

Information on Debtor Audits

Individuals who file for relief under chapter 7 or chapter 13 of the Bankruptcy Code are subject to audit. At least one out of every 1,000 individual chapter 7 and chapter 13 cases will be randomly selected for audit. In addition, a case may be selected for an exception audit (audit of a case with income or expenditures above a statistical norm).

Your case has been selected for audit. The audit involves the verification of the income, expenses, and assets reported by you in the bankruptcy schedules and statements. You are required to provide some additional information and records and cooperate with the audit firm and provide this information promptly. There is no cost to you for the audit, except for the cost of making copies of documents needed for the audit. The information that you provide in connection with your case is subject to examination by the Attorney General or his designee.

The audit firm will file a report containing the results of the audit. A copy of the report will be provided to your attorney (or directly to you if you are not represented). If the audit firm finds material misstatements of income, expenses, or assets, the clerk of the bankruptcy court will notify your creditors.

Failure to cooperate with the audit firm, or failure to reasonably explain to the bankruptcy court any material misstatements contained in the audit firm's report, may result in the dismissal of your case or in the denial or revocation of your discharge, and, possibly, in referral of the matter to the United States Attorney for criminal investigation.