



- [Home](#)
- [Ninth Circuit](#)
- [U.S. Court of Appeals](#)
- [News Memos](#)
- [Mission Statement](#)
- [Committee Roster](#)
- [Contact Us](#)

Search

 

Office of
the Circuit
Executive

Gregory B. Walters
Circuit Executive
P.O. Box 193939
San Francisco, CA
94119-3939
ph: (415) 556-2000

<http://www.ce9.uscourts.gov>

[Return to the Outreach List](#)

Windfall for San Diego Credit Education Effort

Nov. 21, 2005

By David Madden
OCE Public Information Office

A United States Bankruptcy Court effort to educate San Diego area young people about use and abuse of credit has received major financial support from an unusual source: a class action law suit filed on behalf of persons who generally lack credit.



Chief Bankruptcy Judge John Hargrove leads a CARE presentation at University City High School last month.

The Credit Abuse Resistance

Education Program, or CARE, sends judges and attorneys into San Diego area high schools to talk with graduating seniors about credit card problems. Sponsored by the San Diego-based U.S. Bankruptcy Court for the Southern District of California with assistance from the San Diego County Bar Association, CARE has reached several thousand students at more than a dozen schools in the past year.

The good work done by the program caught the attention of plaintiffs' attorneys in a class action suit brought in state court on behalf of California consumers who rented electronic equipment, furniture and other items from a national rent-to-own company. When the suit was settled earlier this year, the settlement included \$100,000 for the CARE program.

"I look at it as an endowment that will keep CARE going for many years to come," Chief Bankruptcy Judge John J. Hargrove said of the windfall, adding that the funds will be managed by the bar association on behalf of the court.

San Diego attorney Susan E.H. Ragsdale, one of several lawyers to work on the class action suit, noted that many class members were persons who did not have access to normal avenues of credit and had to rent rather than buy items. The donation to CARE, which provides credit education, "fit our needs perfectly," she said.

"It's an organization that helps people understand credit, how to use it, how to apply for it, and how to stay out of trouble once you do have it," she explained.

Ms. Ragsdale also took personal satisfaction in seeing the bankruptcy court recognized having begun her career as a law clerk to a bankruptcy judge in Denver, the late Judge Patricia A. Clark.

“I know from firsthand experience the long days, and the hard and often tedious work the bankruptcy judges do day in and out,” she said.

Ms. Ragsdale noted that the donation to CARE came from a cy pres fund, which is used to distribute money left over after all payments are made to class members and other recipients. She said she hoped other lawyers, particularly those working on behalf of consumer interests, would consider CARE for their list of cy pres recipients.

The CARE program was started in New York three years ago. It has been adopted by bankruptcy courts across the country as the trend toward greater credit card debt at a younger age became apparent. A recent study found that credit card debt for people ages 18 to 24 climbed 104 percent between 1992 and 2001. The study also found that 71 percent of the people in that age bracket carry credit card balances from month to month, compared with 55 percent of all cardholders, and that they spend about 25 percent of their monthly income just on debt repayment. In addition, the fastest growing group of bankruptcy filers is people ages 18 to 24.

For more information on the San Diego program, visit www.casb.uscourts.gov/care/index.htm.