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U.S. TRUSTEE PROGRAM'S REPORT TRACKS ASSET DISTRIBUTIONS IN CHAPTER 7 CASES CLOSED FROM 1994 THROUGH 2000

WASHINGTON, D.C.-A preliminary report on funds distributed in more than 200,000 Chapter 7 bankruptcy "asset cases" closed between Jan. 1, 1994, and Dec. 31, 2000, is now available on the web site of the United States Trustee Program, according to Martha Davis, Acting Director of the Executive Office for United States Trustees. The web address of the report is www.usdoj.gov/ust/statistics/stats-new/statisticreports.htm .

A Chapter 7 asset case is one in which the private trustee appointed to administer the case has recovered estate assets, liquidated them, and distributed the funds to creditors. Less than 5 percent of all cases closed in Chapter 7 are asset cases.

"The U.S. Trustee Program collects this data on Chapter 7 asset cases for our internal use in monitoring bankruptcy case administration," Davis explained. "When we recently started compiling and analyzing the data from different angles, we found the results illuminating."

"By making this information publicly available, we hope to educate the public and the bankruptcy community about how the bankruptcy system operates and what it returns in terms of actual dollars," Davis continued. "We envision this preliminary report as the first in a series of statistical reports designed to increase transparency in, and public understanding of, the bankruptcy system."

The U.S. Trustee Program is a component of the Justice Department that oversees the administration of bankruptcy cases and intervenes in court to enforce the bankruptcy laws. There are 21 regions in the Program, each headed by a U.S. Trustee appointed by the Attorney General. In turn, the private trustees

who administer Chapter 7 cases are appointed and supervised by the U.S. Trustee in each region, but the private trustees are not government employees.

The U.S. Trustee Program has formed a joint working group with private trustees who administer Chapter 7 cases, to study the issues raised in the report.

Key Findings

- The number of Chapter 7 asset cases has increased each year beginning with 1996.
- More than \$10.5 billion was collected in the asset cases closed from 1994 through 2000. Of that amount, \$3 billion was disbursed to secured creditors; \$767 million to priority creditors such as child support and tax claimants; \$2.5 billion to unsecured creditors; and \$3.4 billion as fees and expenses for trustees and professionals.
- While more than 50 percent of all asset cases involved less than \$5,000 in receipts, each year there were 400 to 500 cases with receipts of more than \$500,000. These large cases accounted for more than 50 percent of the receipts in all of the asset cases.
- About 8 percent of the asset cases were first filed under another Bankruptcy Code chapter, such as Chapter 11 or Chapter 13, and were later converted to Chapter 7. These cases accounted for a disproportionate share of total receipts in all of the asset cases.

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