

## Handout 10: Bankruptcy

A non-custodial parent (NCP) can voluntarily file a petition for bankruptcy with the U.S. Bankruptcy Court. The following are the two most common bankruptcy types used by individual debtors:

- Chapter 7—liquidation proceedings
- Chapter 13—an adjustment of debts of an individual with regular income

In rare cases, an NCP may file a petition under Chapter 11, and farmers may file a petition under Chapter 12.

The **Update Member Demographics** page (figures 1 and 2) allows staff to view and modify existing personal, extended family, status, paternity, alias (also known as), bankruptcy, and Social Security Number (SSN) data associated with a member. Staff can update this information, as it becomes available, throughout the life of the child support case.

The **Bankruptcy** tab displays current and historical bankruptcy records associated with the entered **Member DCN**. Bankruptcy data includes **Chapter Type**, **Plan Begin Date** and **Plan End Date**, and **Contact** information for the **Bankruptcy Court**, **Trustee**, and **Bankruptcy Attorney**. When the **Bankruptcy** tab is first accessed, the current record displays by default. Only current records can be updated.

The screenshot displays the 'Update Member Demographics' page in the NJKiDS system. The interface includes a top navigation bar with the NJKiDS logo, a user profile for YOLANDA GLOVER, and a search bar. A left sidebar contains a 'Default Menu' with options like Case Initiation, Case Management, Financials, System, Enforcement, Establishment, Tools, and History. The main content area shows the 'Update Member Demographics' form with tabs for Personal Data, Extended Family, Status, Paternity, Also Known As, Bankruptcy, and SSN. The 'Bankruptcy' tab is active, showing fields for Bankruptcy Number, Proof of Filing Date, Discharge Date, and sections for Bankruptcy Court, Trustee, and Bankruptcy Attorney. Each section contains fields for OTHP ID, Name, Address, Contact, City, Zip, Phone, Email, State, Country, and Fax. A 'History' button is visible at the bottom of the form. A status message at the bottom left indicates 'No matching records found'.

Figure 1: Update Member Demographics Page, Bankruptcy tab

The **History** button is enabled when bankruptcy history exists for the demographic record. The **History** button provides access to a **Bankruptcy History** pop-up window (figures 3 and 4). If more than one history record exists, backward and forward arrows are enabled at the bottom of the **History** pop-up window. Historical records display for information purposes only.

The screenshot displays the 'NJ Kids Deserve Support' web application. A 'Bankruptcy History Pop-up' dialog box is open, showing details for a bankruptcy case. The dialog box includes the following information:

- Bankruptcy Court:** Chapter Type 07 - CHAPTER 7, Bankruptcy Filing Date 01/27/2010, Dismissal Date, Discharge Date.
- Other Party:** 000000001 Name DISTRICT OF SOUTH CARO, Address 1100 LAUREL ST, City COLUMBIA, State SC - SOUTH CAROLINA, Zip 29201-2423, Country US - UNITED STATES, Phone (803) 123-4567, Fax.
- Trustee:** 000000002 Name Bankruptcy Trustee, Address PO BOX 76, City COLUMBIA, State SC - SOUTH CAROLINA, Zip 29202-0076, Country US - UNITED STATES, Phone (803) 000-1234, Fax.
- Bankruptcy Attorney:** 000000003 Name Bankruptcy Attorney, Address 11 CALEDON CT STE D, City GREENVILLE, State SC - SOUTH CAROLINA, Zip 29615-3170, Country US - UNITED STATES, Phone (804) 123-0000, Fax.
- Worker:** M. Worker, Last Updated 02/08/2010.

The background shows the 'Update Member Demographics' screen with a sidebar menu and a top navigation bar. The top navigation bar includes the user name 'YOLANDA GLOVER' and the date '05/15/2019 03:18:17 PM'. The sidebar menu includes options like Case Initiation, Case Management, Financials, System, Enforcement, Establishment, Tools, and History.

**Figure 2: Bankruptcy History Pop-up**

## Case Selection Criteria

Actions pertaining to open cases with domestic support obligations that are allowable and not subject to the automatic stay include:

- Withholding of income that is property of the bankruptcy estate for payment of domestic support obligations
- Withholding of post-petition income for current and past-due court ordered support (Chapters 7, 11 and 12)
- Establishment of paternity
- Establishment of support obligations
- Modification of support obligations
- Enforcement of medical obligations under Title IV, Part D of the Social Security Act
- Collection of arrears (Only allowable for a Chapter 7 Bankruptcy filing)
- Suspension of drivers' licenses and professional licenses

- Reporting of overdue support to certain credit reporting agencies
- Interception of specified tax refunds
- Suspension of US Passport
- Child custody or visitation
- Dissolution of marriage, except the division of marital property
- Domestic violence court proceedings.

**Note:** *Project Save Our Children (PSOC) is also an allowable enforcement remedy under law, but New Jersey does not pursue this remedy once the debtor has commenced a bankruptcy case.*

Actions or proceedings pertaining to open cases with domestic support obligations that are prohibited and subject to automatic stay:

- Financial Institution Data Match (FIDM)
- Child Support Lien Network (CSLN)
- Issuance of bench warrants
- Seizure of Assets (Writ of Execution)
- Enforcement of Litigant's Rights (ELR) hearings
- IRS Full Collections (Federal Salary, Federal Retirement, Vendor Payment, Insurance, Debt Check Program)
- ACMS recording of judgments (Any judgement recorded prior to the bankruptcy filing will remain in effect.)
- Collection of Arrears (Prohibited for a Chapter 11,12 and 13 Bankruptcy filing)
- Exempt property that the Bankruptcy Code or state law permits a debtor to keep from creditors (Chapters 7,11 and 12)

For any of the automatically stayed actions or processes to become permissible, the Bankruptcy Court must issue an order partially vacating the automatic stay.

Authorized staff can view on demand reports regarding bankruptcy information for members stored on NJKiDS through the **Business Intelligence (BI) Portal**.

**NOTE**

When recording data on any tab on the **Update Member Demographics** page, the user must click on the **update** button to save the entered changes to the NJKiDS database before accessing another tab.