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The Recession Begins Flooding Into the Courts

By [WILLIAM GLABERSON](#)

New York State's courts are closing the year with 4.7 million cases — the highest tally ever — and new statistics suggest that courtrooms are now seeing the delayed result of the country's economic collapse. The Great Recession may be showing signs of easing, but the legal fallout from the financial troubles, the numbers suggest, may have only just begun.

And the increase in New York offers a preview of the recession-related cases showing up in courts across the nation.

New York's judges are wading into these types of cases by the tens of thousands, according to the new statistics, cases involving not only bad debts and soured deals, but also filings that are indirect but still jarring measures of economic stresses, like charges of violence in families torn apart by lost jobs and homes in jeopardy.

Contract disputes statewide in 2009 are projected to be up 9 percent from the year before. Statewide home foreclosure filings increased 17 percent, to 48,127 filings. Cases involving charges like assault by family members were up 18 percent statewide. While serious crime remains low, misdemeanor charges in New York City were up 7 percent and lesser violations were up 18 percent in 2009.

Judges and lawyers say the tales behind any number of cases, including low-level offenses like turnstile jumping and petty theft, are often a barometer of bad times. And they said that the data showed that courts nationally would be working through the recession's consequences for years, much as they did with the flood of cases stemming from the crack cocaine epidemic of the 1980s, even after the epidemic had slowed.

"Society's problems come to us," New York's chief judge, [Jonathan Lippman](#), said. "We are the emergency room for society."

For most court systems nationally, official tallies of cases filed since the 2008 economic collapse are not yet complete. But the New York data, compiled by state court officials after a request from The New York Times, provide an early measure of the wave of recession cases nationally.

Florida officials say there were some 400,000 foreclosure filings there this year, an increase of 446 percent since 2006. In Arizona, officials say eviction cases have tripled in the last year, contract disputes are up 77 percent over the last two years, and there is a notable increase in cases seeking to commit people for mental health treatment because of stress-related conditions.

“The New York experience is representative. That’s what we are seeing here,” said John T. Broderick Jr., the chief justice of New Hampshire’s Supreme Court, adding that many divorce, petty crime and domestic violence cases seem to have their roots in financial troubles.

Steve C. Hollon, an Ohio court official who is president of the Conference of State Court Administrators, said court officials nationally had noticed a growing number of people saying their circumstances were so desperate that they could not afford lawyers, turning virtually every kind of case into a journey through the economy’s rough edges.

The new statistics in New York show the breadth of the recession-related cases — in family, criminal and commercial courts and on across the judicial system. The cases turn the courts into theaters of the economic crisis.

Court administrators said it is likely they have seen only the first wave of recession cases because courtroom battles take time to brew. They said they were bracing for more suits over business disputes, foreclosures, evictions and family disputes as the costs of the downturn continued to be revealed.

New York’s projected caseload this year has risen by some 63,000 cases from last year, which would appear to be a modest increase. But court administrators say the broad impact of the recession is clear in hundreds of thousands of new cases across the judicial system, including people challenging their real [estate taxes](#), home foreclosures, contract disputes and family offenses. The 17 percent increase in statewide home foreclosure filings, for example, is part of an 84 percent climb over the last four years, to nearly 50,000.

The city's Civil Courts, where suits seeking less than \$25,000 are heard, have seen caseloads balloon to more than 577,000 this year, from about 200,000 10 years ago. Court administrators say much of the increase is because of suits over unpaid [credit card](#) bills.

"Until you're standing amidst 40 people who are worried about losing their homes, you can't really appreciate how significant the whole downturn was," said Hilary J. Bauer, a lawyer for the [Jewish Association for Services for the Aged](#) who represents homeowners facing foreclosure.

Court cases need not be about money to offer a measure of the recession's impact, said a Family Court judge, Pam Jackman-Brown. From her bench in Queens, she said, every day she sees formerly middle-class families wrenched by anger and fear. A judge, she said, does not always have the answer when family anxiety turns into tussles and shoves, and then into charges of assault or menacing.

"I am seeing the ripple effects that destroy the family structure," Judge Jackman-Brown said.

In her courtroom, she said, people who were once climbing corporate ladders describe cascading disappointments: phones shut off, child care no longer affordable, couples separated. "You're trying to wrap your head around all of this," Judge Jackman-Brown said, "trying to find something that works."

The ripple effects sometimes seem nearly infinite in the courts. New York judges are working through multimillion-dollar business deals that fell apart. They are processing what some judges call business divorces, the cases that can become as ugly as real divorces when partners turn on each other in bad times.

A hotel development company struck by the downturn argued unsuccessfully in State Supreme Court a few months ago that the "ongoing economic crisis" was akin to an act of God that ought to entitle it to a break in its obligation to pay the owner of the Lower Manhattan plot where the hotel was to rise.

State Supreme Court in Manhattan is at the center of the financial collapse. The view from the bench there lately, judges said, is of one industry after another pushing through the debris left from the last year or so.

Plaintiffs and defendants are the former high-flying hedge funds and investment banks, as well as the city's less glamorous businesses like restaurants and clothing manufacturers.

“Suppliers are ordering goods, and they end up not being able to pay,” said a State Supreme Court justice, Bernard J. Fried.

The Civil Courts hum with stories of people who got credit too easily, people who are no longer earning what they were and people who are no longer earning anything at all. Sometimes, the debtor is a lawyer or a banker.

A Manhattan Civil Court judge, Anil C. Singh, said he often sees people who cannot afford lawyers but who qualified for one credit card after another in the years when people seemed to think the economy could only go up.

The credit card cases, some judges say, are like the one-act plays of the recession, not as complex as the dramas of foreclosure, but concise and gripping. “You see a lot of people,” said another Civil Court judge, Peter H. Moulton, “who have lost their jobs and were just a paycheck away from being destitute.”

Nationally, court administrators say budget pressures are forcing them to do more with less. That is certain to be the challenge for New York’s 1,253 state judges, said the state’s chief administrative judge, Ann Pfau.

With legal emergencies everywhere, Judge Pfau said, “we’re going to have to be making choices.”

Judge Singh of the Civil Court said that, from his bench, it was hard to see signs of a recovery.

“I would describe it as a train wreck,” he said, “and I think it’s going to get worse for the next couple of years.”