



## Filing for bankruptcy may lose some of its appeal with new law

BY ROB SULLIVAN

With the new federal bankruptcy law that took effect Oct. 17, Fairfield County residents who wish to declare bankruptcy and reorganize their personal finances will be venturing into virtually uncharted territory.

Essentially, the key points of the new law are that all debtors must receive credit counseling before filing for bankruptcy and additional counseling on budgeting and debt management before their debts can be wiped out. Also, some filers with high incomes will not be allowed to use Chapter 7 and because the law imposes new requirements on lawyers — such as personally vouching for their clients' financial record — filers will find it more difficult and more expensive to hire an attorney to represent them in a bankruptcy case.

Black Rock attorney William Hennessey stressed that Fairfield County residents who are considering filing for bankruptcy would be wise to consult a bankruptcy attorney regardless.

"For people who are considering filing for bankruptcy there's no question that the new laws are not only different, but also complicated," he said. "To understand the difference between Chapter 7 and Chapter 13 and the nuances of the federal bankruptcy laws, those in debt should definitely arrange an appointment with a bankruptcy lawyer."

Bankruptcy filers who use Chapter 7 generally have all of their debts discharged, while those filing for Chapter 13 work out a repayment plan with the court. However, officials at a Westport company believe that bankruptcy in general is not often the best solution for individuals or small businesses in need of financial restructuring.

### December seminars

Riverside West LLC, located at 327 Riverside Avenue in Westport, specializes in debt restructuring and counseling individuals who have fallen into debt, and company officials are planning a series of seminars on the new bankruptcy laws beginning in December.

"What I think is that the old law itself wasn't a very good choice for people looking to reorganize or eliminate debt," explained Patrick Begos of Riverside West. "While the new law does make bankruptcy less attractive and probably more expensive than it was before, the fact is that bankruptcy never was a very good option to begin with."

Begos believes that debtors are better off addressing their situation through a variety of means and should not rush into declaring bankruptcy, a decision they may ultimately regret.

### Debt restructuring

"The bankruptcy laws were originally written in a blanket way to cover every person in the country," Begos pointed out. "I think people



Patrick Begos

are much better off to have someone from the outside structure a deal for them. I believe that's extremely important — this is not a do-it-yourself project. Someone from the outside can restructure debt better, faster and cheaper than through the bankruptcy court. We've had a lot of success taking a multidisciplinary approach to financial reorganization."

Begos explained that Riverside West approaches people's financial problems in several ways including negotiation, litigation and transaction assessments. Onerous debts can effectively be reduced, and through litigation, debt collections can be delayed or terminated. He stressed that his firm treats clients as individuals and designs debt restructuring that is tailored to their needs, something that is not possible with the broad

bankruptcy laws enacted by Congress.

Riverside West is only 1 1/2 years old, but is made of officials with a variety of extensive backgrounds in law, financial counseling and other fields. Begos has been an attorney for 18 years and he believes the new bankruptcy laws and current real estate market will increase the financial pressure faced by many Fairfield County residents.

"I think we are primed to see an increase (of financial problems)," Begos predicted. "As Alan Greenspan stated, houses have become piggy banks, with home equity loans and refinancing having provided homeowners with cash resources to keep themselves afloat. But with the housing market showing signs of slowing, and with credit tightening and becoming more expensive, many of those same people will have to find some other way of dealing with their debt."

Begos noted that if residents can sense they will have financial problems in the future, they should start planning for that contingency as soon as possible.

"If people plan to address this problem sooner rather than later, they will have a lot more flexibility and a lot more options available to them," he explained. "They should not wait too long. If they can foresee problems six months down the road, they should act now. Things become a lot more tougher when there is no source of cash available."