

The Role Of The US Trustee Program In Bankruptcy Cases

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The US Trustee Program (“USTP”) is responsible for overseeing the administration of bankruptcy cases and private trustees under US Bankruptcy Law. The [specific responsibilities of the USTP](#) as set forth on the USTP’s website, include:

1. Appointing and supervising private trustees 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);
2. Taking legal action to enforce the requirements of the Bankruptcy Code and to prevent fraud and abuse;
3. Referring matters for investigation and criminal prosecution when appropriate;
4. Ensuring that bankruptcy estates are administered promptly and efficiently, and that professional fees are reasonable;
5. Appointing and convening creditors’ committees in Chapter 11 business reorganization cases;
6. Reviewing disclosure statements and applications for the retention of professionals; and
7. Advocating matters relating to the Bankruptcy Code and rules of procedure in court.

The most well-known and common forms of bankruptcy are Chapters 7, 11 and 13. But as noted above, the USTP also has a role to play in Chapter 12 proceedings. A shorthand explanation of each Chapter follows:

Chapter 7 – Liquidation proceedings, in which assets not exempt from creditors are collected, liquidated and distributed to creditors by a private trustee, with the debtor receiving a “discharge” from his or her debts (except for those prohibited from discharge by the Bankruptcy Code).

Chapter 13 – Wage-earner reorganization proceedings, used primarily by individual consumers to reorganize their financial affairs under a repayment plan that must be completed within three or five years

Chapter 11 – Reorganization proceedings, usually business-related, in which the debtor attempt to “reorganize” its debts while continuing to operate, paying creditors in accordance with a reorganization plan.

Chapter 12 – Family farm and fisherman reorganization proceedings.

Schein & Cai advises clients on Chapter 7 and other bankruptcy matters