

Business bankruptcies plunge in Bergen County

Wednesday, January 12, 2011

BY HUGH R. MORLEY

E-mail: morley@northjersey.com

The Record / STAFF WRITER

Business bankruptcies in [Bergen County](#), which shot up 46 percent in 2009, dropped 14 percent last year, federal figures show.

But bankruptcy attorneys said that's no reason for optimism.

Personal bankruptcies jumped by 18 percent statewide, 15 percent in [Bergen County](#) and 20 percent in [Passaic County](#), according to figures released this week by the U.S. Bankruptcy Court in New Jersey.

That followed a 35 percent hike statewide in 2009, and increases of 56 percent and 41 percent in Bergen and [Passaic](#), respectively, the same year.

Business bankruptcies fell by five percent in New Jersey, after rising 46 percent — the same as in Bergen — in 2009.

In [Passaic County](#), business bankruptcies rose by 11 percent in 2010, following a 5 percent decline in 2009.

Bankruptcy attorneys said the figures likely show the weakness of the economy, rather than growing strength.

“It's not an indication of an improving economy,” said Ronald I. LeVine, a [Hackensack](#) bankruptcy attorney, who attributed the smaller increase in personal bankruptcies last year to the fact that so many people have already filed.

“The universe of debtors is somewhat exhausted,” he said.

The 40,577 personal bankruptcies statewide in 2010 is more than double the 18,887 bankruptcies in 2007, before the recession was in full swing. About 100,000 people have filed since the recession began, compared to 32,000 in the two preceding years.

Eric R. Perkins, a [Ridgewood](#) bankruptcy attorney, said that the smaller jump in personal bankruptcies in 2010 was likely because they rose so much the year before.

“It was such a high spike in 2009, I would expect it to flatten out a little bit,” he said.

The increase in 2010 put New Jersey in ninth place in a ranking of states compiled by the Associated Press based on percentage increase or decline in bankruptcies in 2010 over the year before. The biggest increases were in Hawaii, Utah, California and Arizona. West Virginia had the biggest decline.

David Bass, a [Hackensack](#) bankruptcy attorney, attributed the decline in business bankruptcies it to the difficulty businesses have in obtaining the credit line needed to keep the company going while it gets back on its feet.

“You are seeing a lot of non-bankruptcy solutions,” such as selling the company, forging a merger or turning the assets over to the bank, Bass said. He added that some lenders may be holding off putting a delinquent borrower into bankruptcy in the hope that the economy will get better and the debtor can rebound.

Other businesses just don't see the point in filing for bankruptcy, LeVine said.

“As the recession winds on, there is less and less optimism,” he said. “Businesses are not filing because they don't see the chance of a successful reorganization. They are just closing.”