

[Bankruptcy Practice Still Red Hot](#)

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A recent report indicates that **the national bankruptcy rate rose 33 percent in the third quarter of 2009**, as compared to the same time period last year, according to the American Bankruptcy Institute ("ABI").

This spike in rates represents the highest rate of bankruptcy filings since 2005. For the last 12 months at a minimum, bankruptcy has been a hot practice area. See [Bankruptcy Practice Leads Law Firms Out of Recession](#) from August 2009.

The ABI that found that there were 388,485 bankruptcies filed in the U.S. in the last quarter, compared to 292,291 bankruptcies filed in the same quarter last year.

In the first nine months of this year, about 1.1 million bankruptcies were filed, a 35 percent increase over the same period from last year. Last year the tally came to a total of just over 840,000.

American Bankruptcy Institute executive director [Samuel J. Gerdano, Esq.](#) released a statement regarding the rise in bankruptcies. The spike in bankruptcy filings for both consumers and businesses reflect the continuing effects of today's weak economy, he said. With unemployment surpassing 10% and credit to businesses remaining tight, **consumers and businesses are increasingly turning to the financial relief of bankruptcy.**



Sam Gerdano

Bankruptcies peaked in 2005, just before legislation made it more difficult to clear debts in Chapter 7 filing. The nation is experiencing the highest bankruptcy rates it has seen since those new regulations were put in place.

Business bankruptcy filings and personal bankruptcy filings have each risen according to the latest reports. **Business bankruptcies are up 32 percent in the third quarter of 2009, a total of over 15,000 filings.**

Personal bankruptcies, which include Chapter 13 and Chapter 7 filings, increased by 33 percent in this quarter. Chapter 7 filings rose by 42 percent, for a total of over 265,000 filings in the third quarter. Chapter 13 filings rose by 15 percent, totaling 107,142 filings.