



## FOR IMMEDIATE RELEASE

### **Ninth Circuit Victory Confirms Bankruptcy Protections for Social Security Recipients Facing Overpayment Recoupment**

**March 21, 2025 – Washington, D.C.** – In a significant victory for Social Security recipients, the Ninth Circuit Court of Appeals has ruled in *Cooper v. Social Security Administration*, reinforcing the vital protections that bankruptcy provides for individuals who have been overpaid Social Security benefits. The court held that the Social Security Administration (SSA) cannot bypass bankruptcy discharge protections to recover overpaid benefits from individuals who have not engaged in any wrongdoing.

Debtors' counsel Marc Stern of Seattle, WA played a pivotal role in representing Cooper and other similarly situated Social Security recipients, ensuring that they retain the fresh start that bankruptcy law promises. The case received critical support from Thomas M. Mayer and Nancy Bello of Kramer Levin Naftalis & Frankel LLP in New York, NY, who represented *Amici Curiae* for the National Consumer Bankruptcy Rights Center (NCBRC) and the National Association of Consumer Bankruptcy Attorneys (NACBA). The ruling confirms that the SSA's practice of withholding 100% of a recipient's current benefit payments to recover pre-bankruptcy overpayments is impermissible under bankruptcy law.

"This decision is a lifeline for struggling Social Security beneficiaries who find themselves trapped by government overpayment errors," said NCBRC President Henry J Sommer. "It ensures that individuals who have filed for bankruptcy are not left impoverished due to administrative mistakes." NCBRC is a leading advocate for consumer bankruptcy protections. NACBA played an instrumental role in supporting this legal effort, further demonstrating its commitment to protecting the rights of consumer debtors nationwide.

For thousands of Social Security recipients who have received benefit overpayments due to SSA errors, this ruling confirms that bankruptcy remains a viable path to financial relief. Without this protection, vulnerable individuals—many of whom are elderly or disabled—would face the impossible burden of losing their only source of income.

"This ruling sends a clear message: bankruptcy protections work, and they extend to those receiving Social Security benefits," said NACBA President Richard Nemeth. "We are proud that NACBA and NCBRC could contribute to this major win for consumer debtors and congratulate Attorney Stern on this monumental victory."

The Ninth Circuit's decision reverses the lower courts' rulings, clarifying that equitable recoupment cannot be used to undermine the fresh start that bankruptcy provides. This outcome aligns with the fundamental purpose of the Bankruptcy Code: to grant relief to honest but unfortunate debtors and to prevent them from being subjected to unmanageable financial burdens.

As a result of this ruling, Social Security recipients who have been subjected to aggressive attempts to recover overpayments should consult with bankruptcy attorneys to determine how this

#### National Association of Consumer Bankruptcy Attorneys

4315 50<sup>th</sup> Street NW

Suite 100 PMB 7167

Washington, D.C. 20016

TELEPHONE 800.499.9040

FACSIMILE 202.331.8535

WEB [www.nacba.org](http://www.nacba.org)



decision may impact their cases. NACBA's National Attorney Finder is a great resource to find a local qualified consumer bankruptcy attorney.

Media contact: Krista D'Amelio, NACBA Director of Government Affairs & Communications:  
[krista.damelio@nacba.com](mailto:krista.damelio@nacba.com)

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**About NACBA:** The **National Association of Consumer Bankruptcy Attorneys (NACBA)** is the only national organization dedicated to serving the needs of consumer bankruptcy attorneys and protecting the rights of consumer debtors. NACBA works tirelessly to promote fair and effective bankruptcy laws, ensuring that Americans burdened by overwhelming debt have access to relief and a fresh start.

**About NCBRC:** The **National Consumer Bankruptcy Rights Center (NCBRC)** The National Consumer Bankruptcy Rights Center (NCBRC) is a 501(c)(3) organization dedicated to protecting the integrity of the bankruptcy system and preserving the rights of consumer bankruptcy debtors. Created in 2010, NCBRC was founded by the Board of the National Association of Consumer Bankruptcy Attorneys to provide assistance to consumer debtors and their counsel in cases likely to impact consumer bankruptcy law. NCBRC is dedicated to preserving and advancing the rights of consumer debtors across the United States.

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4315 50<sup>th</sup> Street NW      Suite 100 PMB 7167      Washington, D.C. 20016  
TELEPHONE 800.499.9040      FACSIMILE 202.331.8535      WEB [www.nacba.org](http://www.nacba.org)



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4315 50<sup>th</sup> Street NW

Suite 100 PMB 7167

Washington, D.C. 20016

TELEPHONE 800.499.9040

FACSIMILE 202.331.8535

WEB [www.nacba.org](http://www.nacba.org)