United States Trustee Program

FY 2014 Budget Request

March 6, 2013

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I. Overview of the United States Trustee Program

The U.S. Trustee Program's ("USTP" or "Program") FY 2014 budget request totals 1,314 permanent positions (318[1] attorneys), 1,202 work years, and $225,728,000.

The USTP's budget request will be fully offset by bankruptcy fees collected and deposited into the U.S. Trustee System Fund.

Electronic copies of the Department of Justice's Congressional Budget Justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: http://www.justice.gov/02organizations/bpp.htm.

USTP Mission and Program Activities

The Program's mission is reflected in Goal 2, Strategic Objective 2.6 of the Department of Justice Strategic Plan for FY 2012 – FY 2016: Protect the federal fisc and defend the interests of the United States.

Mission Statement: The United States Trustee Program is the component of the Department of Justice whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public.

The USTP seeks to promote the efficiency and protect the integrity of the Federal bankruptcy system. It ensures the just, speedy and economical resolution of cases filed under the Bankruptcy Code, monitors the conduct of bankruptcy parties and private trustees, and acts to ensure compliance with applicable laws and regulations. The FY 2014 budget request supports the Program's efforts in this regard. The level of funding requested would enable the Program to continue its efforts to address the Administration's priority to defend and protect the federal fisc by identifying and combating mortgage fraud and creditor abuse in the bankruptcy system while implementing cost savings and sustainable Program efficiencies. The request describes the Program's efforts to manage its sustained workload and the continuing need to address critical, complex enforcement issues.

Since the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) in October 2005, the volume and complexity of the Program's workload has grown dramatically. Increasing civil enforcement efforts related to bankruptcy fraud, mortgage fraud, creditor abuse, etc., and the Program's invaluable participation in a number of working groups and task forces significantly increase this demand.

The FY 2014 request supports the Program's most critical operational needs particularly with regard to mortgage fraud and creditor abuse activities -- an area that continues to grow in terms of case complexity. The Program will continue to use information technology and capital

[1] The USTP is working with the Department of Justice to reclassify the position of Assistant U.S. Trustee from the Miscellaneous Administration and Program Series (0301) to the General Attorney Series (0905) to reflect their primary duties as the legal and administrative management of an office. A total of 95 AUST positions would be reclassified.

infrastructure requirements reflected below to further streamline program functions and efficiencies.

- USTP Enterprise Information Portal
- Uniform Chapter 11 Periodic Reports
- Cloud Computing Commodity IT Services
- Critical Lifecycle Maintenance
- Lease Expirations and Office Moves

Sustainable Efficiencies and Infrastructure Requirements

The following sustainable efficiencies are designed to move staff allocations and funding away from the routine repetitive tasks that can be addressed through automation and move the resources to the Program's civil enforcement efforts.

USTP Enterprise Information Portal: The USTP portal is a web interface that will allow USTP staff to access all data collections, rather than having to search through several different systems. The portal will enhance the productivity of Program staff by furnishing:

- a single point of data entry for multiple USTP applications, reducing duplicate data entry and retrieval efforts
- an intuitive, web-based graphical user interface (GUI)
- a secure, single point of access for USTP users

By reducing duplicate data entry by staff and streamlining the retrieval of case data across multiple data collections, the Program anticipates that it can reduce the time spent on each case. This gain in efficiencies would help to partially offset the effects of increased case complexity and staffing levels that are not increasing.

A key element of the USTP Portal transition will be a much-needed updating of the Program's management of case data. The portal will provide a unified and consistent source of bankruptcy case data for management and reporting across multiple applications. The current repository for case data, the Automated Case Management System (ACMS), is based on old technology that is increasingly difficult to maintain and virtually impossible to update. As such, functionality in ACMS simply has not kept pace with the Program's needs. Most users find its antiquated "green screen," character-based interface difficult to use. Further, its lack of a unified structure allows data to be input inconsistently across regions.

The portal would collapse all USTP data by case, allowing field staff to share data between data collections, reduce redundant data entry, and display all pertinent USTP activity for any case at one time. Currently, case data is stored in several different data collections -- ACMS, the Significant Accomplishments Reporting System (SARS), the Criminal Enforcement Tracking System (CETS), the Means Test Review System (MTR), the Debtor Audit System (DAS) and the Fee Information and Collection System (FICS). A single portal would eliminate duplication of data and streamline the collection, review, and analysis process by field staff.

The FY 2014 request includes funding to allow for advancement toward the implementation of the multi-phased project.

Uniform Chapter 11 Periodic Reports: The USTP Chapter 11 Uniform Forms Data Collection System would collect the electronic data from the uniform data-enabled Chapter 11 Periodic Reports filed in non-small business bankruptcy cases. The collection of this data would allow the Program to perform a standard analysis across the country for large chapter 11 cases. In addition, the electronic disbursement data from these uniform forms could be loaded to the Program's Fee Information Collection System, reducing some of the manual data entry performed by field staff.

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) requires the Attorney General to disseminate uniform Chapter 11 periodic reports for use in non-small business cases. This task was delegated to the U.S. Trustee Program within the Department. The Program is developing the uniform reports to be "data-enabled" to allow for extraction of electronic data after the forms are filed with the bankruptcy courts. The Program is currently collecting data from the Chapter 7, 12, and 13 uniform final reports in a similar manner. The extracted data would be stored in the Chapter 11 Uniform Forms Data Collection System for use and analysis by Program staff.

The FY 2014 request includes funds to initiate the development of the data collection process.

Cloud Computing Commodity IT Services: The Program will work with the Department to transition to Commodity IT Services. As part of the PortfolioStat process, the Department will develop a commodity action plan. The commodity action plan will identify opportunities to centralize component efforts and allocate resource investment opportunities. The plan will also allow components to pursue cost avoidance solutions that make sense to their missions.

Lease Expirations and Office Moves: The Program manages 95 office locations nationwide and over 400 public meeting room spaces. All have different expiring lease arrangements; therefore, in any given year, the Program must be prepared for lease renewals and office moves where we are not able to negotiate an acceptable lease renewal. In these instances, the Program is forced to incur significant move and space renovation costs. Some of this expense will be offset by the Program's new reduced space allocations standards and office consolidations; however, it is still anticipated that forced move costs and associated renovations could exceed $1 to $2 million each fiscal year. Lease expiration and office move requirements will be addressed on a case-by-case basis and funded from within the Program's base funding level. The USTP will take advantage of viable opportunities for office space consolidation as its lease expirations surface.

Life Cycle Maintenance: Program operations rely heavily on core infrastructure, from computers, printers, telecommunications, servers, software, to scanners and copiers. While stretching the life cycle years helps reduce costs, the reality is that in any given year, any well-run, efficient organization must invest in a portion of its infrastructure in order to properly maintain and minimize the capital outlay each year. Adequate funding for lifecycle maintenance is essential to ensure that there is no interruption in the Program's day-to-day operations as a result of systems or equipment failure. Delaying standard life cycle infrastructure investments places the Program at risk for critical failures at some point in an organization's future. The FY 2014 request supports the essential incremental life cycle maintenance requirements that are critical to USTP operations.

The above initiatives also meet the requirements of Executive Order 13563 which emphasize the importance of reducing regulatory burdens and costs as well as the Paperwork Reduction Act of 1995 (PRA).

Post-BAPCPA Filings and Revenue

Bankruptcy filings have historically fluctuated from year to year. For the past century, filings have increased about two thirds of the time and decreased during the other one third. This pattern has continued post-BAPCPA. Filings increased dramatically from just below 760,000 in FY 2007 to over 1.5 million in FY 2010. Bankruptcy filings during FY 2012 totaled 1.2 million, down about 14% from FY 2011 filings, but 60% higher than the FY 2007 low that was recorded following the implementation of the BAPCPA.

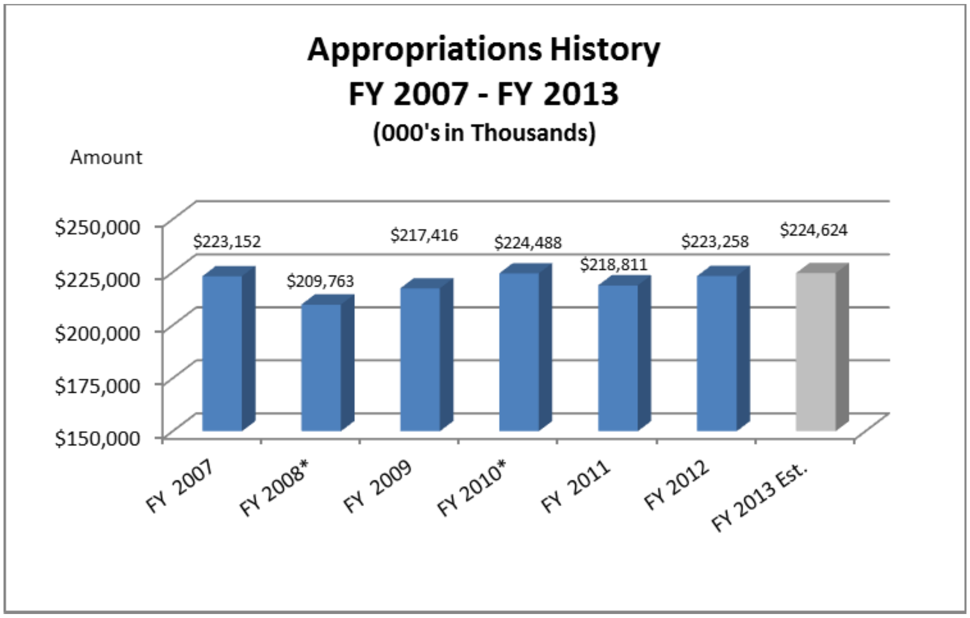
The ability to project filings one year or more out is difficult as various factors that are external to the Program can result in significant volatility. During FY 2011, filings began trending downward and the USTP's current projection for FY 2013 is approximately 1.08 million filings. If historical trends prevail, the Program anticipates that filings should trend upward again by the end of FY 2013, and that about 1.4 million cases will be filed in FY 2014.

Offsetting collections from bankruptcy fees exceed the Program's appropriation in most but not all fiscal years. The most recent exceptions were the three consecutive fiscal years following passage of the BAPCPA (FY 2006, 2007 and 2008). This tracks with the purpose of the Trust Fund, into which excess fees are deposited during periods of increasing bankruptcy case filings, and from which funds are withdrawn to cover the Program's appropriation during periods of declining case filings. In FY 2009, offsetting collections began accruing in the Trust Fund once again as a result of increasing bankruptcy filings, and during the period FY 2009 through FY 2012, the Trust Fund grew by almost $125 million. The Program is currently projecting that FY 2013 offsetting collections will reach approximately $218 million, which is about $7 million less than the annualized FY 2013 Continuing Appropriation Resolution funding level (P.L. 112-175). The Program anticipates a $7 million draw down from the Trust Fund for FY 2013 operations. However, the Program estimates FY 2014 offsetting collections at $261 million – about $35 million more than the FY 2014 request, which will be deposited back into the Trust Fund.

The USTP's FY 2014 budget request totals $225,728,000. A hiring freeze was instituted by the USTP early in FY 2010 and many vacancies created by attrition still remain vacant. A Department-wide partial hiring freeze has been in effect since January 2011. Additionally and for the second time since BAPCPA implementation, the Program suspended debtor audits from June 2011 through the end of December 2011 due to continuing funding constraints. (Debtor audits were first suspended on January 2, 2008 and were resumed on May 12, 2008 at reduced levels.[2]) All other non-personnel requirements were reduced to the maximum extent possible, with a conscious effort toward having the least amount of impact on overall operations while continuing the Program's commitment toward meeting its objectives.

[2] Debtor audits continued at the reduced rate of one out of every 1,000 cases filed.

The following chart reflects USTP enacted amounts for the period FY 2007 through FY 2012 and an estimate for FY 2013 based upon the Continuing Appropriations Resolution, 2013 (P.L. 112-175).



*Note: The FY 2008 amount includes $20 million in prior year unobligated balances to augment the amount appropriated and the FY 2010 amount was augmented with $5.2 million in prior year unobligated balances.

A. Background

The nation's bankruptcy laws are premised on the notion that honest, but unfortunate debtors should be able to receive a fresh start and return to becoming economically productive members of society. The USTP's mission, as set forth in Strategic Objective 2.6 of the Department's Strategic Plan, reinforces these laws by ensuring that they are fairly enforced.

The USTP is a national program with broad administrative, regulatory, and litigation authorities. Its duties are set out primarily in titles 11 and 28 of the United States Code and range from consumer bankruptcy cases to large corporate reorganizations. In addition to specific statutory duties and responsibilities, United States Trustees may raise and may appear and be heard on any issue in any case or proceeding under title 11, the Bankruptcy Code.

The Program litigates to protect the integrity of the bankruptcy system and to help ensure that the Bankruptcy Code is interpreted nationally in a consistent and fair manner. The USTP is the only participant in the bankruptcy system with a national perspective and a responsibility to develop coherent case law in all jurisdictions.

With the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 (P.L. 109-8), the USTP was provided new enforcement responsibilities and important statutory tools to assist it in identifying and civilly prosecuting those who abuse the bankruptcy system. The enforcement actions taken by the Program reflect a balanced approach to address wrongdoing both by debtors and by those who exploit debtors – creditors (including mortgage servicers), attorneys, and bankruptcy petition preparers who prey on vulnerable debtors using fraud and deceptive practices. The combined result of the Program's efforts is to deter abuse, maximize the returns to creditors, and strengthen the laws to ensure that relief is appropriately granted.

The USTP invests in the development of information and decision support systems that enhance the USTP's e-government capacities and make operations more effective and efficient.

B. Full Program Costs

The USTP budget is contained in one decision unit, the Administration of Cases, which encompasses all operational activities and includes the direct cost of all outputs, indirect costs, and common administrative systems. There are two main Program activities: 1) enforcement and 2) case and trustee administration. The work years and associated funding are allocated to these Program activities based upon the direct, productive hours of the USTP staff performing enforcement and case administration activities, as well as resources directly related to the performance of these activities. Administrative and other overhead costs are allocated based upon the direct hours expended for the two Program activities.

C. Performance Challenges

External Challenges. There are a number of external factors that impact the operations of the United States Trustee Program. While the USTP is responsible for oversight of the panel and standing trustees who handle bankruptcy cases and for litigating issues that arise in those cases before the bankruptcy courts, the federal judiciary is responsible for adjudicating the bankruptcy cases. Thus, the Program must work cooperatively with the federal courts on numerous legal and other issues of mutual interest affecting the integrity of the bankruptcy system. For example, the USTP worked with the courts to enhance the information it receives electronically from the courts to streamline its ability to review bankruptcy petitions and schedules. It also worked cooperatively with the courts to implement new uniform trustee final reports required by law to be filed with the courts by panel and standing trustees.

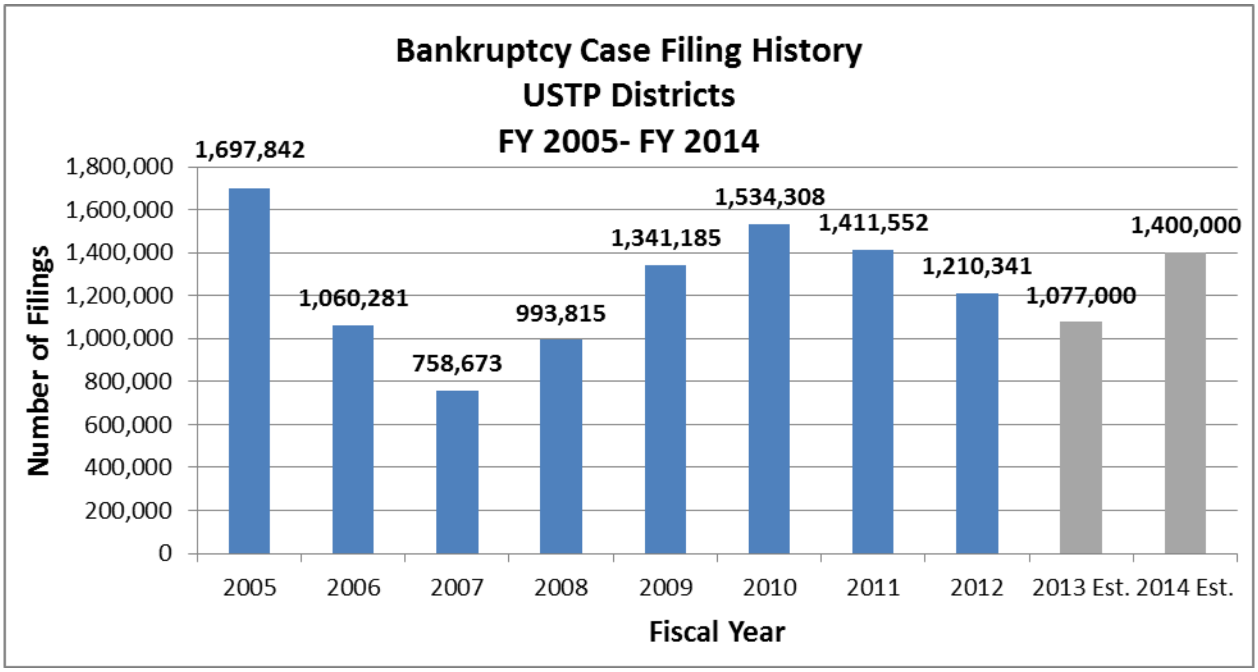
The USTP enforces and defends challenges to provisions of the Bankruptcy Code, including by litigating issues of first impression and carrying out numerous administrative and other duties arising under the bankruptcy law. The USTP also faces challenges in detecting evolving and innovative schemes of fraud and abuse, including creditor abuse, mortgage fraud, and complex financial fraud and abuse that affect the bankruptcy system.

The USTP's funding is entirely fee based, and as a result is impacted by fluctuations in bankruptcy filings. The Program has no control over the number of filings or the chapter under which a bankruptcy petition is filed. For example, in the two weeks leading up to the October 17, 2005, BAPCPA effective date, 600,000 cases were filed. Following the implementation of the BAPCPA, bankruptcy filings plunged and the USTP experienced a substantial decrease in the level of revenue that was collected to support its operations. Over the remaining fifty weeks of the year approximately 460,000 cases were filed.

Within two years of BAPCPA implementation, bankruptcy filings were again on the rise. During the period FY 2008 through FY 2010, filings increased by over 100 percent with FY 2010 filings totaling 1.53 million. Over the last two years filings have dropped from FY 2010 levels to 1.21 million in FY 2012. The Program estimates that 1.08 million cases will be filed in FY 2013, and in FY 2014 filings will rise to 1.4 million. Although bankruptcy filing levels are routinely monitored to detect changing trends early on, the projections are extremely volatile.

The following chart reflects actual and projected filings for fiscal years 2005 through 2014 estimated.[3]

1. Bankruptcy Filings



Internal Challenges The USTP also faces internal challenges resulting from its efforts to address new and emerging concerns in the areas of mortgage foreclosure and creditor abuse, an increased number of large, complex chapter 11 filings, its ongoing efforts to enforce bankruptcy reform, and its fluctuating workload. In FY 2006, the USTP received a program enhancement specifically to address its added responsibilities under the BAPCPA. At the same time, filings and revenues dropped, requiring draw-downs from the System Fund in FY 2006, FY 2007 and FY 2008 to fund the USTP's operations. The USTP successfully responded to this reduction by streamlining operations, imposing a hiring freeze, temporarily suspending debtor audit activities and later reinstating the audits at a reduced level, and by reducing or eliminating all other categories of expense. At the same time that revenues fell and authorized positions were reduced, the bankruptcy caseload began to rise, increasing a total of 77% during FY 2008 and FY 2009. By the end of FY 2010, bankruptcy filings topped 1.5 million, more than double the FY 2007 level. Even with the recent declines, actual filings during FY 2012 totaled over 1.2 million. The Program currently is projecting filings to decline slightly to 1.08 million in 2013, and trend up once again in FY 2014.

The Program assumed substantially increased duties with the BAPCPA including means testing, credit counseling oversight and debtor audits, while continuing to investigate and litigate novel and complex issues associated with national mortgage servicers and large chapter 11 bankruptcy filings. The Program also continues to be very much involved in new and complex issues associated with mortgage foreclosures, national mortgage servicers, and large chapter 11

[3] Reflects bankruptcy filings under all chapters of the bankruptcy code, as reported by the Administrative Office of the U.S. Courts (AOUSC).

bankruptcy filings. The increasing workload in civil enforcement efforts along with the sheer sophistication of mortgage fraud schemes and creditor abuse activities place an incredible burden on USTP staff to move cases through the system efficiently while overseeing and analyzing their progress to ensure no abuse or infractions have occurred. In addition, as widely reported in the press, the USTP is engaged in a comprehensive rewrite of the 1996 guidelines pertaining to compensation of professionals in cases ranging from large chapter 11 cases such as Lehman Brothers to more typical small business reorganizations. This process requires highly complex and sophisticated analyses, as well as extensive outreach to bankruptcy stakeholders and the courts. After promulgation of final guidelines in FY 2013, the USTP will conduct extensive training of its own staff to ensure vigorous and consistent enforcement of the guidelines nationwide.

2. U.S. Trustee System Fund

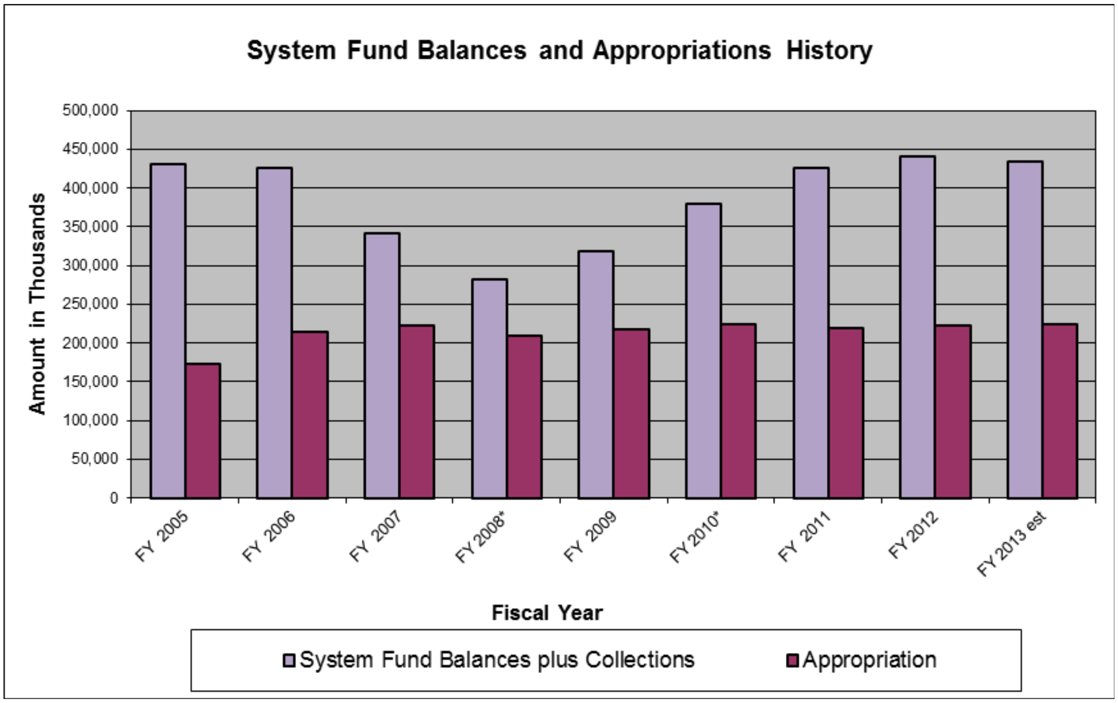
The self-funding characteristics of the USTP were a feature of the legislation establishing the Program, Public Law 99-554, enacted on October 27, 1986. Two categories of fees generate most of the revenue for the U.S. Trustee System Fund. The first category is the filing fee paid at the inception of each case for chapters 7, 11, 12 and 13, and the second category is the quarterly fee paid by chapter 11 debtors. The chapter 11 quarterly fees are determined by the cash disbursement levels of the debtor. All fees are deposited in the Fund as offsetting collections and are available to the USTP as specified in Appropriations Acts. Debt collection receipts, payment of excess percentage fees collected by chapter 12 or 13 trustees, and interest on invested funds also generate relatively small amounts of revenue for the Fund. Revenue in the Fund that is not needed for current expenses is invested in Treasury securities, and the income so earned accrues to the Fund.

Prior to FY 1997, the USTP's operations were funded through a combination of direct appropriations and offsetting collections. Since FY 1997, the USTP's operations have been funded solely from offsetting collections deposited into the U.S. Trustee System Fund. The annual revenue collected since FY 1997 combined with continued operational efficiencies provided sufficient resources to support the USTP's operations, making the need to supplement those revenues with direct appropriations unnecessary.

In FY 2006, bankruptcy filings fell dramatically following the effective date of the BAPCPA. Collections during the next three fiscal years were insufficient to support the USTP's operations, requiring draw-downs from the U.S. Trustee System Fund totaling $165.1 million over the 3-year period. During FY 2009 the number of filings exceeded 1.3 million and actual collections for the fiscal year totaled over $226 million. As a result, the System Fund grew by almost $9.2 million in FY 2009. From FY 2009 to FY 2012, collections have exceeded amounts made available for obligation.

D. Revenue Estimates

The following chart reflects System Fund Balances for the period FY 2002 through FY 2013 as compared to the appropriation enacted for each fiscal year except FY 2013, which is estimated.



*The FY 2008 and FY 2010 resource levels include $20.0 million and $5.2 million in prior year unobligated balances, respectively.

Actual revenue collected by source, for the period FY 2008 through FY 2012 and estimated revenues for FY 2013 and FY 2014 follow.

Revenue Collected in FY 2008:

	Amount
Bankruptcy Fees:	
Filing Fees	$79,239,888
Chapter 11 Quarterly Fees	78,334,677
Other	70,078
Interest earnings on investments	5,860,839
TOTAL DEPOSITS	163,505,482

Revenue Collected in FY 2009:

	Amount
Bankruptcy Fees:	
Filing Fees	$107,189,094
Chapter 11 Quarterly Fees	118,504,046
Other	87,500
Interest earnings on investments	790,276
TOTAL DEPOSITS	226,570,916

Revenue Collected in FY 2010:

Bankruptcy Fees:	**Amount**
Filing Fees	$121,696,328
Chapter 11 Quarterly Fees	155,210,330
Other	183,198
Interest earnings on investments	797,591
TOTAL DEPOSITS	277,887,447

Revenue Collected in FY 2011:

Bankruptcy Fees:	**Amount**
Filing Fees	$110,528,544
Chapter 11 Quarterly Fees	155,809,951
Other	197,360
Interest earnings on investments	1,004,725
TOTAL DEPOSITS	267,540,580

Revenue Collected in FY 2012:

Bankruptcy Fees:	**Amount**
Filing Fees	$94,072,400
Chapter 11 Quarterly Fees	139,289,367
Other	123,126
Interest earnings on investments	652,342
TOTAL DEPOSITS	234,137,235

Revenue Projections for FY 2013:

Bankruptcy Fees:	**Amount**
Filing Fees	$94,072,400
Chapter 11 Quarterly Fees	122,717,540
Other	72,000
Interest earnings on investments	1,000,000
TOTAL PROJECTED DEPOSITS	217,861,940

Revenue Projections for FY 2014:

Bankruptcy Fees:	**Amount**
Filing Fees	$109,880,260
Chapter 11 Quarterly Fees	150,509,270
Other	100,000
Interest earnings on investments	1,000,000
TOTAL PROJECTED DEPOSITS	261,489,530

E. Program Efforts toward Creating and Implementing an Environmental Management System (EMS)

The USTP continues its work toward improving its environmental management activities. The Program actively participates in a number of recycling and other greening initiatives and ensures compliance with existing Federal Acquisition Regulations. The following activities reflect the Program's continuing efforts toward managing and improving its environmental and health safety matters:

- The USTP's Facilities Management Division works with the General Services Administration (GSA) to ensure continued purchases and use of environmentally preferable building products and materials for the design, construction and operation of commercially owned office space occupied by the Program. Specifically, lessors are required to use products that are phosphate-free, non-corrosive, non-flammable, and fully biodegradable. In addition, lessors are required to use paper products with recycled content conforming to EPA standards. This information is included in GSA's standard leasing documents, and is a requirement for all new lease acquisitions.

- As required by Federal Acquisition Regulation (FAR) 23.705, the Program makes every effort to purchase electronic products which are Electronic Product Environmental Assessment Tool (EPEAT) registered, or EnergyStar Compliant products. Such products include computer monitors, desktop computers, notebook computers, printers and copiers.

- As required by FAR Subpart 23, the Program purchases supplies that are environmentally preferable products made from recycled content, such as copier paper, file folders, pens and remanufactured toner cartridges. Original equipment manufacturer cartridges that contain remanufactured content, on occasion, are purchased.

- The Program implemented a personal cell phone and rechargeable battery recycling project at the Executive Office for U.S. Trustees. The project is being expanded to other field offices.

- Recycling of paper products, cans, bottles and plastics is encouraged throughout the Program -- an effort highlighted through the use of signage, posters, and the continual availability of appropriate recycling receptacles.

II. Summary of Program Changes

The USTP does not anticipate any program changes in FY 2014.

III. Appropriations Language

The FY 2014 budget request includes proposed changes in the appropriations language set forth and explained below. New language is <u>*italicized and underlined*</u>, and language proposed for deletion is bracketed.

United States Trustee System Fund

For necessary expenses of the United States Trustee Program, as authorized, [$227,407,000] *$225,728,000* , to remain available until expended and to be derived from the United States Trustee System Fund: Provided, That notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors: Provided further, That, notwithstanding any other provision of law, [$227,407,000] *$225,728,000* of offsetting collections pursuant to 28 U.S.C. 589a(b) shall be retained and used for necessary expenses in this appropriation and shall remain available until expended: Provided further, That the sum herein appropriated from the Fund shall be reduced as such offsetting collections are received during fiscal year [2013] *2014*, so as to result in a final fiscal year [2013] *2014* appropriation from the Fund estimated at $0.

Analysis of Appropriation Language

No other substantive changes are proposed.

IV. Decision Unit Justification

Decision Unit: Administration of Cases

Administration of Cases	**Direct Pos.**	**Estimate FTE**	**Amount**
2012 Enacted	1,314	1,216	$223,258
2013 Continuing Resolution with 0.612% Increase	0	0	224,624
Base and Technical Adjustments	0	0	1,104
2014 Current Services	1,314	1,202	225,728
2014 Request	1,314	1,202	225,728
Total Change 2012-2014	**0**	**0**	**2,470**

Administration of Cases **Information Technology Breakout**	**Direct Pos.**	**Estimate FTE**	**Amount**
2012 Enacted	37	0	$22,806
2013 Continuing Resolution with 0.612% Increase	0	0	22,548
Base and Technical Adjustments	0	0	5
2014 Current Services	37	0	22,553
2014 Request	37	0	22,553
Total Change 2012-2014	**0**	**0**	**(253)**

1. Program Description

The USTP operates in 88 judicial districts through a system of 21 regions defined pursuant to 28 U.S.C. Section 581(a). Each region is headed by a U.S. Trustee whose basic authority is conferred under 28 U.S.C. Section 586. U.S. Trustees are appointed by the Attorney General to oversee bankruptcy case administration in each of the Program's 21 regions by appointing private trustees, litigating civil enforcement actions, and carrying out other duties. Each U.S. Trustee maintains a small regional staff that typically consists of an administrative officer, information technology specialist, and clerical assistant. The U.S. Trustees supervise a cadre of Assistant U.S. Trustees (AUSTs) who manage 95 field offices located in 46 states and Puerto Rico.[4]

The USTP's Executive Office, headed by the Office of the Director, provides comprehensive policy and management direction to the U.S. Trustees and their staff, and directly supervises the U.S. Trustees and the operations of the Executive Office for U.S. Trustees (EOUST). The Office of the Director also has the primary responsibility for liaison with the Department, Congress, the bankruptcy courts, private trustee organizations, and other stakeholders in the bankruptcy system (e.g., professional associations and debtor and creditor bar representatives). EOUST also includes the Office of the General Counsel, the Office of Oversight, the Office of Criminal Enforcement, the Office of Planning and Evaluation, the Office of Administration and the Office of Information Technology.

Creditor Abuse

Addressing violations of the Bankruptcy Code by creditors, including national mortgage servicers, remains a top Program priority. The USTP investigates and takes civil enforcement action in cases involving allegations that mortgage servicers file inaccurate claims that debtors owe more money than they actually owe, that a default has occurred when there has been no default, or that the mortgage servicers have been adding additional and undisclosed charges that are not permitted under the terms of the loan contract. The Program is investigating a significant number of allegations involving systemic abuse by national mortgage servicers and other creditors.

The United States Trustee Program has worked diligently to address all types of mortgage-related fraud and abuse as it is identified in bankruptcy cases. Protecting consumer debtors, including distressed homeowners facing foreclosure, continues to be an important Program objective, and it has diligently pursued those who prey on these individuals, whether it is mortgage servicers, attorneys, foreclosure rescue fraud operators, or bankruptcy document preparers. The Program also continues to combat fraud and abuse committed by debtors who use the bankruptcy system to further a mortgage-related or other fraud scheme.

Mortgage Servicer Enforcement Project

The USTP has been investigating mortgage lenders and servicers for several years, but efforts have intensified because of complaints of chronic accounting irregularities by mortgage-servicing companies. Such irregularities may appear in the documents a mortgage lender or servicer files in bankruptcy court asserting its right to collect on the mortgage debt (proof of claim) or to foreclose (motion for relief from the automatic stay). All USTP offices are charged with identifying and taking appropriate action to combat mortgage fraud and abuse.

In addition to its nationwide efforts involving mortgage servicers, the Program assigned about one-fifth of its field offices to a special concentrated effort. These offices conducted reviews of the proofs of claim and contested motions for relief from stay filed by major mortgage servicers and conducted discovery into the servicers' policies and procedures where the offices identified facial deficiencies. The offices confronted the mortgage servicers' numerous legal challenges to the Program's enforcement efforts.

4/ The USTP has jurisdiction in all federal judicial districts except those in Alabama and North Carolina. The Program has no office in North Dakota and Vermont; offices in South Dakota and New York cover those jurisdictions.

The Program's special concentrated effort and discovery into mortgage servicers' policies and procedures directly contributed to a national mortgage servicer agreement. On February 9, 2012, the Attorney General announced that the federal government and 49 state attorneys general reached a settlement agreement with the nation's five largest mortgage servicers—Bank of America Corp., JPMorgan Chase & Co., Wells Fargo & Company, Citigroup Inc. and Ally Financial Inc. (formerly GMAC) (collectively, "the servicers")—to address mortgage servicing, foreclosure and bankruptcy abuses. In the agreement, the USTP settled claims for the servicers' violations of bankruptcy requirements that protect debtors and ensure the integrity of the bankruptcy process. The servicers will pay $25 billion in cash and financial relief to homeowners; adhere to a uniform and comprehensive set of mortgage-servicing standards, including provisions specific to bankruptcy; and subject themselves to three and a half years of compliance review by an independent monitor. In his announcement of the settlement, the Attorney General singled out the USTP, stating:

> "The U.S. Trustees Program . . . was one of the first federal agencies to investigate mortgage servicer abuse of homeowners in financial distress. As part of their investigation, Trustees reviewed more than 37,000 documents filed by major mortgage servicers in federal bankruptcy court—and took discovery in more than 175 cases across the country. These efforts were advanced by several United States Attorney . . . . They have worked tirelessly to seek justice for homeowners who were treated unfairly and taxpayers who footed the bill. And the information and evidence that these teams compiled—and the expertise they provided—was essential in reaching this historic settlement."

In addition, the following are examples of Program's continuing and increasing involvement in litigation against national mortgage servicing entities:

- The Bankruptcy Court for the Eastern District of Louisiana in 2011 granted a motion filed by the U.S. Trustee's New Orleans office for sanctions against default servicer provider Lender Processing Systems, Inc. (LPS), in *In re Wilson*, No. 07-11862. The court found that the affidavit of debt executed by LPS employee Dory Goebel was the direct product of LPS' wholly inadequate training procedures and LPS' desire to perpetrate the illusion that she held detailed knowledge of the loan. These procedures led Ms. Goebel routinely to sign affidavits without having personal knowledge of the facts therein and without making any efforts to verify the facts she attested to in the affidavit. The court found LPS' policies for executing default affidavits were an abuse of the trust courts have traditionally afforded lenders. In addition, it summarized other cases in which mortgage servicers engaged in "shoddy practices and sloppy accountings." The court stated that these issues would not come to light, and countless debtors would suffer, "but for the dogged determination of the UST's office and debtors' counsel." Litigation is pending regarding sanctions to be imposed upon LPS.

- The Program also investigated allegations that Countrywide Home Loans, Inc., one of the nation's largest home loan servicers, was filing inaccurate documents in court, charging excessive or unearned fees, and pursuing home foreclosure actions after debtors emerged from bankruptcy in violation of court orders. Over a two-year period, the Program litigated against Countrywide in various jurisdictions and worked closely with the FTC to carry out parallel investigations. The investigations and litigation culminated in a global resolution whereby Countrywide agreed to pay over $100 million, a portion of which will compensate homeowners in bankruptcy who were victimized by Countrywide's improper practices.

The USTP continues to work to ensure consistent and vigorous enforcement against creditors who violate the Bankruptcy Code and Rules or the national mortgage settlement by establishing protocols for monitoring compliance with the settlement, and enforcing Code and Rule provisions pertaining to both mortgage creditors and unsecured creditors.

The USTP has further enhanced its creditor abuse enforcement training program for senior field staff, presenting at least annually a new training program at the USTP's National Bankruptcy Training Institute of the National Advocacy Center, and filming a creditor abuse video for the video on demand library which is available to all employees.

In addition to enhancing its creditor abuse enforcement training for senior field staff, the USTP has also established a creditor abuse working group, consisting of AUSTs and attorneys who have been leaders in this effort. The creditor abuse working group provides timely and effective legal advice to USTP personnel, assists with information sharing, and provides coordination and guidance to field offices in investigating or litigating creditor abuse.

The USTP also developed new guidance for chapter 13 standing trustees to ensure appropriate review of proofs of claim, including those filed by mortgage servicers.

<u>Mortgage Fraud Schemes</u>
Individuals who engage in mortgage fraud often use the bankruptcy system as an essential tool in carrying out their fraudulent schemes and victimizing desperate homeowners. The USTP routinely identifies mortgage rescue fraud and other mortgage fraud schemes involving the bankruptcy system. Where appropriate, the USTP makes criminal referrals to its law enforcement partners, including the United States Attorneys and the Federal Bureau of Investigation. In many cases, USTP efforts involve identifying the scheme, conducting an investigation, preparing the referral to law enforcement, and assisting law enforcement with the investigation and prosecution.

A continuing and prevalent mortgage fraud scheme found in bankruptcy is the foreclosure rescue operation. Foreclosure rescue operators defraud financially troubled homeowners using the bankruptcy system to help perpetrate their crimes.

> Some of the most egregious schemes we see are those perpetrated on consumers facing foreclosure. In some instances, individuals facing foreclosure are preyed upon by unscrupulous attorneys and document preparers who purport to be foreclosure rescue operators, but instead use the bankruptcy system to victimize distressed homeowners. For example, the United States Trustee sought to protect consumer debtors by filing an action against individuals engaged in a mortgage rescue scheme that solicited 60 debtors named in newspaper foreclosure listings with promises of repayment plans, short sales, and other foreclosure alternatives. The fraudsters convinced individuals to file bankruptcy cases to stop foreclosures but failed to prepare and file all appropriate documents resulting in dismissal of many of the cases and foreclosure on the individuals' homes. The bankruptcy court granted the relief requested by the U.S. Trustee and entered judgments imposing fines and prohibiting the perpetrators from preparing bankruptcy documents.

The Program also combats fraud and abuse by attorneys. For example, the United States Trustee's office recently worked with law enforcement agencies to investigate bankruptcy attorneys who were involved in a mortgage fraud scheme. The investigation resulted in a 15-count indictment that charged the attorneys and others with a $14.7 million mortgage fraud scheme that targeted financially distressed homeowners facing foreclosure by falsely promising to save their homes, engaged in real estate transactions with straw purchasers, and obtained fraudulent mortgages for the purpose of stripping equity in the properties for their own profit. Three of the defendants have pleaded guilty and the remaining two are on trial.

The USTP protects the integrity of the bankruptcy system by combating fraud and abuse committed by those who prey on consumer debtors. For example, in November 2010, in Phoenix, the United States Trustee obtained a judgment against Foreclosure Home Savers ("FHS"), its owners and its employees. FHS purported to offer homeowners assistance in modifying their home loans, and promoted its loan modification services on a local radio station that catered to the Spanish-speaking population. During a weekly radio show on financial issues led by a principal of FHS, individuals in financial distress, many who were facing foreclosure, would call for assistance. The principal would steer them to FHS for "loan modification" services, for which it typically charged $4,500. However, FHS did not provide loan modification services. Instead, it prepared and filed incomplete bankruptcy documents on its customers' behalf. Many cases were then dismissed because of the deficient documents. Often, FHS would re-file the cases without the debtors' knowledge, only to have the court dismiss them again. A majority of FHS customers lost their homes. After trial, the bankruptcy court imposed fines of $304,500 jointly and severally against the defendants. It also imposed treble fines totaling $913,500 against Frank and Gloria Campos, principals of Gold Capital Investment Corporation – an affiliate of Foreclosure Home Savers involved in the scheme. Additionally, the court entered an injunction against all defendants permanently prohibiting them from acting as bankruptcy petition preparers in the district, ordered them to provide a full refund to 81 identified customers, and ordered them to pay additional damages in the amount of $2,000 or twice the amount the debtors paid for services, whichever was greater.

The Program also takes action to protect consumer creditors. For example, the United States Trustee objected to the chapter 7 discharge of an individual who operated a multi-state Ponzi scheme that claimed more than 300 victims. After the Ponzi scheme was discovered, an involuntary chapter 7 case was filed against the debtor, who had previously sold notes totaling more than $30 million to his unsuspecting victims. The bankruptcy court granted the United States Trustee's request to deny the discharge.

Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005

The Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 (P.L. 109-8) was signed into law on April 20, 2005. The Act provided the USTP with new tools to enhance the integrity and efficiency of the bankruptcy system for the benefit of all parties. Despite the difficulties presented by the unprecedented surge in filings in the two weeks leading up to the implementation of the BAPCPA, the USTP successfully implemented and enforces the new law's important provisions. The BAPCPA assigned substantial new responsibilities to the USTP primarily, but not exclusively, in five major areas: means testing; credit counseling and debtor education; small business chapter 11s; debtor audits; and studies and data collection.

Means Testing

The means testing provisions of the BAPCPA provide an objective approach for assessing a debtor's eligibility for chapter 7 relief. Under the means test, debtors with income above their State median income are presumed abusive if they have a certain level of disposable income after the deduction of expenses allowed under a statutory formula. The United States Trustees are the primary enforcers of the law. Among other things, United States Trustees must file a statement within ten days after the section 341 meeting of creditors if the case is presumed abusive. Thereafter, within thirty days, the UST must file a motion to dismiss the case or provide an explanation as to why such a motion is not warranted.

In FY 2012, approximately 13 percent of chapter 7 debtors had income above their state median. Of those cases filed by above median income debtors, 6 percent were "presumed abusive" under the means test. After consideration of a debtor's special circumstances the USTP declined to file motions to dismiss in about 60 percent of the presumed abuse cases that did not voluntarily convert or dismiss.

The USTP was extensively involved in the Judicial Conference's Advisory Committee on Bankruptcy Rules in the development of necessary official forms and accompanying rules to perform the means test. In addition, the USTP worked with the courts to enhance the information it receives electronically from the courts to permit it to streamline its review of bankruptcy petitions and schedules under the statutory means testing formula. The USTP made a major investment in training field personnel to perform the means test, including exercising appropriate discretion in deciding whether to file a motion to dismiss a case under the "presumed abuse" standard and the "special circumstances" exception.

Credit Counseling and Debtor Education

The credit counseling and debtor education provisions of the reform law provide protections for consumer debtors by helping ensure that debtors enter bankruptcy with full knowledge of their options and exit with information to help them avoid future financial calamity. The USTP is responsible for approving eligible providers of credit counseling and debtor education services. The BAPCPA requires individual debtors to seek credit counseling from approved providers as a condition of filing for bankruptcy. It also requires debtors to receive debtor education from an approved provider to receive a discharge of debts. Although enforcement practices differ according to local rules, the USTP's offices often are the primary agency ensuring debtor compliance.

At the close of calendar year 2012, there were 170 credit counseling agencies covering 88 judicial districts for pre-bankruptcy counseling. In addition to offering Internet and telephonic access, the companies maintained 645 walk-in locations for credit counseling. For post-bankruptcy debtor education, there were 268 approved debtor education providers covering 88 judicial districts. In addition to debtor education providers offering internet and telephonic access, there were 621 walk-in locations.

Quality Service Reviews (QSRs) allow the Program to corroborate information submitted in applications, observe credit counseling and debtor education sessions, and obtain information about the operations of the credit counseling agency or debtor education provider. The USTP completed 12 QSRs during FY 2012 and expects to complete 13 QSRs annually thereafter through FY 2014.

Chapter 11 Cases

The small business provisions of the BAPCPA establish deadlines and greater uniformity in financial reporting to ensure that cases expeditiously move through the chapter 11 process before assets are dissipated. They also provide important enforcement tools to the United States Trustees. To implement the BAPCPA's oversight provisions, and in conjunction with the Judicial Conference of the United States, the USTP developed a Monthly Operating Report (MOR) form for small business chapter 11 cases to make financial reporting simpler and more uniform.

In the 2005 bankruptcy reform law, Congress sought to curtail the practice of chapter 11 debtors' executives awarding themselves lavish bonuses during the bankruptcy case, which were often styled as "retention programs" that ostensibly dissuaded those executives from seeking employment elsewhere. In response, under section 503(c) of the Bankruptcy Code, Congress placed strict limits on the authority of debtors to make retention or severance payments to their insiders. The U.S. Trustee monitors proposed payments to insiders for compliance with section 503(c), and is often the only participant in the bankruptcy case that is willing or well-positioned to seek enforcement of that section. The U.S. Trustee may also object if a retention bonus has been improperly recharacterized as another type of payment, such as a performance or incentive bonus, in an attempt to avoid application of section 503(c). In many cases, such as Borders, Inc., the U. S. Trustee's formal or informal objections have resulted in substantial voluntary changes to the debtor's proposed executive compensation programs. Courts have also sustained the U.S. Trustee's objections in cases such as Fountainebleau Las Vegas Holdings (court denied incentive bonus payments of $1.069 million) and GPX International Tire Corp. (court denied bonuses of $1.65 million to two senior executives).

The Program's responsibilities in business reorganization cases include such matters as the appointment of trustees when there are grounds to suspect that current management has participated in fraud, dishonesty, or other improper activity. The U.S. Trustee also seeks the appointment of examiners when independent investigations are needed. The U.S. Trustees have appointed independent examiners to investigate the financial affairs of the Tribune Company, Dynegy Holdings, LLC, and other chapter 11 debtors. In the Tribune Company case, the U.S. Trustee supported the appointment of an examiner to investigate and evaluate potential claims arising from a pre-bankruptcy leveraged buyout. The U.S. Trustee also successfully sought the appointment of a chapter 11 trustee in the Thornburg Mortgage Company case based on evidence that corporate officers had established a parallel company that was using Thornburg employees and resources to operate its business. In Dynegy, the U.S. Trustee filed a motion seeking the appointment of a trustee after the examiner appointed by the U.S. Trustee concluded, among other things, that a pre-petition restructuring by Dynegy and related companies was a fraudulent conveyance. The examiner's report and the U.S. Trustee's motion resulted in a generally consensual resolution by the parties of issues that could otherwise have been litigated for years. U.S. Trustees also appointed Chapter 11 trustees in cases such as Rothstein Rosenfeld Adler (an out-of-trust law firm), M.W. Sewall (an oil company with highly-conflicted management), The Vaughan Company Realtors (where the debtor allegedly participated in a pre-bankruptcy Ponzi scheme involving approximately 600 investors with over $80 million in claims being asserted) and MF Global (parent and affiliates of commodities brokerage with an estimated $1.2 billion in missing customer funds).

The Chapter 11 filing of ResCap Residential Capital, LLC has presented the U.S. Trustee with an unusual challenge. In addition to performing the U.S. Trustee's ordinary duties in a Chapter 11 case, the U.S. Trustee has, from the earliest days of the case, played the additional and unique role of ensuring continued compliance by the debtor or any successor entity with the servicing standards heavily negotiated as part of the mortgage servicer settlement.

The U.S. Trustee was instrumental in negotiating the appointment of a fee examiner in several cases, including General Motors, American Airlines, and Kodak, to aid the court in the review and evaluation of fee requests by attorneys, financial advisors, and others. In the Lehman case, the U.S Trustee has served as a member of the court-appointed fee committee that has sought to establish meaningful controls over the costs of the chapter 11 case.

One of the Program's most important roles under the BAPCPA in terms of its appellate activities has been to develop consistent case law. The USTP is the only participant in the bankruptcy system with a national perspective and a responsibility to develop coherent case law in all jurisdictions. The USTP has been handling an increasing number of appeals, many of which may have a profound and long-standing effect on the bankruptcy system. In FY 2012, the Program participated in 146 appeals beyond the bankruptcy court, including about two dozen cases at the United States court of appeals level. Additionally, the USTP has assisted the Office of the Solicitor General in its participation in two important bankruptcy cases that have reached the Supreme Court and the government's position was upheld in both cases.

Debtor Audits

The BAPCPA authorizes the USTP to contract for random and non-random audits to verify the financial information provided by debtors. This provision helps the USTP identify fraud, abuse, and errors, deter the filing of false financial information, and potentially provide a baseline for measuring fraud, abuse, and errors in the bankruptcy system. The debtor audits authorized by the BAPCPA commenced on October 20, 2006.

In fiscal years 2007 through 2010, the Program utilized available carry over funding to contract for debtor audits. The amount of carry over that was available limited the number of audits that could be funded. In FY 2008, the audits were suspended for several months until funding could be identified to resume the activity. Debtor audits continued each year thereafter at the reduced rate of one out of every 1,000 cases filed. The Program obligated approximately $2.9 million during FY 2010, supporting 2,729 audits.

Carry over funding was again utilized to continue debtor audits at the reduced rate in FY 2011. In late February, in light of continued funding constraints, the USTP implemented an alternative approach for designating cases to be audited. This decision enabled the Program to continue its selection of cases for audit, reducing audit contracting costs while having a minimal effect on the precision of reporting material misstatements. The new strategy was in effect until mid-June when the selection of cases for audit was suspended due to extreme funding constraints. The Program notified the Department of Justice and the Congress via the FY 2011 Spend Plan of the decision to suspend the audits. The Program obligated approximately $1 million during FY 2011, supporting 1,077 audits.

The suspension of debtor audits continued during the first quarter of FY 2012. However, after receiving its FY 2012 appropriation, the Program resumed the designation of cases for audit in January 2012, using the alternative approach for designating cases for audit. The USTP has allocated approximately $1.5 million of the Program's base funding to support debtor audit activity in FY 2012.

Open Government

The USTP centrally processes all Freedom of Information Act (FOIA) requests received by the Executive Office for United States Trustees (EOUST) in Washington, DC, and the USTP's 95 field offices located throughout the country. Due to this centralization, the FOIA/Privacy Act staff in the Office of the General Counsel reviews all FOIA requests and they are able to consider whether discretionary release of information is appropriate in each instance. Pursuant to the President's and the Attorney General's FOIA Guidelines, the EOUST's FOIA staff frequently performs critical analysis, applying a presumption of openness and determining whether certain information should be made available to the public, even where a FOIA exemption may be applicable. Over the last two years, the USTP has established a processing standard of excellence, maintaining a zero backlog of requests in FY 2010 and FY 2011 despite a 27 percent increase in the number of requests during FY 2011.

In addition, the USTP successfully allocated its resources to increase transparency and openness in government, regularly making proactive disclosures of information and maintaining an updated electronic FOIA library. For instance, in June 2011, the EOUST launched an interactive dashboard to help the public learn more about the Language Assistance Program, which assists limited English proficiency individuals. Other examples of information posted on the EOUST's website include Questions and Answers for firms bidding for contracts to perform audits of chapter 13 trustees, several volumes of the USTP Policy and Practices Manual, and annual data tables providing summary statistics on the civil enforcement activities of the USTP. Indeed, as part of the President's Open Government Initiative, and in compliance with the Open Government Directive issued by the Office of Management and Budget (OMB), the Department of Justice has highlighted the continued online publication on Data.gov of the USTP's high-value sets of data not previously made available.

2. PERFORMANCE AND RESOURCE TABLE

Appropriation: United States Trustee Program

Decision Unit: Administration of Cases

DOJ Strategic Goal/Objective: 2.6 Protect the fideral fisc and defend the interests of the United States.

		Target		Actual		Projected		Changes		Requested (Total)	
WORKLOAD/ RESOURCES		**FY 2012**		**FY 2012**		**FY 2013 CR**		**Current Services Adjustments & FY 2014 Program Changes**		**FY 2014 Request**	
Number of Chapter 7 Cases		1,072,000		853,471		1,072,000		-64,000		1,008,000	
Number of Chapter 11 Cases		12,000		10,208		12,000		-1,600		10,400	
Number of Chapter 12 Cases		850		515		850		-350		500	
Number of Chapter 13 Cases		425,000		346,005		425,000		-44,000		381,000	
Total Filings 1/		**1,509,850**		**1,210,199**		**1,509,850**		**-109,950**		**1,399,900**	
Total Costs and FTE		**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**
TYPE / Strategic Objective	**Performance /Resources**	1,314	$223,258	1,216	$226,190	1,202	$224,624	0	$1,104	1,202	$225,728
Program Activity	**1. Civil Enforcement**	FTE 603	$000 85,611	FTE 466	$000 85,488	FTE 460	$000 86,011	FTE 0	$000 423	FTE 460	$000 86,434
Efficiency Measure	No. of 707(b) inquiries per successful outcome	7.0		4.4		7.0		0.0		7.0	
WORKLOAD/ RESOURCES											
Program Activity	**2. Case and Trustee Administration**	FTE 711	$000 137,647	FTE 750	$000 137,770	FTE 742	$000 138,613	FTE 0	$000 681	FTE 742	$000 139,294
Outcomes	Median days in chapter 11 before case dismissal or conversion	THIS MEASURE DISCONTINUED BEGINNING FY 2012		N/A		N/A		N/A		N/A	
Outputs	Number of successful actions related to consumer protection	2,200		3,259		2,200		200		2,400	
	Number of successful discharge complaints	550		557		600		0		600	
	Potential Additional Returns to Creditors through Civil Enforcement and Related Efforts	$925,000,000		$1,981,526,940		$925,000,000		$25,000,000		$950,000,000	

1/ Totals exclude bankruptcy filings under chapters 9 and 15 that are not administered by the Program.

PERFORMANCE MEASURE TABLE										
Appropriation: United States Trustee Program										
Decision Unit: Administration of Cases										
Performance Report and Performance Plan Targets		**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**		**FY 2013**	**FY 2014**
		Actual	**Actual**	**Actual**	**Actual**	**Actual**	**Target**	**Actual**	**Target**	**Target**
Efficiency Measure	No. of 707(b) inquiries per successful	9.5	7.5	6.0	5.5	4.4	7.0	4.4	7.0	7.0
Outcome	Median number of days in chapter 11 before case dismissal or	224	190	181	186	211	This Measure is discontinued beginning in FY 2012		N/A	N/A
Outputs	Number of successful actions related to consumer	1,283	1,530	2,706	3,280	3,335	2,200	3,259	2,400	2,400
	Number of successful discharge complaints	642	512	512	517	586	550	557	600	600
	Potential Add'l. Returns to Creditors	$866 M	$905 M	$1,090 M	$2,415 M	2,539 M	$925 M	$1,982 M	$950 M	$950 M

Data Definition, Validation, Verification, and Limitations:

Data Definitions:

Chapter 7: A liquidation case. A trustee is appointed to sell the debtor's non-exempt assets and distribute the proceeds to creditors. Generally, absent fraud or abuse, the remaining debts are discharged.

Chapter 11: A reorganization case. The debtor usually remains in possession of its assets, continues to operate its business, and repays and/or readjusts debts through a plan that must be approved by creditors and the bankruptcy court. Chapter 11 cases are generally business cases.

Chapter 13: A debt adjustment case by an individual with regular income. The debtor retains property, but repays creditors, in whole or in part, through a court-approved chapter 13 plan over a period not to exceed 5 years.

Civil Enforcement:

Number of 707(b) inquiries per successful outcome: This measure reflects the quality of U.S. Trustee Program inquiries to debtors or debtor attorneys. An efficiency ratio is calculated by dividing the sum of all 707(b)(2) and (b)(3) inquiries made by the Program to debtors or their attorneys in a fiscal year by the number of successful outcomes relating to 707(b)(2) and (b)(3). A successful outcome is defined as a conversion to a more appropriate bankruptcy chapter, a dismissal of the bankruptcy case, or an abuse motion granted. A lower ratio suggests the Program is doing a better job of focusing staff effort (inquiries) on bankruptcy petitions requiring Program action.

Inquiries made under 707(b)(2) and (b)(3) help the Program assess a debtor's eligibility for chapter 7 relief. If a debtor is above the applicable state median and calculations show disposable income above a specified amount, there is a presumption of abuse. In many cases, this requires debtors to either agree to convert their case to chapter 13 or dismiss (cancel) their chapter 7 bankruptcy petition. Some motions granted and inquiries resulting in voluntary conversions or dismissals were initiated in the prior fiscal year.

Number of successful discharge complaints filed by the U.S. Trustee Program to prevent fraud and abuse by bankruptcy filers: Successful formal discharge complaints in a bankruptcy court to prevent fraud and abuse by bankruptcy filers. These complaints result in denial or revocation of a discharge of debt. It is the most serious civil remedy available to the Program in its effort to prevent fraud and abuse in the bankruptcy system and is taken to resolve issues such as hidden assets, unreported income, and exaggerated expenses. These figures do not include successful discharge complaints against debtors who are ineligible due to a prior discharge or who failed to complete a debtor education course.

Number of successful actions related to consumer protection: Reflects the number of motions and complaints granted and successful inquiries made by the U.S. Trustee Program to protect bankruptcy filers from fraud, abuse and error: Formal motions and complaints granted in a bankruptcy court and successful inquiries made by the U.S. Trustee prevent fraud, abuse, and error resulting from the inappropriate actions of creditors, petition preparers, attorneys, mortgage servicing agencies, and rescue mortgage scams. The measure includes actions under 11 U.S.C. §110, §526, §329, false/inaccurate/improper claims, discharge/stay violations under §524, abuse of reaffirmation procedures, improper solicitation, objection to relief from stay motions, and other actions for attorney misconduct.

Case and Trustee Administration:

Workload:

Number of cases: The number of new bankruptcy cases filed. This data is provided by the Administrative Office of the U.S. Courts on a quarterly basis.

Outcomes:

Potential Additional Returns to Creditors through Civil Enforcement Efforts: The amount of scheduled general unsecured debt in a chapter 7 case that was not immediately discharged in chapter 7 because of dismissal or conversion of the case, or because of the denial or voluntary waiver of the debtor's discharge, plus all professional fee reductions, professional fee disgorgements, and all fines imposed as a result of civil enforcement actions.

3. USTP Data Validation and Verification Process

The Significant Accomplishments and Reporting System (SARS) is the primary database utilized in connection with the U.S. Trustee Program's civil enforcement activity. Data of all informal and formal actions taken are entered by each of the USTP's 95 field offices. Data is verified at the end of each fiscal quarter by the AUST in each field office. The AUST conducts a SARS data verification process for the respective office and submits an email to the U.S. Trustee stating the data verification protocol for the office has been completed.

To ensure data integrity, efficiency, and effectiveness of existing and future data collection systems and to develop long-range goals and priorities to support the USTP mission, a Data Integrity Group (DIG) working group was formed. DIG, which consists of seven AUSTs, works closely with the EOUST Office of Planning and Evaluation. In connection with SARS, DIG reviews a sampling of SARS reports from at least one office in each of the 21 regions. These "spot checks" are conducted twice a year, or as needed. DIG establishes data element definitions, provides training and guidance to the field, and looks for ways to streamline the data collection process for more efficient and effective data collection systems.

Departmental Strategic Goals and Objectives and Results

The USTP mission is included in the DOJ Strategic Plan under Goal 2: Prevent Crime, Protect the Rights of the American people, and Enforce Federal Law, and Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States. The USTP achieves this objective through the following Program strategies:

Enforce compliance with federal bankruptcy laws and take civil actions against parties who abuse the law or seek to defraud the bankruptcy system.

The USTP's anti-fraud and abuse efforts focus on wrong-doing both by debtors and by those who exploit debtors. The USTP combats debtor fraud and abuse primarily by seeking case dismissal if a debtor has an ability to repay debts and by seeking denial of discharge for the concealment of assets and other violations. The USTP protects consumer debtors from wrongdoing by attorneys, bankruptcy petition preparers, creditors, and others by seeking a variety of remedies, including disgorgement of fees, fines, and injunctive relief.

To accomplish these objectives, the USTP uses existing statutory tools to combat fraud and abuse in the bankruptcy system and to protect consumers. Civil enforcement actions include taking steps to dismiss abusive filings, deny discharges to ineligible or dishonest debtors, limit improper refilings by debtors, curb unfair practices by attorneys, sanction unscrupulous bankruptcy petition preparers and others who prey upon those in financial straits, and attack identity fraud in bankruptcy.

The USTP has focused its civil enforcement efforts to redress abuses by creditors on identified practices among mortgage servicer agencies in chapter 13 cases, including: the filing of false or inaccurate claims; the assessment of unreasonable charges post-petition; and the failure to properly account for post-petition mortgage payments.

Since the USTP began tracking its civil enforcement and related actions in 2003, it has taken more than 570,000 actions with a monetary impact in excess of $12.4 billion. During FY 2012, the

USTP's offices reported taking over 45,000 formal and informal civil enforcement actions, yielding over $2.0 billion in debts not discharged in chapter 7, fines and other remedies. The USTP's attorneys prevailed in 98.5 percent of the actions resolved by judicial decision or consent in the fundamental areas of dismissal for abuse (11 U.S.C. § 707(b)), denial of discharge (11 U.S.C. § 727), fines against bankruptcy petition preparers (11 U.S.C. § 110), and disgorgements of attorney's fees (11 U.S.C. § 329).

Pursue violations of federal criminal laws pertaining to bankruptcy by identifying, evaluating, referring, and providing investigative and prosecutorial support of cases.

The integrity of the bankruptcy system depends upon debtors to self-report honestly and accurately all their assets and liabilities when they file for bankruptcy protection. The U.S. Trustees have an affirmative duty to refer instances of possible criminal conduct to the U.S. Attorney and to assist in the prosecution of such criminal conduct. The bankruptcy system requires vigorous prosecution of criminal violations to encourage honest, lawful behavior. Moreover, criminal referrals from the USTP show that bankruptcy crimes are often linked to other white collar crimes such as fraud in obtaining federally guaranteed mortgage loans, money laundering, identity theft, mail fraud, and wire fraud. The USTP tracks criminal referrals, evaluates current efforts, and cooperates with other federal agencies (e.g., the U.S. Attorneys and the Federal Bureau of Investigation (FBI) to address this multi-faceted problem.

The Program's Office of Criminal Enforcement (OCE) coordinates the criminal referral responsibilities carried out by the USTP's 95 field offices and assists law enforcement in pursuing bankruptcy and related crimes. OCE also provides extensive training, develops resource materials, and enhances coordination for the benefit of the USTP's staff, federal prosecutors, and other law enforcement personnel.

In FY 2012, the USTP made 2,121 criminal referrals, an increase of 8 percent over FY 2011. Criminal referrals are over 82% higher than those reported in FY 2007, when the first report submission was required. Criminal referrals specific to mortgage fraud comprised 137 of the total number referred in FY 2011. In many cases, USTP's lawyers and other staff members assisted the prosecution team in cases initiated as a result of criminal referrals made by the USTP's offices. Program attorneys in field offices across the country who have been designated as Special Assistant U.S. Attorneys are available to try cases involving bankruptcy crimes.

- Frederic Alan Gladle, 53, who was charged on December 9, 2011, in U.S. District Court in Los Angeles with one count of bankruptcy fraud and one count of aggravated identity theft pleaded guilty to both counts on January 6, 2012. On May 3, 2012, Gladle was sentenced to 61 months in prison and was ordered to forfeit $84,010. Gladle, who had several aliases, collected $1.6 million from distressed homeowners over the last four years through the operation of a foreclosure rescue scheme involving in excess of 1,100 properties. Gladle, either directly or through salespersons, had homeowners transfer a fractional interest in their properties to unsuspecting bankruptcy debtors whom Gladle identified through court records. By doing so, Gladle was able to use the debtors' automatic stay in bankruptcy to stop foreclosure actions against the distressed homeowners. The U.S. Trustee's Wichita office detected the scheme and the USTP's Foreclosure Rescue/Petition Preparer Working Group referred the matter to federal law enforcement after conducting a nationwide investigation. Post referral, the USTP provided substantial assistance to the Federal Bureau of Investigation and Special Inspector General for the Troubled Asset Relief Program (SIGTARP).

- Jeremie Sheneman and his father, Michael Sheneman, were each convicted on May 5, 2011, in the Northern District of Indiana on four counts of wire fraud. The Shenemans caused buyers to incur approximately $3.45 million in mortgage debt on at least 60 properties, which produced approximately $3.13 million in sale proceeds. Among other things, the Shenemans brokered deals, falsified buyers' income and assets, forged signatures, refused to let buyers see the interiors of properties they were buying, and concealed from lenders the fact that buyers had simultaneously applied for other mortgage loans. The U.S. Trustee's South Bend office investigated the matters and the U.S. Trustee referred them to the U.S. Attorney. The South Bend office, the Northern Indiana Bankruptcy Fraud Working Group, and the Regional Criminal Coordinator assisted in the investigation and prosecution of Jeremie Sheneman. Michael Sheneman was sentenced on September 15, 2011 to 97 months' imprisonment and ordered to pay restitution in the amount of $269,967.50. Jeremie Sheneman was sentenced on August 3, 2012, to 120 months imprisonment followed by 3 years supervised release and ordered to pay restitution in the amount of $269,967.

- On September 29, 2011, in the Eastern District of California, Royce Lee Newcomb was sentenced to five years and 10 months in prison to be followed by three years of supervised release, after pleading guilty to one count of wire fraud, and agreeing to make restitution. Newcomb admitted operating a $2.9 million real estate Ponzi scheme, with a co-schemer, based on false promises to investors to purchase real estate with their funds. He also admitted to operating a foreclosure rescue scheme, charging homeowners between $1,300 and $3,800 to prepare and file serial bankruptcy cases to delay foreclosures. On occasion, cases were filed without the homeowner's knowledge. The U.S. Trustee's Sacramento office referred the foreclosure rescue scheme to the U.S. Attorney, and pursued a civil enforcement action against Newcomb.

The Program participates in more than 90 local bankruptcy fraud working groups, mortgage fraud working groups, and other specialized working groups/task forces throughout the country. The USTP also works closely with the Federal Bureau of Investigation, the Internal Revenue Service – Criminal Investigation, the Office of Inspector General of the Department of Housing and Urban Development, Postal Inspection Service, Secret Service, SIGTARP, and other federal law enforcement agencies. Section 158 of Title 18, which was enacted as part of the BAPCPA, requires every U.S. Attorney's Office to designate a prosecutor and every FBI field office to designate an agent to assume primary responsibility for bankruptcy fraud cases. This provision further strengthens existing working groups by formalizing points of contact and provides a foundation for establishing working groups where none currently exist.

The Program is required to submit a report to the Congress annually which details the number and types of criminal referrals made by the Program; the outcome of each referral; for any year in which the number of referrals is less than the prior year, an explanation of the decrease; and the Program's efforts to prevent fraud and abuse, particularly with respect to the establishment of uniform internal controls to detect common, higher risk frauds. The USTP has submitted its criminal referral report to the Congress annually since June 2007.

The USTP is continually monitoring and improving its criminal enforcement efforts. Field offices are required to prepare annual criminal enforcement plans that describe current practices, propose strategies for enhancing the detection and referral of criminal activity, and provide a status on the existence or development of a local bankruptcy fraud working group. These plans provide a basis for additional action and the development of best practices in this area.

The President's Financial Fraud Enforcement Task Force

The Financial Fraud Enforcement Task Force (FFETF) was established by President Obama in November 2009 to hold accountable those who helped bring about the last financial crisis as well as those who would attempt to take advantage of the efforts at economic recovery. The USTP is a participating member of the FFETF's Mortgage Fraud Working Group, the Securities Fraud Working Group, and the Consumer Protection Working Group.

As an integral member of the FFETF, the USTP participated in the Task Force's Operation Stolen Dreams, a nationwide sweep of mortgage fraud cases. The Operation was designed to highlight the significant threat posed by mortgage fraud to the nation's financial system and law enforcement's response to that threat. Operation Stolen Dreams featured both civil and criminal cases. On the civil side, the Program was the largest federal contributor, providing more than 35 cases. The Program's actions addressed a wide range of violations, including actions taken against mortgage servicers, foreclosure rescue operators, loan origination and loan modification scams, and real estate Ponzi schemes. More than two dozen of the criminal cases cited in the Operation were attributable to the Program. The Program also was a contributor to Operation Broken Trust, a nationwide operation organized by the FFETF to target investment fraud. Once again the Program contributed both civil and criminal cases.

Following are summaries of three criminal cases that were identified during Operation Stolen Dreams or Operation Broken Trust that are indicative of the Program's invaluable contributions to the Task Force:

- On July 9, 2010, after a month-long trial, a jury in the Northern District of Illinois found Norton Helton guilty of nine counts of bankruptcy fraud and three counts of wire fraud, and co-defendants Charles White and Felicia Ford guilty of wire fraud. Helton is a former attorney who once hosted a personal finance radio show and ran a foreclosure rescue company; White owned a real estate company that offered troubled homeowners a "mortgage bailout" program. Under the scheme, homeowners were persuaded to sell their property to "investors." The homeowners expected to remain in their homes while they paid down debt and repaired their credit through bankruptcy. They also expected to have the right to repurchase their homes after a year, if financially able to do so. At the time of closing, however, the defendants stripped the homeowners' equity in their homes. The U.S. Trustee's Chicago office uncovered Helton's scheme, referred him to law enforcement, and assisted with the case. A trial attorney from the U.S. Trustee's Chicago office, seven chapter 7 trustees, and a member of the Bankruptcy Clerk's staff testified at trial. Charles White was sentenced to over 22 years in prison. On January 18, 2012, Helton was sentenced to 15 years in prison. Ford was sentenced on January 27, 2012 to serve four years in prison.

- Garth Celestine pleaded guilty in the District of New Jersey on March 30, 2010, to conspiracy to commit wire fraud in connection with a mortgage fraud scheme, and was sentenced on February 15, 2012 to 36 months in prison. Celestine admitted that he and his partner owned and operated Home Savers Consulting Corporation and that they promised to help homeowners avoid foreclosure, keep their homes, and repair their damaged credit by transferring title to their properties to straw buyers. Celestine and his partner paid straw buyers approximately $10,000 per property to participate in the scheme. To extract the maximum available equity from the homes, Celestine and his partner submitted false mortgage loan applications in the names of the straw buyers. Celestine admitted that they fraudulently obtained more than $1 million and caused mortgage lenders to fund dozens of fraudulent loans worth more than $10 million. The U.S. Trustee's Newark office referred the matter based on the case of chapter 13 debtors who were victims of the scheme.

- On November 17, 2010, investment manager Philip Barry was convicted by a jury in Brooklyn for operating a long-running and large-scale Ponzi scheme. In the late 1970s, Barry began accepting money from individual investors. He told potential investors that his business, which he eventually named the Leverage Group, invested in stock options. To induce investments and discourage withdrawals, Barry guaranteed specific rates of return, issued account statements that showed growing account balances, represented that investing in the Leverage Group was safe, and promised that withdrawals could be easily made. Evidence at trial established that Barry operated a Ponzi scheme, paying returns from existing investors' deposits and from money paid by new investors. Barry never produced or earned the rates of return that he advertised, he lied to investors about Leverage Group's investments and falsely assured investors about their risk of loss. Approximately 800 individuals invested a total of more than $40 million in the Leverage Group. Although some investors succeeded over the years in making full or partial withdrawals, particularly before the Ponzi scheme began to unravel, numerous other investors sustained substantial losses. Barry, who filed personal bankruptcy, testified during his case that he owed more than $60 million. Rather than defend against the U.S. Trustee's Brooklyn office's objection to his discharge, Barry waived his discharge pursuant to an agreed order and stipulation entered by the Bankruptcy Court for the Eastern District of New York. In addition, the Brooklyn office referred the matter to the U. S. Attorney's office. On June 17, 2011, Barry was sentenced to 20 years in jail.

The Program also is a member of the Criminal Division Fraud Section's Mortgage Fraud Working Group, Securities Fraud Working Group, Identity Theft Working Group and the Bank Fraud Working Group.

Promote the effectiveness of the bankruptcy system by appointing and regulating private trustees who administer bankruptcy cases expeditiously and maximize the return to creditors.

Trustees are fiduciaries who administer cases filed under chapters 7, 12, and 13. They are appointed and supervised by the U.S. Trustee. It is a fundamental duty of the U.S. Trustee to regulate and monitor the activities of these private trustees, and to ensure their compliance with fiduciary standards. The USTP administers a formal system for merit selection of trustees; trains trustees and evaluates their overall performance; regularly reviews their financial operations; and intervenes to prevent loss of estate assets when instances of embezzlement, mismanagement, or other improper activity are uncovered. The USTP maintains data on trustee oversight in several database files. To measure the return of estate assets, the USTP tracks distributions to creditors.

The following table reflects disbursements and distributions of assets for chapter 7 and chapter 13 bankruptcy cases for the period FY 2005 through FY 2011.

Chapter 7 and Chapter 13 Distribution of Assets:

	Chapter 7 (Fiscal Year)		**Chapter 13 (Fiscal Year)**	
Calendar or Fiscal Year	**Total Disbursements**	**Distributions**	**Total Disbursements**	**Distributions**
2005	$1,723,313,444	$1,023,136,746	$5,119,236,318	$4,396,378,738
2006	$2,838,592,296	$1,798,936,973	$5,306,339,777	$4,640,258,097
2007	$2,861,789,782	$1,742,786,134	$5,150,455,224	$4,450,453,900
2008	$3,035,254,999	$1,817,013,320	$4,969,797,399	$4,183,543,013
2009	$2,458,992,128	$1,379,494,584	$4,960,579,248	$4,082,290,321
2010	$2,272,187,248	$1,301,143,600	$5,518,630,123*	$4,515,494,039*
2011	$2,640,820,046	$1,515,517,151	$6,508,440,331	$5,426,346,200
2012	Data Available in Spring 2013		Data Available in Spring 2013	

*Note: FY 2010 Chapter 13 data was adjusted from the FY 2013 President's budget request.

Ensure financial accountability, compliance with the Bankruptcy Code, and prompt disposition of Chapter 11 bankruptcy cases.

The USTP's staff must continually address emerging legal issues and challenges in chapter 11. Annually, the USTP participates in a variety of chapter 11 reorganization cases, ranging from small, single proprietorship cases to giant, multinational conglomerates. Without substituting its business judgment for that of parties with a monetary stake in a case, the USTP focuses its attention on such areas as the appointment of official committees of creditors and equity holders, the retention of professionals under § 327, professional compensation issues, and, especially in smaller cases, the adequacy of disclosure statements.

In the area of retention of professionals, the USTP focuses on the lack of disinterestedness and actual conflicts of interest which may take the form of the professional regularly representing other parties in matters unrelated to the bankruptcy case such as a large shareholder, a priority or secured creditor, or a stalking horse bidder or potential purchaser. The USTP regularly scrutinizes the accuracy and completeness of disclosures of connections that professionals must make to be retained by the debtor-in-possession or committee and will seek disqualification based on inadequate disclosures, such as it successfully did in the Universal Building Products case. To the extent that a waiver may have been obtained, the U. S. Trustee will act to make sure that the waiver allows for the professional to meet the fiduciary duty that is owed to the debtor or committee client. The USTP also focuses on compensation issues and continues to monitor professional fees in large chapter 11 cases at the time of retention. In an effort to enhance transparency in professional fees, in particular attorneys' fees in large chapter 11 cases, the USTP has proposed significant revisions to the Fee Guidelines it adopted in 1996 pursuant to a Congressional mandate. The Guidelines establish the standards that USTP offices are to follow in reviewing fee applications. These revisions would seek information establishing that the fees charged by the bankruptcy lawyers are comparable to what non-bankruptcy lawyers would charge for work of similar complexity. Among additional guidelines are those seeking fee statements in computerized formats, seeking an increased use of and adherence to budgets, and seeking additional disclosures with respect to some potentially abusive billing practices. The USTP has sought and received comments on the proposed revisions, and is in the process of evaluating those comments. The USTP intends to complete and implement revised guidelines in phases beginning in FY 2012.

During FY 2012, the USTP filed 4,423 motions to convert or dismiss chapter 11 cases. The grounds for such motions, which are critical to the effective functioning of the reorganization provisions of the Bankruptcy Code, typically include dissipation of estate assets without a reasonable likelihood of rehabilitation, failure to file financial reports, cancellation of insurance, or non-payment of taxes.

4. Performance, Resources, and Strategies

a. Performance Plan and Report for Outcomes

Performance Measure: Amount of Debt Not Discharged (Potential Additional Returns)

USTP actions have a measurable financial impact. Therefore, the Program tracks the amounts involved as the result of formal and informal actions. The majority of this amount can be characterized as debts not discharged in chapter 7. These amounts are potentially available for distribution to creditors.

Following are the amounts of debt not discharged during the period FY 2005 through FY 2012, and the targets for FY 2013 through FY 2014.

Fiscal Year	Target	Actual
FY 2005	$ 500.0 M	$ 593.9 M
FY 2006	$ 500.0 M	$ 878.7 M
FY 2007	$ 500.0 M	$ 866.0 M
FY 2008	$ 500.0 M	$ 905.0 M
FY 2009	$ 500.0 M	$ 1.090 B
FY 2010	$ 700.0 M	$ 2.415 B
FY 2011	$ 900.0 M	$2.539 B
FY 2012	$ 925.0 M	$1.982 B
FY 2013 Estimated	$ 950.0 M	
FY 2014 Estimated	$ 950.0 M	

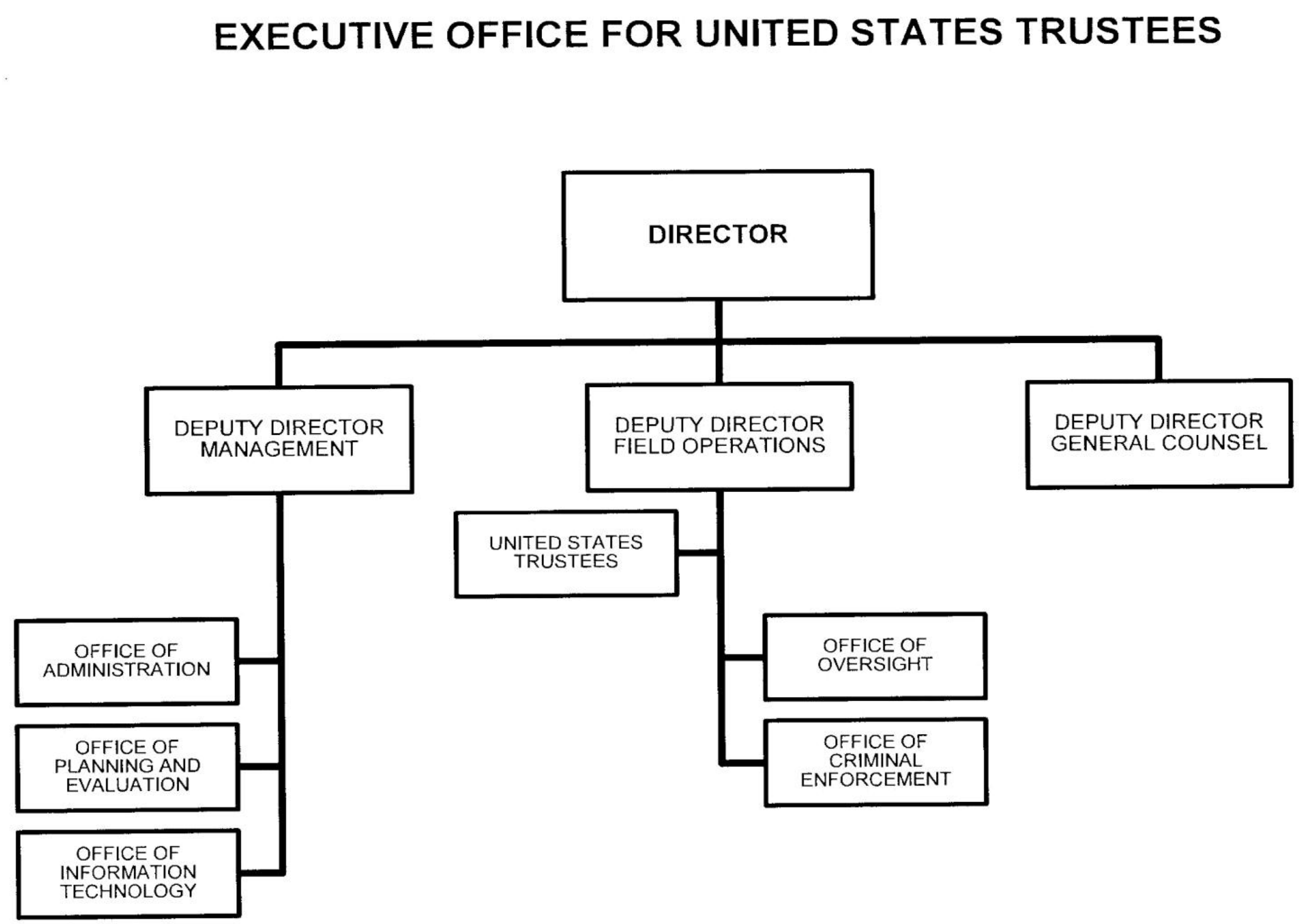
b. Strategies to Accomplish Outcomes

Discussion: Individual debtors ordinarily receive a discharge of general unsecured debt at the end of their bankruptcy cases. The amount of debt not discharged measures the amounts of scheduled unsecured debt by debtors that is not discharged as the result of action by the Program. Other items included are fee requests and claims reduced or withdrawn, fees disgorged, and sanctions and fines against professionals. Ultimately these amounts may result in potential additional returns to creditors. Therefore, the Program has tracked the amounts involved as the result of formal and informal actions.

The majority of debt not discharged is from a small number of dishonest debtors who attempted to use the bankruptcy system to discharge large amounts of debt. This includes cases of fraud such as concealing assets and engaging in investment schemes.

Exhibits

A: Organizational Chart



The Principal or ranking Deputy is determined via an internal written designation by the Attorney General or other authorized official.

Approved by: ______ Date: 11/26/12

ERIC H. HOLDER, JR.
Attorney General

Exhibit A - Organizational Chart

B. Summary of Requirements

Summary of Requirements

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

	FY 2014 Request		
	Direct Pos.	**Estimate FTE**	**Amount**
2012 Enacted	**1,314**	**1,216**	**223,258**
2013 Continuing Resolution			
2013 CR 0.612% Increase			1,366
Total 2013 Continuing Resolution	**1,314**	**1,202**	**224,624**
Technical Adjustments			
Adjustment - 2013 CR 0.612%			-1,366
Total Technical Adjustments	**0**	**0**	**-1,366**
Base Adjustments			
Transfers:			
JCON and JCON S/TS	0	0	575
Office of Information Policy (OIP) - From Components			-14
Professional Responsibility Advisory Office (PRAO)			-107
Pay and Benefits	0	0	1,920
Domestic Rent and Facilities	0	0	96
Total Base Adjustments	**0**	**0**	**2,470**
Total Technical and Base Adjustments	**0**	**0**	**1,104**
2014 Current Services	**1,314**	**1,202**	**225,728**
Program Changes	**0**	**0**	**0**
2014 Total Request	**1,314**	**1,202**	**225,728**
2012 - 2014 Total Change	0	-14	2,470

Note: The FTE for FY 2012 is actual and for FY 2013 and FY 2014 are estimates.

B. Summary of Requirements

Summary of Requirements

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Program Activity	2012 Appropriation Enacted			2013 Continuing Resolution *			2014 Technical and Base Adjustments			2014 Current Services		
	Direct Pos.	Actual FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount
U.S. Trustee Program	1,314	1,216	223,258	1,314	1,202	224,624	0	0	1,104	1,314	1,202	225,728
Total Direct	**1,314**	**1,216**	**223,258**	**1,314**	**1,202**	**224,624**	**0**	**0**	**1,104**	**1,314**	**1,202**	**225,728**
Balance Rescission			0			0			0			0
Total Direct with Rescission			223,258			224,624			1,104			225,728
Reimbursable FTE		0			0			0			0	
Total Direct and Reimb. FTE		1,216			1,202			0			1,202	
Other FTE:												
LEAP		0			0			0			0	
Overtime		0			0			0			[2]	
Grand Total, FTE		1,216			1,202			0			1,202	

Program Activity	2014 Increases			2014 Offsets			2014 Request		
	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount
U.S. Trustee Program	0	0	0	0	0	0	1,314	1,202	225,728
Total Direct	**0**	**0**	**0**	**0**	**0**	**0**	**1,314**	**1,202**	**225,728**
Balance Rescission			0			0			0
Total Direct with Rescission			0			0			225,728
Reimbursable FTE		0			0			0	
Total Direct and Reimb. FTE		0			0			1,202	
								0	
Other FTE:								0	
LEAP		0			0			0	
Overtime		0			0			0	
Grand Total, FTE		0			0			1,202	

*The 2013 Continuing Resolution includes the 0.612% funding provided by the Continuing Appropriations Resolution, 2013 (P.L. 112-175, Section 101(c)).

Resources by Department of Justice Strategic Goal/Objective

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Strategic Goal and Strategic Objective	2012 Appropriation Enacted		2013 Continuing Resolution		2014 Current Services		2014 Increases		2014 Offsets		2014 Total Request	
	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount
Goal 2 Prevent Crime, Protect the Rights of the American People, and enforce Federal Law												
2.6 Protect the federal fisc and defend the interests of the United States.	1,216	223,258	1,202	224,624	1,202	225,728	0	0	0	0	1,202	225,728
Subtotal, Goal 2	**1,216**	**223,258**	**1,202**	**224,624**	**1,202**	**225,728**	**0**	**0**	**0**	**0**	**1,202**	**225,728**
TOTAL	**1,216**	**223,258**	**1,202**	**224,624**	**1,202**	**225,728**	**0**	**0**	**0**	**0**	**1,202**	**225,728**

Note: Excludes Balance Rescission and/or Supplemental Appropriations.

*The 2013 Continuing Resolution includes the 0.612% funding provided by the Continuing Appropriations Resolution, 2013 (P.L. 112-175, Section 101 (c)).

E. Justification for Technical and Base Adjustments

Justifications for Technical and Base Adjustments

U.S. Trustee Program

Salaries and Expenses

(Dollars in Thousands)

		Direct Pos.	Estimate FTE	Amount
	Technical Adjustments			
1	Adjustment - 2013 CR 0.612%:			0
	PL 112-175 section 101 (c) provided 0.612% across the board increase above the current rate for the 2013 CR funding level. This adjustment reverses this increase.			-1,366
		0	**0**	**-1,366**
	Transfers			0
1	JCON and JCON S/TS: This transfer of $575,000 is included in support of the Department's Justice Consolidated Office Network (JCON) and JCON S/TS programs which will be moved to the Working Capital Fund and provided as a billable service in FY 2014.			575
2	Office of Information Policy (OIP) from components: This component transfer for the Office of Information Policy (OIP) into the General Administration appropriation will centralize appropriated funding and eliminate the current reimbursable financing process. The centralization of the funding is administratively advantageous because it eliminates the paper-intensive reimbursement process.			-14
3	Professional Responsibility Advisory Office (PRAO) from components: This component transfer to the Professional Responsibility Advisory Office (PRAO) into the General Administration appropriation will centralize appropriated funding and eliminate the current reimbursable financing process. The centralization of the funding is administratively advantageous because it eliminates the paper-intensive reimbursement process.			-107
	Subtotal, Transfers	**0**	**0**	**454**
	Pay and Benefits			
1	2014 Pay Raise: This request provides for a proposed 1 percent pay raise to be effective in January of 2014. This increase only includes the general pay raise. The amount requested, $1,154,000 represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits ($888,000 for salaries and $266,000 for benefits).			1,154
2	Annualization of the 2013 Pay Raise: This request provides for annualization of the 0.5 percent pay raise effective April 17, 2013. The amount requested, $194,000, is for salary plus appropriate benefits ($149,000 for pay and $45,000 for benefits.)			194
4	Employee Compensation Fund: This $25,000 request provides for anticipated changes in payments to the Department of Labor for injury benefits under the Federal Employee Compensation Act.			25
5	Health Insurance: Effective January 2014, the component's contribution to Federal employees' health insurance increases. The additional amount required is $316,000.			316
6	Retirement: Agency retirement contributions increase as employees under CSRS retire and are replaced by FERS employees. Based on U.S. Department of Justice Agency estimates, we project that the DOJ workforce will convert from CSRS to FERS at a rate of 1.3 percent per year. The requested increase of $231is necessary to meet our increased retirement obligations as a result of this conversion.			231
	Subtotal, Pay and Benefits	**0**	**0**	**1,920**
	Domestic Rent and Facilities			

E. Justification for Technical and Base Adjustments

Justifications for Technical and Base Adjustments

U.S. Trustee Program

Salaries and Expenses

(Dollars in Thousands)

	Direct Pos.	Estimate FTE	Amount
1 Rental Payments - Non GSA: This adjustment to base increase of $2,080,000 covers the Executive Office for U.S. Trustee's non-GSA rent in FY 2014 at the new GAO location. The Program's GSA rent for FY 2014 was adjusted downwards to account for this move in FY 2014.			2,080
2 Guard Services: This includes Department of Homeland Security (DHS) Federal Protective Service charges, Justice Protective Service charges and other security services across the country.			-371
3 Moves (Lease Expirations): GSA requires all agencies to pay relocation costs associated with lease expirations. This request provides for the costs associated with new office relocations caused by the expiration of leases in FY 2014.			1,224
4 General Services Administration (GSA) Rent: GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. This requested decrease of 2,837,000 is required to meet our commitment to GSA and reflects savings through consolidation of the Headquarters Executive Office from 2 offices into a single office at GAO. The costs associated with GSA rent were derived through the use of an automated system, which uses the latest inventory data, including rate increases to be effective FY 2014 for each building currently occupied by Department of Justice components, as well as the costs of new space to be occupied. GSA provides data on the rate increases.			-2,837
Subtotal, Domestic Rent and Facilities	**0**	**0**	**96**
TOTAL DIRECT TECHNICAL and BASE ADJUSTMENTS	**0**	**0**	**1,104**

Crosswalk of 2012 Availability

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Program Activity	2012 Appropriation Enacted w/o Balance Rescission			Balance Rescission			Reprogramming/Transfers			Carryover	Recoveries/ Refunds	2012 Actual		
	Direct Pos.	Actual FTE	Amount	Direct Pos.	Actual FTE	Amount	Direct Pos.	Actual FTE	Amount	Amount	Amount	Direct Pos.	Actual FTE	Amount
Administration of Cases	1,314	1,216	223,258	0	0	0	0	0	0	3,330	151	1,314	1,216	226,739
Total Direct	**1,314**	**1,216**	**223,258**	**0**	**0**	**0**	**0**	**0**	**0**	**3,330**	**151**	**1,314**	**1,216**	**226,739**
Reimbursable FTE		0			0			0					0	
Total Direct and Reimb. FTE		1,216			0			0					1,216	
Other FTE:														
LEAP		0			0			0					0	
Overtime		0			0			0					0	
Grand Total, FTE		1,216			0			0					1,216	

Reprogramming/Transfers

Carryover/Recoveries: Funds were carried over into FY 2012 from No-Year account.

G. Crosswalk of 2013 Availability

Crosswalk of 2013 Availability

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Program Activity	FY 2013 Continuing Resolution *			Supplemental Appropriation	Reprogramming/Transfers			Carryover	Recoveries/ Refunds	2013 Availability		
	Direct Pos.	Estim. FTE	Amount	Amount	Direct Pos.	Estim. FTE	Amount	Amount	Amount	Direct Pos.	Estim. FTE	Amount
Administration of Cases	1,314	1,202	224,624	0	0	0	0	549	50	1,314	1,202	225,223
Total Direct	**1,314**	**1,202**	**224,624**	**0**	**0**	**0**	**0**	**549**	**50**	**1,314**	**1,202**	**225,223**
Balance Rescission			0									0
Total Direct with Rescission			224,624									225,223
Reimbursable FTE		0				0		0			0	
Total Direct and Reimb. FTE		1,202				0		549			1,202	
Other FTE:												
LEAP		0				0		0			0	
Overtime		0				0		0			0	
Grand Total, FTE		1,202				0		549			1,202	

Reprogramming/Transfers

Carryover: Funds were carried over into FY 2013 from No-Year account.

*The 2013 Continuing Resolution includes the 0.612% funding provided by the Continuing Appropriations Resolution, 2013 (P.L. 112-175, Section 101 (c)).

H. Summary of Reimbursable Resources

Summary of Reimbursable Resources

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Collections by Source	2012 Actual			2013 Planned			2014 Request			Increase/Decrease		
	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount
Office of Attorney Recruitment	0	0	6	0	0	17	0	0	17	0	0	0
Rule of Law	0	0	90	0	0	0	0	0	0	0	0	0
Budgetary Resources	**0**	**0**	**96**	**0**	**0**	**17**	**0**	**0**	**17**	**0**	**0**	**0**

Obligations by Program Activity	2012 Actual			2013 Planned			2014 Request			Increase/Decrease		
	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount
Administration of Cases	0	0	96	0	0	17	0	0	17	0	0	0
Budgetary Resources	**0**	**0**	**96**	**0**	**0**	**17**	**0**	**0**	**17**	**0**	**0**	**0**

Detail of Permanent Positions by Category

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Category	2012 Appropriation Enacted		2013 Continuing Resolution		2014 Request				
	Direct Pos.	Reimb. Pos.	Direct Pos.	Reimb. Pos.	ATBs	Program Increases	Program Offsets	Total Direct Pos.	Total Reimb. Pos.
U.S. Trustees / Assistant U.S. Trustees	118	0	118	0	0	0	0	118	0
Personnel Management (200-299)	10	0	10	0	0	0	0	10	0
Clerical and Office Services (300-399)	95	0	95	0	0	0	0	95	0
Bankruptcy Analyst (301)	245	0	245	0	0	0	0	245	0
Accounting and Budget (500-599)	19	0	19	0	0	0	0	19	0
Attorneys (905)	318	0	318	0	0	0	0	318	0
Paralegals / Other Law (900-998)	290	0	290	0	0	0	0	290	0
Other Legal and Kindred (986)	170	0	170	0	0	0	0	170	0
Contracting and Procurement (1102-1106)	4	0	4	0	0	0	0	4	0
Information Technology Mgmt (2210)	37	0	37	0	0	0	0	37	0
Security Specialists (080)	2	0	2	0	0	0	0	2	0
Other (1160, 10350	2	0	2	0	0	0	0	2	0
Mathematics & Statistics	4	0	4	0	0	0	0	4	0
Total	**1,314**	**0**	**1,314**	**0**	**0**	**0**	**0**	**1,314**	**0**
Headquarters (Washington, D.C.)	125	0	125	0	0	0	0	125	0
U.S. Field	1,189	0	1,189	0	0	0	0	1,189	0
Foreign Field	0	0	0	0	0	0	0	0	0
Total	**1,314**	**0**	**1,314**	**0**	**0**	**0**	**0**	**1,314**	**0**

K. Summary of Requirements by Grade

Summary of Requirements by Grade

U.S. Trustee Program

Salaries and Expenses

(Dollars in Thousands)

Grades and Salary Ranges					2012 Enacted		2013 Continuing Resolution		2014 Request		Increase/Decrease	
					Direct Pos.	Amount	Direct Pos.	Amount	Direct Pos.	Amount	Direct Pos.	Amount
EX	$	145,700	-	199,700	4	531	4	533	4	539	0	5
AD [/1]	$	113,700	-	153,000	118	15,729	118	15,808	118	15,965	0	157
GS-15	$	123,758	-	155,500	278	38,809	278	39,003	278	39,391	0	388
GS-14	$	105,211	-	136,771	253	30,613	253	30,766	253	31,072	0	306
GS-13	$	89,033	-	115,742	77	7,885	77	7,924	77	8,003	0	79
GS-12	$	74,872	-	97,333	52	4,477	52	4,500	52	4,544	0	45
GS-11	$	62,467	-	81,204	243	17,447	243	17,535	243	17,709	0	174
GS-9	$	51,630	-	67,114	60	3,558	60	3,576	60	3,611	0	36
GS-8	$	46,745	-	60,765	19	1,022	19	1,027	19	1,038	0	10
GS-7	$	42,209	-	54,875	196	9,506	196	9,554	196	9,649	0	95
GS-6	$	37,983	-	49,375	12	524	12	527	12	532	0	5
GS-4	$	30,456	-	39,590	1	35	1	35	1	36	0	0
GS-3	$	27,130	-	35,269	1	31	1	31	1	32	0	0
Total, Appropriated Positions					**1,314**	**130,168**	**1,314**	**130,819**	**1,314**	**132,121**	**0**	**1,302**
Average SES Salary						**169,533**		**170,380**		**173,276**		
Average GS Salary						**100,904**		**101,156**		**102,169**		
Average GS Grade						**13**		**13**		**13**		

[/1] Administratively Determined Pay

Summary of Requirements by Object Class

U.S. Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Object Class	2012 Actual		2013 Availability		2014 Request		Increase/Decrease	
	Direct FTE	Amount	Direct FTE	Amount	Direct FTE	Amount	Direct FTE	Amount
11.1 Full-Time Permanent	1,216	121,715	1,202	121,914	1,202	123,901	0	1,987
11.3 Other than Full-Time Permanent	0	1,823	0	1,823	0	1,823	0	0
11.5 Other Personnel Compensation	0	1,065	0	1,250	0	1,250	0	0
Overtime	0	0	0	0	0	0	0	0
Other Compensation	0	0	0	0	0	0	0	0
11.8 Special Personal Services Payments	0	0	0	0	0	0	0	0
Total	**1,216**	**124,603**	**1,202**	**124,987**	**1,202**	**126,974**	**0**	**1,987**
Other Object Classes								
12.0 Personnel Benefits		37,238		38,673		38,781		108
13.0 Benefits for former personnel		0		0		0		0
21.0 Travel and Transportation of Persons		1,753		2,400		2,450		50
22.0 Transportation of Things		577		650		650		0
23.1 Rental Payments to GSA		27,008		27,450		26,450		-1,000
23.2 Rental Payments to Others		256		256		330		74
23.3 Communications, Utilities, and Miscellaneous Charges		3,925		3,925		3,925		0
24.0 Printing and Reproduction		0		0		0		0
25.1 Advisory and Assistance Services		2,640		2,640		2,640		0
25.2 Other Services from Non-Federal Sources		2,624		3,624		3,049		-575
25.3 Other Goods and Services from Federal Sources		15,429		16,533		15,529		-1,004
25.4 Operation and Maintenance of Facilities		0		0		0		0
25.5 Research and Development Contracts		0		0		0		0
25.6 Medical Care		0		0		0		0
25.7 Operation and Maintenance of Equipment		535		535		550		15
25.8 Subsistence and Support of Persons		0		0		0		0
26.0 Supplies and Materials		1,064		1,100		1,100		0
31.0 Equipment		4,393		2,400		2,300		-100
32.0 Land and Structures		4,145		0		1,000		1,000
Total Obligations		**226,190**		**225,173**		**225,728**		**555**
Subtract - Unobligated Balance, Start-of-Year		-3,330		-549		0		549
Subtract - Transfers/Reprogramming		0		0		0		0
Subtract - Recoveries/Refunds		-151		0		0		0
Add - Unobligated End-of-Year, Available		549		0		0		0
Add - Unobligated End-of-Year, Expiring		0		0		0		0
Total Direct Requirements	**0**	**223,258**	**0**	**224,624**	**0**	**225,728**	**0**	**1,104**
Reimbursable FTE								
Full-Time Permanent	0		0		0		0	
23.1 Rental Payments to GSA (Reimbursable)		0		0		0		0
25.3 Other Goods and Services from Federal Sources - DHS Security (Reimbursable)		0		0		0		0

*The 2013 Availability includes the 0.612% funding provided by the Continuing Appropriations Resolution, 2013 (P.L. 112-175, Section 101 (c)).