

**Handbook for Chapter 7 Trustees
Summary of Technical Amendments
Effective January 1, 2005**

Chapter 2

- 2-1 Inserted paragraph to disclose that the trustee's name, address, and telephone number is posted on the Program's web site.
- 2-4 Updated the training section to include the New Chapter 7 Trustee Training sessions held at the National Advocacy Center in South Carolina.

Chapter 3

- 3-1 Updated the cross-reference to the section on bonding (2nd paragraph under 3.A)

Chapter 5

- 5-1 Updated the cross-reference to the section on bonding (3rd paragraph under 5.A)
- 5-3 Inserted new Section D that covers Trustee ID cards and guidelines on the appropriate use of the trustee designation.

Chapter 6

- 6-1 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.
- 6-9 Grammatical corrections.
- 6-10 Edited the case law under Section D Review of Debtor's Attorney Fees and inserted a reference to U.S. Supreme Court Lamie case.
- 6-10 Edited the discussion of "the unauthorized practice of law" under Section E Review for Petition Preparers.
- 6-11 Edited Section F Review for Substantial Abuse Under § 707(b) for recent case law and the Program's civil enforcement initiative.

Chapter 7 and Appendix A

- 7-1+ Updated the Debtor ID procedures for changes stemming from the redaction of debtor social security numbers on bankruptcy petitions.
- 7-2 Inserted reference to the Program's Limited English Proficiency (LEP) pilot program.
- 7-6+ Clarified the text regarding assertion of the Fifth Amendment privilege by the debtor.
- 7-9 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.

Chapter 8

- 8-2 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.
- 8-10 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.
- 8-11 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.
- 8-15 Inserted reference to the "Servicemembers Civil Relief Act" of December 2003.
- 8-27 Changed Footnote Number due to changes described above.
- 8-36 Inserted reference to filing TFRs in an ECF environment.
- 8-37 Updated to include information from the October 28, 2004 policy statement on Bank Statements and Canceled Check Requirements under the Check Clearing for the 21st Century Act (Check 21): deleted "original" before canceled check in Item #6.
- 8-39 Technical correction relating to FRBP 2002(f) (last paragraph).
- 8-40 Technical corrections (first paragraph: last sentence; fourth paragraph), plus added a reference to payment of unclaimed funds and distributions under \$5 by estate check (acknowledging that alternative forms of payment are under consideration).
- 8-41 Check 21 change to delete "original" before canceled check in first paragraph under Trustee's Final Account.
- 8-42 Deleted out-of-date text in the section on Form 4.
- 8-42 Updated the requirements for the quarterly case progress review per the announcements at the San Diego NABT meeting.
- 8-44 Inserted "bank accounts" in the 3rd paragraph under Section U.2 Conversion of Cases from Another Chapter to Chapter 7

- 8-44+ Updated terminology and edited for conformity with criminal enforcement initiatives.
- 8-47 Inserted reference to the Sarbanes-Oxley Act of 2002 which created 18 USC § 1519.
- 8-48 Inserted reference to the Program's Criminal Enforcement Unit.

Chapter 9

- 9-1 Updated the section describing cash receipts logs per the announcements at the San Diego NABT meeting.
- 9-1 Clarified the definition of timely deposit (mailed or taken to the bank within two business days).
- 9-2 Added some important bank account information for emphasis. Also mentioned that trustees should not approve conversion of estate checks to ACH transactions or electronic funds transfers.
- 9-2 Deleted the reference to an interest-bearing checking account.
- 9-4 Updated discussion of check stock for Check 21.
- 9-4+ Updated the sections on depository requirements for Check 21.
- 9-7+ Updated Section B Financial Reporting and Record Keeping to clarify when cases should be reported on Form 3.
- 9-8 Added that the trustee may provide the TIR electronically in PDF format. Provided instructions for the trustee's electronic signature and certification that the trustee has filed and reviewed Forms 1 and 2 for all cases listed on Form 3 and that they are accurate and correct to the best of the trustee's knowledge. Additional instructions for submitting the PDF reports will be provided to the UST field offices.
- 9-9 Clarified changes to definitions of scheduled and unscheduled assets that went into effect with the UTCs.
- 9-10+ Clarified the discussion of Form 3.
- 9-11 Relocated the provisions under Section C.3 Security to other parts of Chapter 9. Inserted new Section C.3 Participation in Case Management Software Development.
- 9-12 Deleted Section C.4 Emerging Technological Issues and inserted new Section C.4 Computer Equipment Recommendations for CM/ECF.
- 9-12 Section D: Modified definition of receivables ledger and clarified its use, per the announcements at the San Diego NABT meeting.

- 9-13+ Section D.1 Segregation of Duties: Clarified and expanded the minimum duties that must be performed by the trustee – consistent with Check 21, the new bank reconciliation guidelines, and evolving technological issues.
- 9-14+ Section D.2 Monitoring Bank Accounts and Check Stock: Updated for new bank reconciliation guidelines and Check 21. Relocated several “Computer Security” provisions to this section.
- 9-16 Section D.3 Receipts: Clarified existing policy. Added statement that trustee does not need to keep supporting documents that are available electronically from the court.
- 9-18 Section D.7 Receivables: Amended D.7.a to clarify existing policy.
- 9-18+ Section D.8 Disbursements: Amended several provisions to clarify existing policy. Added statement that trustee does not need to keep supporting documents that are available electronically from the court. Added that a payment to an overseas creditor or a foreign corporation is an example of an “extraordinary circumstance” where a wire transfer may be used upon approval of the United States Trustee. Inserted a reference to payment of court fees using a trustee’s personal or business credit card and a reference to payment of unclaimed funds and distributions under \$5 by estate check (acknowledging that alternative forms of payment are under investigation).
- 9-20+ Inserted new Section D.9 Computer System to incorporate the internal control items that previously were in the Computer Security section. Expanded the discussion in the following areas: ECF passwords must be changed annually, the ability to set up and change passwords and access settings should be limited to the trustee, certain peripherals such as the MICR toner cartridge should be kept under lock and key, back ups are the trustee’s responsibility, the trustee should get assurances from web-based back up providers, the trustee should be concerned about backing up the entire system, and the trustee should have virus protection software that is regularly updated.
- 9-23+ Section D.10 Maintaining Estate Records: Clarified what must be kept in paper form and what may be kept electronically. Added that an original can be discarded after the scanned version has been verified against the original, unless the trustee is required to keep the original.
- 9-25+ Section E Audits, Examinations and Reviews: Updated for CPA audits.

Chapter 10

- 10-2 Clarified that 28 C.F.R. 58.6 applies when a trustee’s caseload is to be reduced to give the trustee an opportunity to improve performance or as a result of an enforcement action, unless the trustee has provided written consent (e.g., a Notice of Voluntary Suspension).

Forms and Instructions

General Instructions, Form 1, Form 2, Form 3

Updated to be consistent with changes made to Chapter 9.

On page Forms-5, clarified how often the values in Column 3 of Form 2 can be changed.

On page Forms-9, clarified the definitions for scheduled and unscheduled assets and clarified that the proper UTC for post-petition rents, dividends and interest depends upon whether the underlying asset is scheduled or unscheduled.

On page Forms-11, clarified what should be reported on Form 3.

On page Forms-20, inserted reference and link to the Primary Uniform Transaction Code Reference Guide. Deleted material after Forms-24 because it has been superseded by the Reference Guide.

For Sample Case (text on page Sample Case-1 and Sample Case Form 1 and 2), corrected the UTC for rental payments and corrected a footing error on Form 2.

Appendices

Appendix A

Updated the questions related to verification of the debtor's ID for changes stemming from the redaction of debtor social security numbers on bankruptcy petitions.

Appendix G

Check 21 change to delete "original" before canceled check.

Appendix I

Deleted "Notice of Correction of Social Security Number in Bankruptcy Filing" because redaction of social security numbers negated any reason to notify the three credit reporting agencies.

The "Notice to UST of Debtor Identity Problem" became the new Appendix I.

Appendix J

Inserted as new Appendix J the guidelines entitled "Chapter 7 Bank Account Review and Reconciliation Procedures."