

Accounting firms grapple with lack of bankruptcy specialists

BY BRETT JOHNSON

Accounting, a profession seemingly imperiled by gaps galore, has something else to worry about: There's a dearth of people specializing in insolvency matters.

If you're wondering why that is, **Matthew Schwartz** can pretty well summarize this specialty's popularity:

"We actually had an employee a while back that said, 'If you ever assign me to a bankruptcy case, I'm quitting,'" said Schwartz, a partner in charge of **Bederson LLP's** litigation services and insolvency practice.

And there's something else you can add to that unfavorable esteem:

"There was lots of work around 2008, with all the huge problems we were having. But those issues worked their way through the system, and in the past four or five years there just hasn't been many bankruptcies."

All this has resulted in an insolvency specialist shortage. But this doesn't just apply to accountants, Schwartz said; it includes lawyers and other professionals who deal with bankruptcies.

"So when the next wave of bankruptcies inevitably hits in the next few years, you're going to have a whole layer of pro-

Dwindling bankruptcy issues

Here's a view of the number of insolvency matters that afflicted the Garden State in the past five years, according to figures:

2010: 42,044

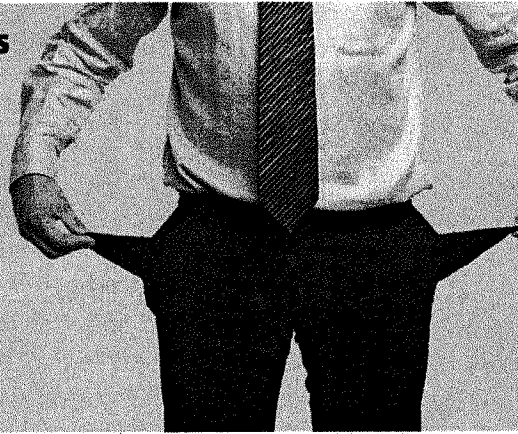
2011: 38,669

2012: 32,409

2013: 30,210

2014: 28,056

SOURCE: U.S. Bankruptcy Court, District of New Jersey



fessionals that just don't exist," he said. "That'll be a challenging time for accounting and law firms."

Schwartz, who also serves as president of the national Association for Insolvency and Restructuring Advisors organization, got the sense that this was becoming an industrywide issue after speaking with peers at other firms.

"It started by us asking each other, 'Hey, what's going to happen if we don't have enough people in insolvency (when the next wave of bankruptcies hit)?" he said. "And I don't think anybody knows for sure."

The situation isn't improving in the interim. Young associates at firms don't have the opportunity to do insolvency

work with the current reduction in bankruptcies, nor has there been much effort to guide them down that path.

"So they're doing other kinds of accounting or legal work," Schwartz said. "There just hasn't been the ability to attract and groom younger professionals."

Given that, one possibility for firms is to take somebody who has some prior level of accounting knowledge and specialize them for insolvency. But he cautioned that such a person would demand a higher wage and a higher billing rate.

Besides that, there's a significant amount of training required for this work. That's of course assuming the accountant is willing to specialize in insolvency — and

wouldn't sooner walk out the door.

Schwartz admits it's a minuscule group. There's few qualified candidates for insolvency work, and fewer who can be convinced that the work is bearable.

Yet those who do it, he said, sincerely have a good time. He said it only seems like dreary work because the investigative component of the job is rarely spoken of.

"In some cases, we get to figure out the principals of a debtor in bankruptcy might've stolen money, and we can recover that," he said. "People who might've lost money to creditors who are owed money but can't get paid — we try to find money to pay them in different ways."

"I understand how people who aren't familiar with it see this as misery — but it is rewarding."

There's a team of specialists that Schwartz works with at **Bederson** that have done insolvency for the past 30 years. Not all firms use these specialists full-time and most have a very small group that's being downsized by the day.

But all firms might be scrambling for more insolvency experts in the future.

"It's not a problem for now, but when it picks up again — that's when it'll be an issue," Schwartz said.

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