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U.S. TRUSTEE PROGRAM ACTS QUICKLY TO PROTECT PUBLIC HEALTH AND ENSURE EFFECTIVE FUNCTIONING OF THE BANKRUPTCY SYSTEM DURING COVID-19 EMERGENCY

WASHINGTON - In response to the COVID-19 pandemic, the Department of Justice's U.S. Trustee Program (USTP) has taken a number of steps to protect the health of the public and those involved in bankruptcy proceedings while ensuring that the bankruptcy system remains functional during the current public health emergency.

"Our first priority is the safety and health of the general public and all individuals involved in the bankruptcy process," said USTP Director Cliff White. "In partnership with the courts, private trustees, and other stakeholders, the U.S. Trustee Program has taken steps to protect safety while keeping the bankruptcy system functioning for businesses and consumers who need financial relief."

Actions taken by the USTP include:

- Halting about 60,000 already scheduled in-person administrative proceedings (known as section 341 meetings) that would have been attended by large numbers of debtors, creditors, and professionals;
- Mandating that future section 341 meetings be conducted by telephonic or other alternative means not requiring in-person attendance, while using best practices to preserve the evidentiary value of the debtor's sworn testimony;
- Suspending the audit of bankruptcy cases to limit the need for in-person contact by those involved in the audits; and
- Ensuring that debtors going through the bankruptcy process can keep the "recovery rebates" provided for in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Section 341 meetings. To promote social distancing, in mid-March, the USTP postponed already scheduled section 341 meetings to enable them to be rescheduled telephonically or by other alternative means not requiring in-person attendance. At section 341 meetings, the debtor must appear and testify under oath, including answering questions from the U.S. Trustee, the case trustee appointed by the USTP, and creditors. These meetings are open to the public and typically are conducted in person with

more than 50 parties in a meeting room at any given time. The USTP subsequently mandated that section 341 meetings for all cases filed through at least May 10, 2020, with meetings scheduled through early summer, be held telephonically or by other alternative means. In cooperation with the courts, special notices are being sent to more than one million parties. The USTP also has issued guidance on preserving the evidentiary value of testimony provided over the telephone and purchased 1,200 conference lines and other equipment to permit remote access to the meetings.

Debtor audits. By law, the USTP contracts with independent firms to perform audits of a sample of individual chapter 7 and chapter 13 cases. Because these audits require debtors to produce additional documentation and often to confer with counsel and financial institutions in responding to auditor requests and reports, the USTP suspended all audits until the current public health emergency allows debtors to meet their obligations in a manner that does not compromise their safety or the public health. Debtor audits are just one of many tools used by the USTP to detect fraud, abuse, and errors.

Recovery rebates. The USTP provided notice to case trustees on the CARES Act to help ensure that the direct payments that many debtors will receive under the law are protected from turn over during bankruptcy proceedings.

The USTP continues to refer instances of suspected fraud and criminal activity in bankruptcy cases to its law enforcement partners and to assist in the prosecution of bankruptcy crimes. Debtors who believe they are victims of a COVID-19 related fraudulent scheme are encouraged to contact their local U.S. Trustee or make a report to the National Center for Disaster Fraud Hotline at 866-720-5721 or via email at disaster@leo.gov.

The USTP is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws. The U.S. Trustee Program has 21 regions and 90 field office locations covering 88 judicial districts. Learn more about the U.S. Trustee Program at <https://www.justice.gov/ust>.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

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