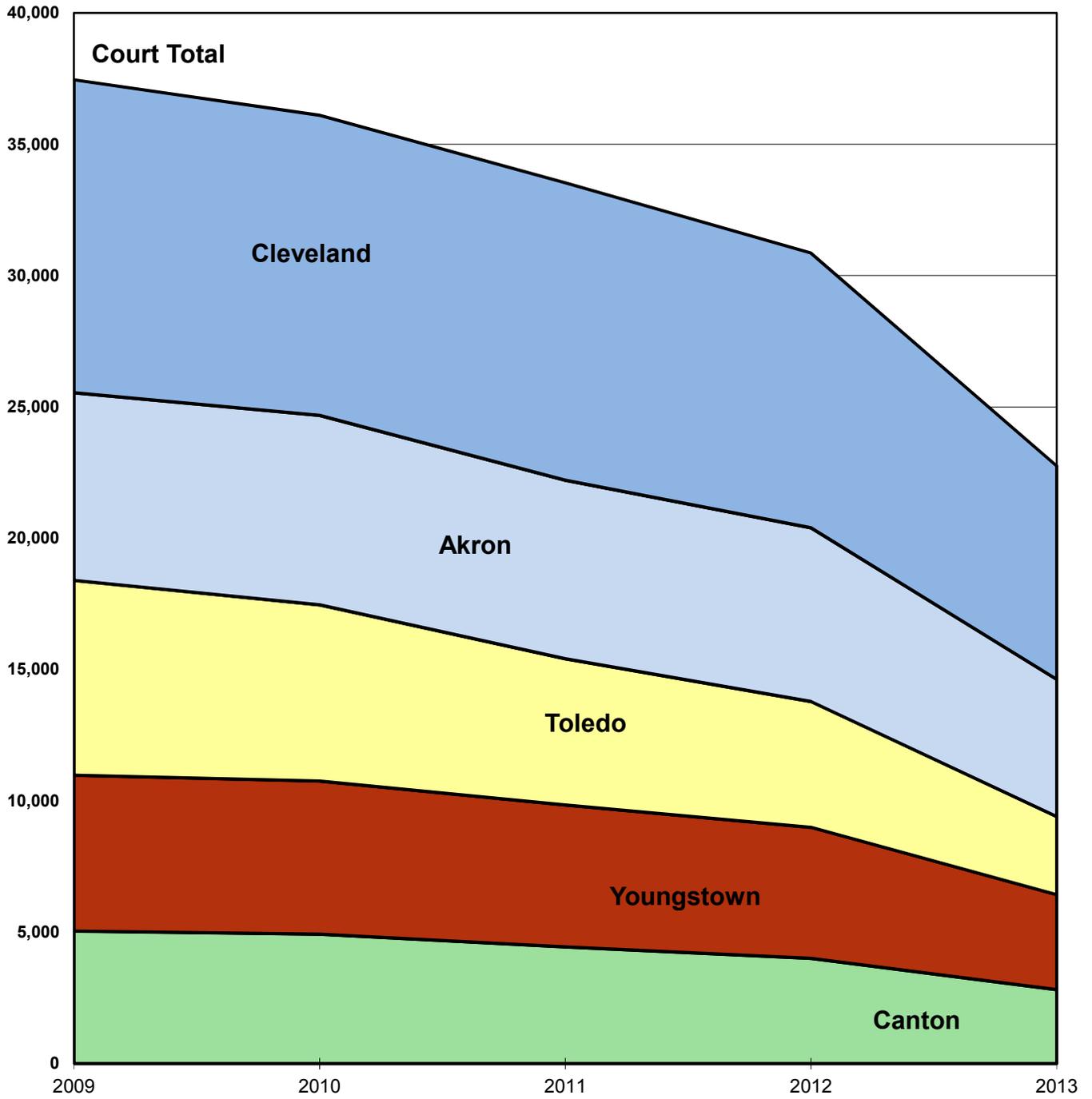
CASE CLOSINGS FY2009 - 2013



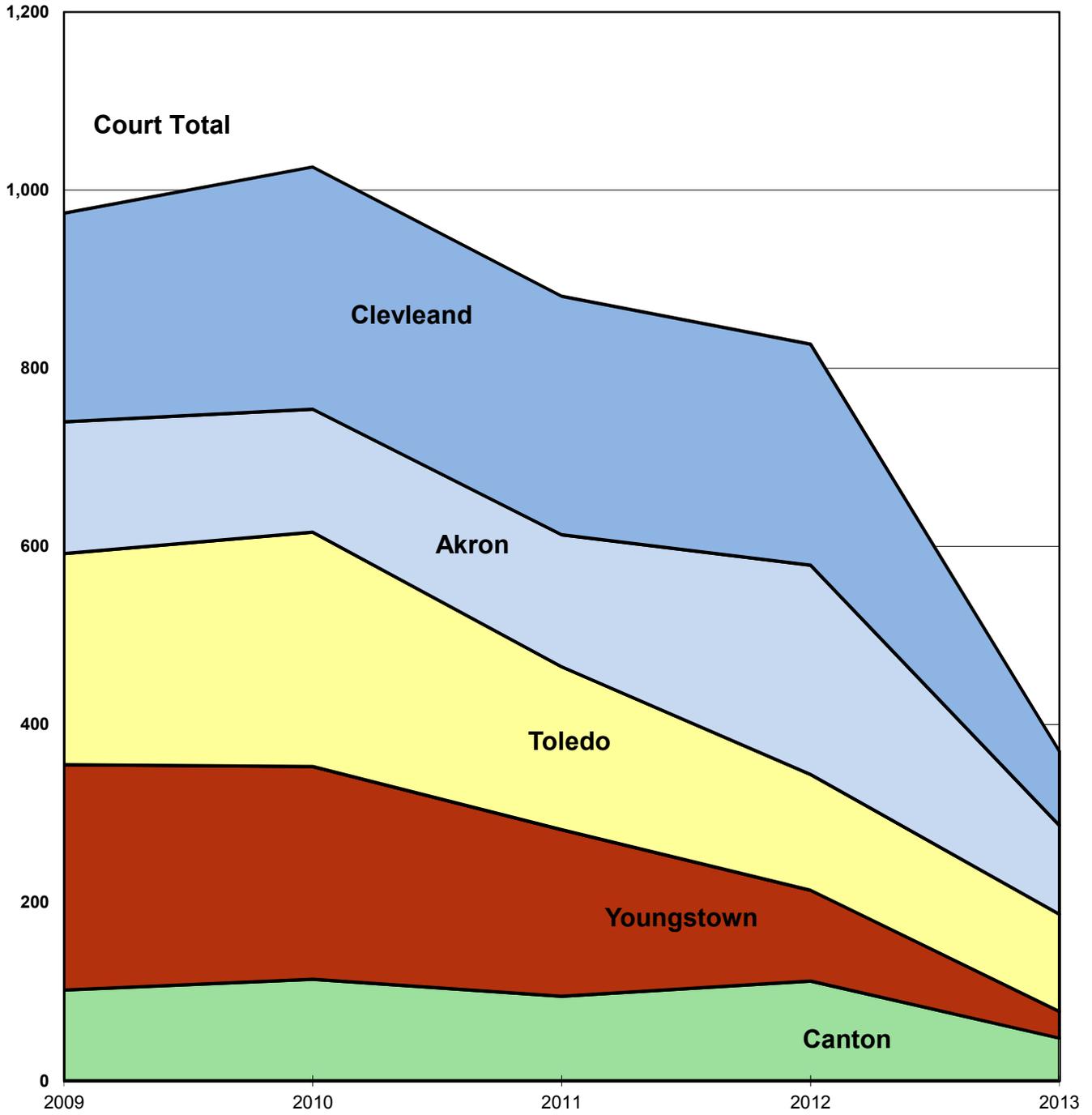
ADVERSARY CLOSINGS
FY2009 - 2013



**NUMBER OF PENDING CASES
FY2009 - 2013**



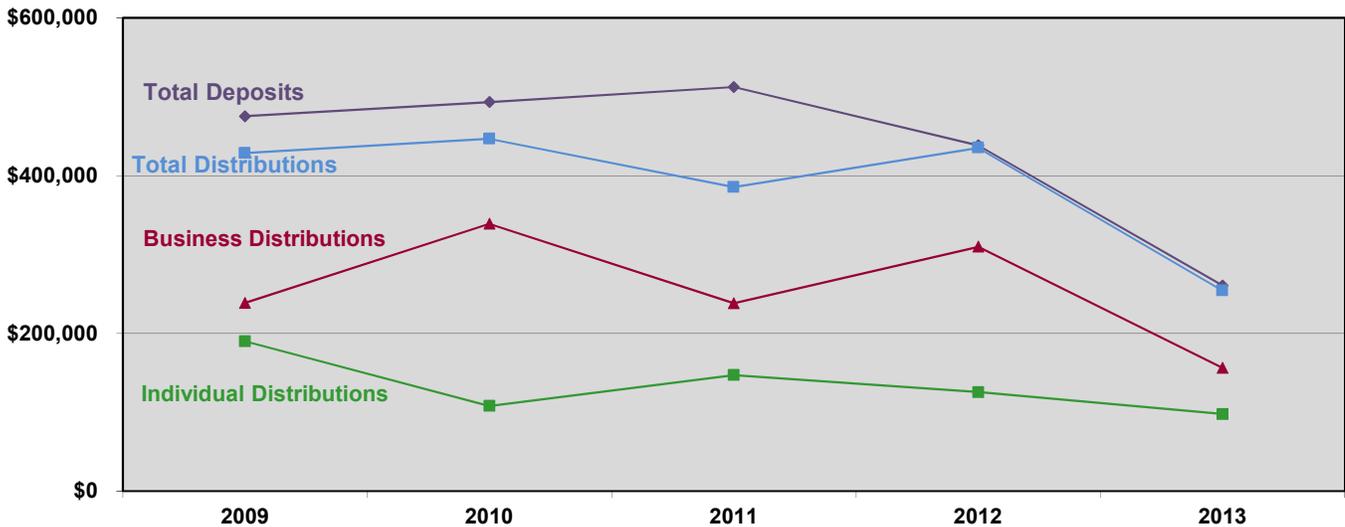
**NUMBER OF PENDING ADVERSARIES
FY2009 - 2013**



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 have 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 classified as forfeiture of unclaimed money. Deposits of \$25 or more are held by the U.S. Treasury pending future requests of the unclaimed funds. In FY2013, unclaimed funds deposited with the court totaled \$260,624.12.

The court disburses unclaimed funds consistent with court orders. In FY2013, the court prepared 226 distribution, in the total amount of \$253,972.06. (Disbursements are inclusive of all unclaimed funds held by the court, including funds deposited in prior years.)



<u>Fiscal Year</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>	<u>2013</u>	<u># of Dist</u>
Total Deposits	\$475,272.12	-	\$493,191.57	-	\$512,334.59	-	\$438,347.08	-	\$260,624.12	-
Total Distributions	\$428,549.57	348	\$446,652.46	391	\$385,301.29	204	\$435,250.71	287	\$253,972.06	226
Business Distributions	\$238,601.10	270	\$338,746.69	322	\$238,147.48	139	\$309,692.44	190	\$156,275.31	150
Individual Distributions	\$189,948.47	78	\$107,905.77	69	\$147,153.81	65	\$125,558.27	97	\$97,696.75	76

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

FY2013 REVENUE

<u>Account</u>	<u>Amount</u>
086400	\$ 898,420.92
086500	1,596.00
086900	848,875.20
106000	125.87
322350	1,983.00
322360	4,740.00
5073XX	2,082,500.00
510000	3,886,326.63
510100	88.80
5514CR	2,736.80
6047BK	260,624.12
6133BK	1,361.17
6855BF	81.00
6855BK	65,952.78
6855TT	<u>1,196,411.19</u>
TOTAL	\$ <u><u>9,251,823.48</u></u>

Account Description:

086400	Portion of (Ch. 7, 13) filing fee increase enacted in 2005 Deficit Reduction Act
086500	Portion of (Ch. 9, 11) filing 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: Accounts which have no revenue are not shown above.

Note: The year's revenue shown above for unclaimed funds in 106000, 6133BK, and 6047BK exclude transfer of funds among these accounts, of revenue collected in prior years. (Consistent with reporting requirements, these transfers are included in figures submitted to the Administrative Office of the U.S. Courts.)

FY2013 OPERATING EXPENSES
(shown in \$1,000's)

