

The Newsletter



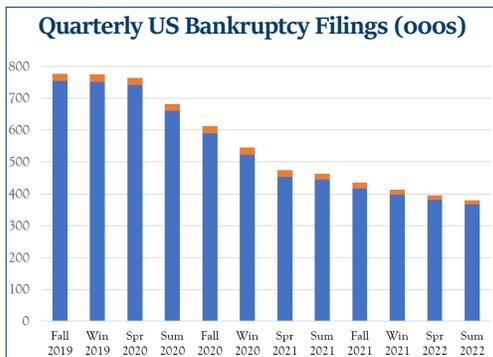
FAUCHER LAW

TAX & BANKRUPTCY

Over Two Years of Economic Stressors & Financial Turmoil...

Why Are Bankruptcies Still Down?

“Why aren’t bankruptcies through the roof?” I’m asked daily. Indeed, shouldn’t the economic mayhem since Covid have pushed bankruptcies way up? Here are my thoughts on the pattern in the graph.



Source: [USCourts.gov/statistics-reports/bankruptcy-filings](https://uscourts.gov/statistics-reports/bankruptcy-filings)

Little Pressure on Debtors from Creditors

There’s been less pressure on debtors during the Covid-recession and since than during previous recessions.

Consider the following major creditors. Credit card issuers, who would have sued cardholders in the past to collect balances due, have decided **it’s often more efficient to simply write-off bad debt. Why? Courts are still monstrously backlogged from Covid closures and staff reductions that remain to this day.** Landlords nationwide were barred from suing or evicting tenants until a few months ago; California’s moratorium remains in effect in some cities. Even when restrictions lift, landlords face the same clogged courts as credit card issuers. **IRS agents were unable to work for almost a year because employees are not allowed to access highly-sensitive IRS databases from home** – only from the IRS offices that were largely closed until last summer. Congress also dumped implementation of Covid economic recovery programs on the IRS, while simultaneously slashing the agency’s budget. Audits and collections are thus way down. In short, **three major creditors cannot process claims against debtors quickly, meaning there’s often no pressure on those debtors.**

Strong Job Market & Economic Support

After the initial Covid shutdowns, the job market roared back and wages shot up. Many people who may have qualified for bankruptcy (California’s income limit for Chapter 7 is \$60,000 for an individual, \$101,000 for a

family of 4) if facing unemployment before Covid, did not qualify after Covid because Covid created unique circumstances. People returning to work after shutdown typically **earned more than previously, they’d incurred less debt during shutdown than they might have previously because of stimulus and unemployment payments unique to Covid, and they weren’t able to spend much money because so much was shut down (travel, entertainment) or in short supply (cars).** Of course, the end of economic support payments, the ability to spend freely again, and high inflation all suggest the Covid-inspired “shelter” is over and bankruptcies will rise again.

Cashflow May Be Down But Assets Are Up

Many individuals currently having trouble making ends meet may qualify for bankruptcy but won’t file because they would lose assets if they did. In California chapter 7’s, a debtor is allowed to keep about \$30,000 in cash and assets like cars, or up to \$600,000 in equity in a primary residence. Anything more is taken by the Bankruptcy Trustee to pay debts. But the crazy-hot real estate market since Covid means many people would lose their home because so many have more than \$600,000 in equity. Indeed, many people are dipping into home equity to manage cashflow shortages, rather than using bankruptcy to get rid of debt. As existing assets are drawn down, the number of bankruptcies will increase.

I AM Seeing More Bankruptcy Clients

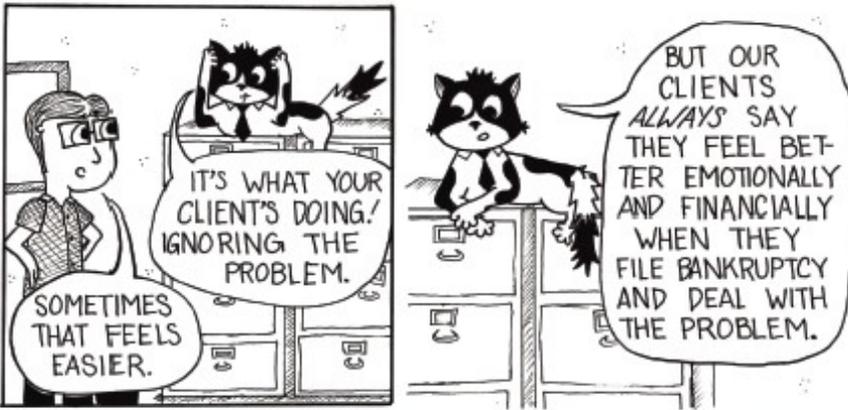
Unsurprisingly, I am getting more calls since spring from people and small businesses who have exhausted their financial cushions and assets. It’s discouraging to consider bankruptcy, but anyone having trouble managing debt should speak with a reputable bankruptcy attorney about the particulars of their financial situation. It is always best to address problems with complete information about suitable options.

JDF

INSIDE STORIES

- Faucher Family Farms’ Lil’ Chicks Now Hens!
- Sebastian’s Tough Bankruptcy Love
- Grilled Souvlaki Chicken Recipe

Sebastian ^{the} Feline Paralegal



Above: Chicks at 3 months

Below: Hen at 5 months (don't worry--John's not going to put her on that grill!)



WORTH A THOUGHT...

"The only real mistake is the one from which we learn nothing."

-Henry Ford



Above: Our hens are all grown up!

Faucher Family Farms

There's nothing more satisfying for a farmer than bringing in a bumper harvest! Am I a farmer? Well, while I didn't plant any crops this year, I did expand my flock of hens. Here's the chicks I got in February, now fully grown and laying a daily "harvest." Maybe you'll be the lucky recipient of some eggs the next time I see you?



Grilled Mediterranean Souvlaki Chicken

A big shout-out to my friend, Janet, for this super-flavorful party recipe! The hardest part is grilling – but, of course, that's a piece of cake for this GrillMaster. We serve this with tzatziki, pita bread, and couscous or tabouleh. The recipe easily doubles and triples for larger groups.



Instructions:

- In food processor, pulse together all ingredients except chicken. Combine marinade & chicken thighs in bowl or bag, cover & refrigerate for 12-24 hours.
- Prepare a grill for rotisserie grilling. Clip a fork onto rotisserie spit, skewer chicken pieces on spit, turning pieces as necessary to form a compact shape. When grilled, the chicken will resemble a tube, like a souvlaki. Use second rotisserie fork to clamp all chicken pieces together.
- Place spit on setting 2 and turn on rotisserie. Grill until center of chicken reaches 150°F, 1.25-1.5 hours. Lower spit to setting 1 and continue grilling until chicken is browned and center reaches 170°F, another 20-30 minutes. Remove spit from grill, let chicken rest 5-10 minutes, remove from spit and serve in pieces or sliced. Yum! **Serves 6-8**

2 lbs. boneless, skinless chicken thighs, larger ones halved
3 TBS chopped parsley (flat or curly)
1 cup basil leaves
2 limes, zested and juiced
2 TBS chopped mint
2 tsp chopped garlic
2/3 cup olive oil
1 tsp salt; 1/2 tsp pepper

WELCOME TO FAUCHER LAW

John D. Faucher worked for 10 years as an IRS trial attorney and has been in private practice since 2008. He and his team speak the legal language. They know the **tax and bankruptcy systems** and can help you get the best result. Have other legal issues? Call us. We'll find the lawyer who's right for you, your friends, or family.

(818) 889-8080
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What's Going On?

Bankruptcies Decline, Unlike Number of Hens at Faucher Family Farms

You'd think that Covid shut-downs, supply chain disruptions, inflationary price increases and a stock market decline would have pushed up bankruptcy filings. But no. Unlike the number of hens at Faucher Family Farms, which has increased substantially this year, bankruptcies have fallen. In this issue of *The Newsletter*, I offer reasons for this counterintuitive



trend and my prediction for the future. I also take you on a pictorial tour of the new chicks I got last winter, and their growth into the lovely hens they've become. Sebastian the Feline Paralegal gives tough but necessary advice to people considering bankruptcy. And there's a tasty grilled chicken recipe that does NOT use *my* hens!