



U.S. Trustee Program

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ABOUT THE PROGRAM

**The United States Trustee Program**

The United States Trustee Program is a component of the Department of Justice that seeks to promote the efficiency and protect the integrity of the Federal bankruptcy system. To further the public interest in the just, speedy and economical resolution of cases filed under the Bankruptcy Code, the Program monitors the conduct of bankruptcy parties and private estate trustees, oversees related administrative functions, and acts to ensure compliance with applicable laws and procedures. It also identifies and helps investigate bankruptcy fraud and abuse in coordination with United States Attorneys, the Federal Bureau of Investigation, and other law enforcement agencies.

**Background of the U.S. Trustee Program**

The Program was established by the Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.) as a pilot effort encompassing 18 districts. It was expanded to 21 Regions nationwide, covering all Federal judicial districts except Alabama and North Carolina (see Note below), by enactment of the Bankruptcy Judges, U.S. Trustees, & Family Farmer Bankruptcy Act of 1986 (Pub. L. 99-554, 100 Stat. 3088, reprinted in part at 28 U.S.C. § 581, note). The Program is funded by the United States Trustee System Fund, which consists primarily of fees paid by parties and businesses invoking Federal bankruptcy protection.

The primary role of the U.S. Trustee Program is to serve as the "watchdog over the bankruptcy process."<sup>1/</sup> As stated in the USTP Mission Statement:

The USTP Mission is to promote integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence.<sup>2/</sup>

The Attorney General is charged with the appointment of United States Trustees and Assistant United States Trustees. The Executive Office for U.S. Trustees (EOUST) in Washington, D.C., provides general policy and legal guidance, oversees the Program's substantive operations, and handles administrative functions. The Director of the Executive Office, whose authority derives from the Attorney General, oversees a staff comprised of the Offices of the Director, General Counsel, Administration, Review & Oversight, and Research & Planning. The Executive Office also provides administrative and management support to individual U.S. Trustee Offices in their implementation of Federal bankruptcy laws. See 28 U.S.C. §§ 581-589a.

**Principal U.S. Trustee Duties under the Bankruptcy Code**

United States Trustees supervise the administration of the following cases filed under the Federal Bankruptcy Code:

- Liquidation proceedings under Chapter 7 — In Chapter 7 "liquidation" proceeding, those assets that are not exempt from creditors are collected and liquidated (reduced to money). The proceeds are distributed to creditors by a private trustee appointed to administer the debtor's estate under Chapter 7 (see generally 11 U.S.C. §§ 701-704). An eligible debtor may receive a "discharge" from his or her debts under Chapter 7, except for certain debts that are prohibited from discharge by the Bankruptcy Code.
- Reorganization proceedings (usually business-related) under Chapter 11 — Chapter 11 offers a procedure by which an individual or a business may attempt to "reorganize" its debts while continuing to

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U.S. Trustee Program

LEADERSHIP

Clifford J. White III  
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operate. The vast majority of Chapter 11 cases are filed by businesses. The debtor, often with the participation of creditors, creates a reorganization plan under which to repay all or part of its debts. The "debtor in possession" may generally continue business operations pending reorganization, unless a trustee is appointed under Chapter 11 (see, e.g., 11 U.S.C. §1104).

Section 1930(a)(6) of the U.S. Code ([28 U.S.C. §1930\(a\)\(6\)](#)) prescribes "quarterly fees" that are to be paid by Chapter 11 debtors to the U.S. Trustee Program. In essence, quarterly fees accrue throughout the pendency of a Chapter 11 reorganization case (i.e., until the case is closed, dismissed, or converted to another chapter) and are payable on a quarterly basis, 30 days following the end of each calendar quarter. "The amount of the quarterly fee [is] calculated according to a graduated scale based on the total sum of disbursements" as specified in §1930(a)(6), and "disbursements" include all pre- and post-confirmation payments made by or on behalf of the debtor, including routine operating expenses. See, e.g., *Tighe v. Celebrity Home* (In re Celebrity Home Entertainment, Inc.), 210 F.3d 995 (9th Cir. April 21, 2000). For more information regarding Chapter 11 quarterly fees, please contact the [Office of the United States Trustee](#) in the judicial district where the case was filed.

- Family farm and fisherman reorganization proceedings under [Chapter 12](#) — Chapter 12 allows an eligible family farmer or a fisherman to file for bankruptcy, reorganize the business' affairs of the farm or fishing business, repay all or part of the business' debts, and continue operating. A "standing trustee" appointed by the United States Trustee under [28 U.S.C. §586\(b\)](#) typically serves as the trustee of the debtor's estate pending fulfillment of the debtor's repayment obligations under a plan confirmed by the [U.S. Bankruptcy Court](#) where the case was filed.
- "Wage-earner" reorganization proceedings under [Chapter 13](#) — Chapter 13, often called wage-earner bankruptcy, is used primarily by individual consumers to reorganize their financial affairs under a repayment plan that must be completed within three or five years. To be eligible for Chapter 13 relief, a consumer must have regular income and may not have more than a certain amount of debt, as set forth in the Bankruptcy Code. A "standing trustee" appointed by the United States Trustee under [28 U.S.C. §586\(b\)](#) typically serves as the trustee of the debtor's estate pending fulfillment of the debtor's repayment obligations under a plan confirmed by the [U.S. Bankruptcy Court](#) where the case was filed.

#### **Specific responsibilities of the United States Trustees include:**

- Appointing and supervising private trustees <sup>3/</sup> who administer Chapter 7, 12, and 13 bankruptcy estates (and serving as trustees in such cases where private trustees are unable or unwilling to serve);
- Taking legal action to enforce the requirements of the Bankruptcy Code and to prevent fraud and abuse;
- Referring matters for investigation and criminal prosecution when appropriate;
- Ensuring that bankruptcy estates are administered promptly and efficiently, and that professional fees are reasonable;
- Appointing and convening creditors' committees in Chapter 11 business reorganization cases;
- Reviewing disclosure statements and applications for the retention of professionals; and
- Advocating matters relating to the Bankruptcy Code and rules of procedure in court.

#### **For Further Information:**

See [Bankruptcy Fact Sheets & Consumer Notices](#)  
E-Mail the Executive Office for U.S. Trustees at: [USTWeb](#)

or Contact Us at:

**Executive Office for U.S. Trustees  
Office of the General Counsel  
Department of Justice  
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Washington, D.C. 20530  
(202-307-1399/FAX-2397)**

**ADVISORY:** The Department of Justice does not provide legal advice to individual members of the public. For specific bankruptcy-related advice, please consult qualified legal counsel. A list of private attorneys in your area may be available from your State bar association, local law schools, or legal aid clinics.

**JURISDICTIONAL NOTE:** Bankruptcy cases in Alabama and North Carolina are not under the jurisdiction of the United States Trustee Program. Questions regarding bankruptcy cases filed in the six judicial districts in those states should be directed to the Bankruptcy Administrator for the district where the case is pending. Contact information for the Bankruptcy Administrators is available on the federal judiciary's Web site at <http://www.uscourts.gov/bankruptcycourts/administrators.html>.

#### FOOTNOTE REFERENCES

1. House Report No. 989, 95th Cong., 2d Sess. at 88 (reprinted in 1978 U.S. Code Congressional & Admin. News at 5787, 5963, 6049).
2. See [United States Trustee Program Mission Statement](#).
3. Visit the [on-line U.S. Trustee Program Reference Library](#) to locate private bankruptcy trustees.

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