



Legislation Details (With Text)

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Res. No. 941

Resolution denouncing the Congress of the United States for adopting the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

By Council Members Monserrate, Barron, James, Koppell, Palma and Stewart

Whereas, On March 10th and April 14th, respectively, the U.S. Senate and U.S. House of Representatives adopted the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (HR.685/S.256); and

Whereas, This bill fails to crack down on corporate executives whose fraudulent mismanagement produced such scandals as Enron, WorldCom and Adelphia, and leaves gaping loopholes for wealthy individuals who hide millions of dollars in assets from creditors; and

Whereas, It further serves as a ‘dream bill’ for credit card companies and financial service institutions that will land millions of American families in debt; and

Whereas, The Act will hurt approximately 2 million Americans who declare bankruptcy due to illness and high cost of healthcare, military families who face dire hardships, and low-income families who have to

contend with the costly burden of having to legally prove their bankruptcy needs; and

Whereas, Specifically, approximately 50% of all families who are forced into bankruptcy do so as a result of medical expenses and another 40% suffered a death in their family, lost their job, got divorced or suffered a combination of these conditions; and

Whereas, Moreover, the nonpartisan American Bankruptcy Institute estimates that fewer than 4% of filings are fraudulent and that most debtors will defer declaring bankruptcy until they have no choice such as loss of telephone services (40%), going without necessary medications (43%), or having to survive without food (19%); and

Whereas, Additionally, the new legislation would bar courts from reducing the amount that debtors would have to pay on big-ticket items, imposing onerous repayment schedules and would require debtors be subject to a 'means test' based on the state's median income, eliminating distinctions between real debt victims and reckless spenders; and

Whereas, Those professionals, including judges, trustees, attorneys and credit counselors, who deal with bankruptcy cases every day concede that the present system is working and according to several former bankruptcy judges, the new bill would result in the collapse of repayment plans; and

Whereas, In New York City, the number of personal bankruptcies of 8.4% exceeds that of the nation's 5.6% in 2004 while the state of New York saw about 76,000 bankruptcy filings in 2004; and

Whereas, New Yorkers face greater financial challenges than most other Americans due to rising prices and larger increases in the costs of housing, food, and transportation and reductions in inflation adjusted local salaries; and

Whereas, Given that the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 fails to prevent bankruptcy abuse as it leaves loopholes for wealthy filers and does not effectively address corporate bankruptcy misconduct, and fails to protect the consumers as most personal debt filers will be subject to more stringent regulations, the adoption of this bill harms, rather than serves, the majority of hard working

Americans; now, therefore, be it

Resolved, That the Council of the City of New York denounces the Congress of the United States for adopting the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

NK
04-15-05