

News from Senator

BOB DOLE



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HEARINGS TO INVESTIGATE NEW SURGE OF BANKRUPTCIES

Mr. George R. was badly injured operating a heavy crane and was hospitalized. His wife is unable to work.

Mainly due to medical debts, the couple slid \$30,000 in debt.

They found themselves unable to meet payments and deal with rising living expenses.

They filed for bankruptcy.

"It was the only thing we had left to do," Mrs. R. recalls. "We've got to continue living. We knew we could never get out of debt."

Joyce M., 27, found herself \$8,000 in debt, owing credit card and lending companies.

Calls from creditors and the threat of possible suits encouraged her to file for personal bankruptcy.

After entering federal bankruptcy court, Joyce was interviewed by the court trustee and her creditors.

Sixty days later she was given the news that she should be bankrupt.

With consumer-loan losses climbing, industry sources estimate that \$2 billion was lost from personal bankruptcy alone in 1980.

There are several reasons for this recent spurt in bankruptcy filings. Although high interest rates and inflation undoubtedly increase the prospects for going bankrupt, many attribute it to the lax provisions in the 1979 Bankruptcy Code passed by Congress.

"The 1979 revision of the Bankruptcy Code is the cause of much dispute over action taken in our bankruptcy courts today," said Senator Bob Dole (R.-Kan.).

Hearings Friday

Dole, chairman of the Senate Judiciary Committee subcommittee on courts, today announced that he will convene his subcommittee on Friday, April 3, to conduct a hearing on the new federal code.

The new code set up federal exemptions which must be abided by all states unless the state takes the initiative to enact its own regulations. The law enables individuals to protect much more of their property against seizure by creditors than previously. In some states, New York and California for example, the state laws actually increase the amount of protected assets.

"The rise in personal bankruptcy indicates that there is a necessity for an examination of the new code. The purpose for holding this hearing is to determine where the cracks are in the code, and then to decide what appropriate steps need to be taken to correct the problem," said Dole.

Dole continued, "The sustained depression of the economy, the more tolerant attitude to bankruptcy by our court system and a newly-recognized acceptance of bankruptcy in our society are all contributing factors that indicate an examination is necessary."

Testimony will be heard from a broad range of professionals whose names will be released later this week. These hearings are the first part of a two-day proceeding. Monday, April 6, the courts subcommittee will examine farm elevator bankruptcy and problems with commercial bankruptcy. Both hearings will be held in the Senate Judiciary Committee hearing room, 2228 Dirksen Senate Office Building.