



U.S. Trustee Program Annual Report Fiscal Year 2020



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MESSAGE FROM THE DIRECTOR



It is my distinct pleasure to present the Fiscal Year 2020 Annual Report of the United States Trustee Program (USTP or Program).

This year presented perhaps the greatest challenges to management of the USTP since passage of the sweeping 2005 bankruptcy reform amendments, which required a retooling of office operations to carry out expansive new duties. It is only through the extraordinary efforts and resiliency of the Program's staff across the country that we were able to achieve another year of significant accomplishment, despite the hurdles presented by the national pandemic. Notably, the USTP:

- Built a structure for implementing and administering the provisions of the Small Business Reorganization Act that went into effect on February 19, 2020, which, as expanded under the CARES Act, resulted in approximately 1,100 chapter 11 reorganization cases opting to proceed under the new subchapter V through September 30, 2020;
- Took definitive action in the wake of the pandemic by making swift and far-reaching changes in the oversight, administration, and enforcement of consumer and business bankruptcy laws to protect the health and safety of those involved in bankruptcy proceedings while still ensuring the bankruptcy system remained fully functional;
- Implemented a system of regional coordinators and "strike teams" to augment the Program's oversight of chapter 11 cases in response to a continuing increase in larger business reorganization cases, which rose sharply during the pandemic; and
- Continued to carry out the USTP's core duties to oversee the administration of bankruptcy cases and ensure compliance with bankruptcy laws, including by taking nearly 25,000 formal and informal civil enforcement actions with a potential monetary impact of nearly \$1 billion in debts not discharged, fines, penalties, and other relief; making nearly 2,500 criminal referrals to the Program's law enforcement partners, including referrals of fraud in obtaining funds under the CARES Act; taking more than 700 actions in court and over 2,000 out-of-court actions to redress fraud and misconduct by attorneys and non-attorney bankruptcy petition preparers; and participating in 100 new appellate matters to help clarify the law.

The bankruptcy system plays a vital role in our national economy, and the Program's efforts to ensure its effective functioning were more important this year than ever before as the nation faced unprecedented challenges due to the pandemic. I congratulate and thank our nearly 1,000 employees located in 90 offices across the country for their perseverance during these extraordinary times to ensure bankruptcy relief remained available to those who needed it.

I encourage you to review this report to learn more about our accomplishments over this past fiscal year and to visit www.justice.gov/ust regularly for updates on our work.

Sincerely,

A handwritten signature in black ink, which appears to read "Clifford J. White III". The signature is fluid and cursive, with a horizontal line extending to the right.

Clifford J. White III

ABOUT THE USTP

MISSION AND RESPONSIBILITIES

The USTP is a litigating component of the Department of Justice (DOJ) whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders—debtors, creditors, and the American public. The Program has standing to participate in every individual and business bankruptcy case in the 88 federal judicial districts under its jurisdiction.¹ In Fiscal Year (FY) 2020, this included oversight of about 1.35 million ongoing bankruptcy cases.² Nearly two-thirds of all cases pending in the federal judicial system are bankruptcy cases.³

In its role as the “watchdog” of the bankruptcy system, the Program carries out a broad range of enforcement, regulatory, and administrative activities (Figure 1).

FIGURE 1: CORE DUTIES OF THE U.S. TRUSTEE PROGRAM



¹ The USTP has jurisdiction in all judicial districts except those in Alabama and North Carolina. In those six districts, bankruptcy court officials called Bankruptcy Administrators perform a similar function.

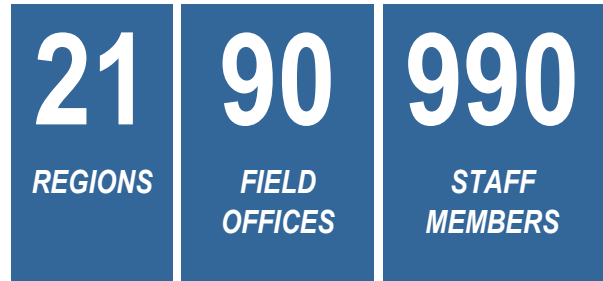
² This figure is calculated using data from both the Executive Office for U.S. Trustees and the Administrative Office of the U.S. Courts.

³ Data from the Administrative Office of the U.S. Courts, available at <http://www.uscourts.gov/statistics-reports/caseload-statistics-data-tables>. For bankruptcy caseload data, see Table F “U.S. Bankruptcy Courts – Bankruptcy Cases Filed, Terminated and Pending” during the 12-month periods ending September 30, 2018, through September 30, 2020. For data on cases pending in district courts and the number of appeals pending in the courts of appeals, see “U.S. District Courts – Federal Court Management Statistics–Profiles” and “U.S. Courts of Appeals – Federal Court Management Statistics–Profiles,” respectively.

ORGANIZATION

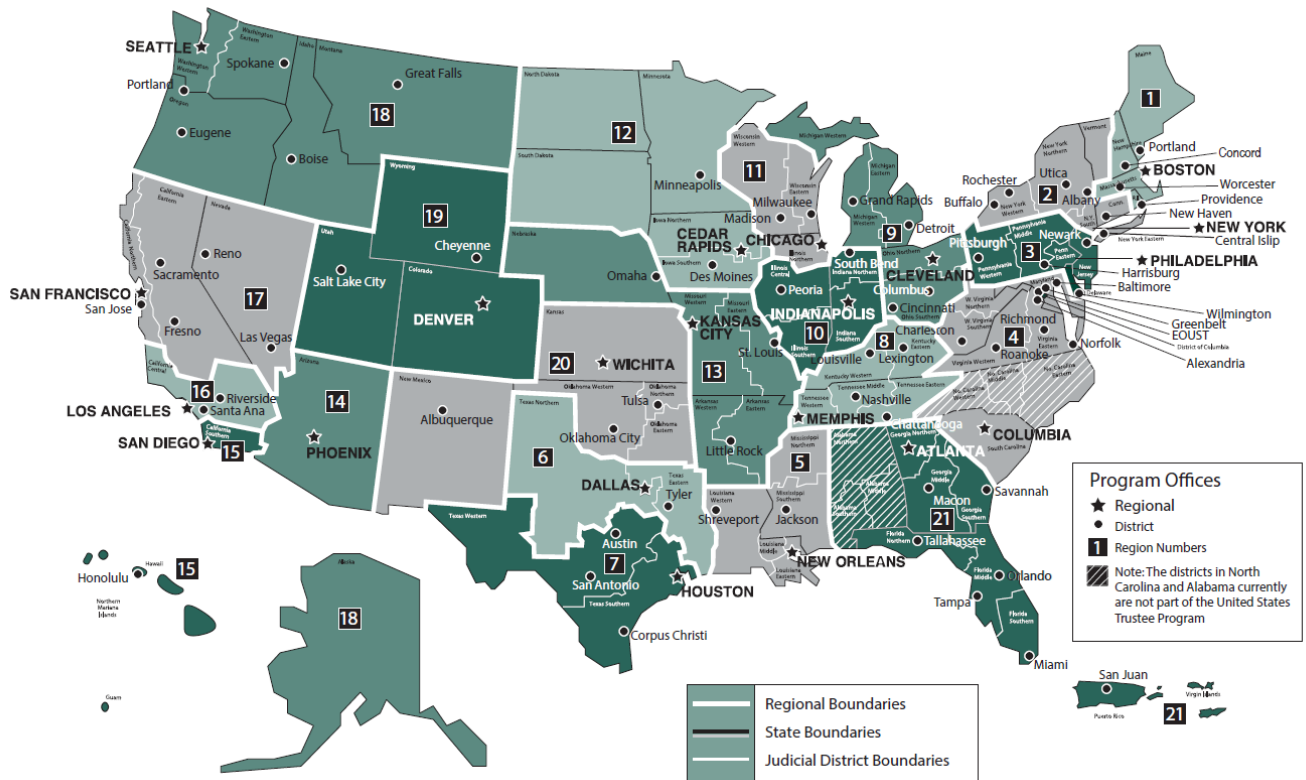
The USTP is led by a Director headquartered in the Executive Office for U.S. Trustees (EOUST) in Washington, D.C. U.S. Trustees manage 21 regions consisting of 90 field offices that are supervised by Assistant U.S. Trustees (Figure 2).

At the conclusion of FY 2020, the Program employed approximately 990 staff members consisting of attorneys, financial analysts, paralegals, and support staff. More than 90 percent of the Program's employees are in its field offices.



The Program's expansive field structure enables it to participate in about 250 bankruptcy courts; preside over statutory meetings of creditors held in 400 locations; detect and address multi-jurisdictional violations through coordinated enforcement efforts; and ensure maximum accessibility to the bankruptcy system by both debtors and creditors.

FIGURE 2: MAP OF USTP REGIONS AND OFFICES



FUNDING

The USTP is funded solely through appropriations made by Congress that are offset by a portion of fees paid by bankruptcy debtors and deposited into the U.S. Trustee System Fund (Fund). In FY 2020, the USTP's appropriation was fully offset by funds on deposit in the Fund.

CASE FILINGS

A bankruptcy case is a proceeding brought under federal law to discharge or reorganize the financial obligations of an individual or an entity. The Bankruptcy Code appears in title 11 of the United States Code. Almost all bankruptcy cases are filed under either chapter 7, 11, or 13.⁴

581,039

BANKRUPTCY FILINGS

- Chapter 7 bankruptcy is a liquidation proceeding available to consumers and businesses (although business cases represent just three percent of chapter 7 cases). In these cases, the private trustee appointed by the U.S. Trustee collects and reduces to money the debtor's non-exempt assets and distributes the proceeds to creditors in accordance with the Bankruptcy Code's priority scheme. A consumer debtor receives a discharge of pre-petition debts, other than certain debts that are exempt from discharge by the Bankruptcy Code.
- Chapter 11 provides a procedure by which a business can reorganize debts while continuing to operate, and generally the company's management retains control during the case. The vast majority of chapter 11 cases are filed by businesses, although individuals also may file under chapter 11. The debtor, often with participation from creditors, proposes a plan of reorganization to repay part or all its debts.
- Chapter 13 is used by individual consumers to reorganize their financial affairs under a repayment plan administered by a private trustee appointed by the United States Trustee that must be completed within three to five years.⁵ To be eligible for chapter 13 relief, a consumer debtor must have regular income and may not have more than a specified amount of debt.

Bankruptcy filings in the judicial districts covered by the Program totaled 581,039 in FY 2020. Chapter 7 cases accounted for about 69 percent of all bankruptcy filings, chapter 11 cases accounted for about one percent, and chapter 13 cases accounted for about 30 percent. During the pandemic, filings were erratic, with consumer filings down by 35 percent—likely a result of federal relief payments and a mortgage moratorium—while overall chapter 11 reorganization filings increased by 30 percent from March 2020 through the end of FY 2020.

⁴ There are three other chapters under which certain debtors may file a bankruptcy case. Family farmers and fishermen may file under chapter 12; municipalities may file under chapter 9; and foreign entities may seek relief under the cross-border insolvency provisions of chapter 15. Cases under these three chapters represent just 0.1 percent of all bankruptcy filings.

⁵ The *Coronavirus Aid, Relief, and Economic Security Act of 2020* (CARES Act) extended the payment period beyond five years in some circumstances.

SELECT ACCOMPLISHMENTS FROM FISCAL YEAR 2020

EFFECTIVE RESPONSE TO THE COVID-19 PANDEMIC

The USTP undertook a massive effort to ensure that bankruptcy operations continued with minimal disruption in the wake of the COVID-19 emergency. The prompt actions taken by the Program were critical to protecting the health and safety of all involved in bankruptcy proceedings while ensuring the system remained functional.

Section 341 Meetings of Creditors

In every bankruptcy case, an administrative proceeding known as a section 341 meeting is held at which debtors testify under oath. These meetings typically are held in person, but with the national pandemic, the USTP had to act quickly to transition them to either telephone or video. This involved, among other things, procuring and distributing 1,200 conference lines and 500 additional digital recording devices so that USTP staff and the private trustees were equipped to conduct remote meetings. It also involved the development of best practices for staff and the trustees to ensure that key procedures were handled properly, such as verifying the debtor's identity, preserving the evidentiary value of the debtor's sworn testimony, and providing debtors with limited English proficiency continued access to tele-interpreters. On balance, telephonic and video meetings have proven efficient and effective, and the USTP's waiver of in-person section 341 meetings will remain in effect until termination of the President's emergency declaration regarding the COVID-19 pandemic.

Debtor Audits

By law, the USTP contracts with independent firms to perform audits of a sample of individual debtors' chapter 7 and chapter 13 cases for purposes of determining the accuracy, veracity, and completeness of filings. Because these audits require debtors to produce additional documentation and often to confer with counsel and financial institutions in responding to auditor requests and reports, the USTP suspended all audits on March 25, 2020, until such time as the public health emergency allows debtors to meet their obligations in a manner that does not compromise their safety or the public health.

Trustee Audits

The USTP also contracts with certified public accounting (CPA) firms to conduct independent audits of the internal controls and cash management practices of private trustees for purposes of ensuring appropriate measures are in place to safeguard bankruptcy estate assets. To be able to continue this important oversight tool, the USTP modified its trustee audit protocols so that the audits could be performed remotely to permit social distancing and to accommodate the telework posture of many private trustees' offices during the public health emergency. Drawing on the expertise of USTP staff and the CPA firms contracted to perform the audits, changes were made to the audit protocol to provide for the use of electronic tools to interview trustees and their staffs, observe procedures, and remotely access trustee case management systems, where possible. In addition, to further reduce the burden on the private trustees, the USTP adjusted the sample size for testing certain information, although the auditors retain discretion to increase testing if warranted.

Other Actions

Among other actions taken by the Program were:

- Issued guidance to the private trustees to address implementation of the CARES Act and ensure debtors' rights were fully recognized, including, in some cases, their right to retain a "recovery rebate."

- Took steps to assist chapter 13 trustees in weathering the decline in case filings during the pandemic so their operations could remain robust and able to handle a return to normal filing levels—or, as some predict, substantially increased filings. These trustees administer in excess of \$5 billion⁶ annually in repayments to creditors, and their operations are funded through collections on a statutory percentage of those disbursements. Efforts to assist these trustees, which included approving budget amendments and suspending the limitation on the amount of operating reserves, provided a greater financial cushion so that they would have necessary funds to cover additional expenses and maintain essential staff and infrastructure under turbulent economic conditions.

Collaboration with Partners

The USTP undertook significant outreach efforts throughout the pandemic, including frequently meeting with, learning from, and consulting with judges, trustees, clerks of court, and other participants in the bankruptcy process on system-wide and discrete issues alike. This collaboration, both at the national level with liaison groups and professional associations as well as locally by the U.S. Trustees, was essential to providing debtors continued access to bankruptcy relief.

SUCCESSFUL IMPLEMENTATION OF THE SMALL BUSINESS REORGANIZATION ACT (SBRA)

The Small Business Reorganization Act of 2019 (SBRA) was enacted on August 23, 2019, with an effective date of February 19, 2020. Under the SBRA, small business debtors—defined as debtors with less than about \$2.7 million⁷ in debts that also meet other criteria—may voluntarily elect to proceed under a new subchapter V of chapter 11 of the Bankruptcy Code. Among other changes, subchapter V imposes shorter deadlines for completing the bankruptcy process, allows for greater flexibility in negotiating restructuring plans with creditors, and provides for a private trustee in every case who will work with the small business debtor and the creditors to facilitate the development of a consensual plan of reorganization.

The creation of this subchapter within chapter 11 dictated an entirely new regimen for the recruitment and oversight of subchapter V trustees, along with policies and procedures to guide their work. With just 180 days to implement the SBRA, the USTP acted swiftly to set up an infrastructure that was both comprehensive and workable. These efforts included developing a nationwide plan to recruit approximately 250 qualified candidates to serve as subchapter V trustees, a comprehensive manual and handbook system to guide USTP staff and subchapter V trustees in carrying out their new duties, and an extensive training and outreach plan. The USTP also coordinated closely with the bankruptcy courts on a myriad of administrative issues and used statistical and time management studies to estimate the staffing and dollar impact of the new systems, including additional resources needed in future years. Further, to ensure it had the benefit of diverse viewpoints, the Program consulted heavily with major stakeholder groups throughout the process, including the National Conference of Bankruptcy Judges, the organization of bankruptcy clerks of court, trustee associations, and the bankruptcy bar. These important initial efforts were critical to the successful implementation of the new law.

From the February 19, 2020, implementation date through the end of the fiscal year on September 30, 2020, approximately 1,100 cases were filed or amended into subchapter V, with more than three-quarters of all small business cases electing subchapter V. Early indications are that subchapter V cases are being confirmed more quickly than small business cases not electing subchapter V treatment, though these results are preliminary.

⁶ Although FY 2020 figures are not available as of the publication of this report, the chapter 13 trustees have distributed an average of \$5.9 billion per year over the prior five years.

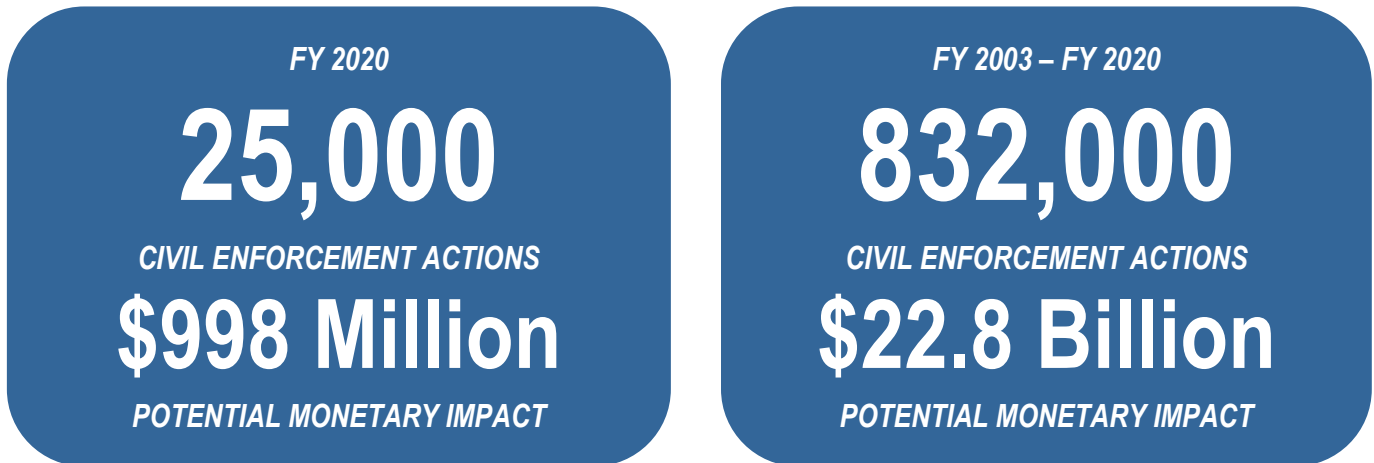
⁷ Later adjusted to \$7.5 million under the CARES Act for cases filed on or after March 27, 2020, in which the debtor elects to proceed under subchapter V.

INVESTIGATED ALLEGED MISCONDUCT IN MAJOR BUSINESS REORGANIZATION CASE

In August 2020, the USTP conducted an investigation and filed a report with the Bankruptcy Court for the Southern District of Texas documenting its findings and preliminary analysis of allegations against the founder and manager of a hedge fund, who was serving as a co-chair of the unsecured creditors' committee in a major chapter 11 bankruptcy case. The allegations included attempted interference with competitive bidding for securities earmarked for certain classes of creditors that the hedge fund sought to acquire. The USTP report concluded that the hedge fund, through the committee co-chair, breached its fiduciary duty to unsecured creditors by coercing an outside third party not to submit a rival bid. The hedge fund stepped down as a member and co-chair of the creditors' committee, and its owner agreed to pay to the estate \$1.4 million in fees and costs and to subordinate his interest to those of other creditors.

In September 2020, based in part on the U.S. Trustee's investigative report, the hedge fund manager was arrested after being charged in a criminal complaint filed in federal district court by the Acting United States Attorney for the Southern District of New York with extortion and bribery in connection with a bankruptcy, securities fraud, wire fraud, and obstruction of justice. The Acting United States Attorney's press release on the arrest thanked the USTP for its cooperation and assistance in the investigation.

CIVIL ENFORCEMENT AND MEANS TESTING



One of the USTP’s core functions is to combat bankruptcy fraud and abuse. Although most of the Program’s actions address debtor violations, a significant number focus on remedying wrongdoing by attorneys, non-attorney bankruptcy petition preparers, creditors, and others who attempt to exploit debtors and the bankruptcy system.

During FY 2020, the Program took nearly 25,000 civil enforcement actions,¹¹ with a potential monetary impact of nearly \$1 billion in debts not discharged, fines, penalties, and other relief. From FY 2003, when the USTP began tracking results, through the end of FY 2020, the Program took more than 832,000 actions, with a potential monetary impact of approximately \$22.8 billion.

FIGURE 3: CIVIL ENFORCEMENT ACTIVITY IN CONSUMER CASES, FY 2020

Type of Activity	Inquiries ⁸	Actions ⁹	Action Success Rate ¹⁰	Potential Financial Impact (Thousands)
§ 707(a) Dismissal for Cause	792	658	95%	\$55,329
§ 707(b) Dismissal for Abuse	7,729	1,014	98%	\$148,775
§ 727 Denial of Discharge	1,261	693	99%	\$762,609
§ 1307(c) Dismissal or Conversion	43	84	99%	N/A
§ 1328(f) Denial of Discharge	62	59	100%	\$5,642
§ 110 Bankruptcy Petition Preparers	341	88	99%	\$598
§ 329 Attorney Fee Disgorgement	1,321	591	99%	\$6,508
§ 526 Debt Relief Agencies	214	25	100%	\$233
Other Attorney Misconduct	146	40	96%	\$22
Abusive Conduct by Creditors	213	27	100%	\$815

Figure 3 shows the number of inquiries (informal investigations) and court actions initiated by the Program in consumer cases during FY 2020 in key civil enforcement areas, along with the success rate for court actions and their potential financial impact.

MEANS TESTING AND DEBTOR VIOLATIONS

One of the major responsibilities of the USTP is to administer and enforce the “means test,” which is a statutorily prescribed formula used to help determine eligibility for chapter 7 bankruptcy relief by individuals with primarily

⁸ Inquiries (informal investigations) include documented communications by USTP staff with parties or others involved in a bankruptcy case concerning compliance with bankruptcy law and rules.

⁹ Actions include motions, complaints, and objections that Program personnel filed with the bankruptcy court to seek relief.

¹⁰ The success rate is calculated by dividing the number of court actions decided in favor of the USTP in FY 2020 into the total number of court actions decided in FY 2020. Action success rate includes outcomes where the court entered an order granting the relief sought by the USTP, in whole or in part, or the defendant agreed to other relief satisfactory to the USTP.

¹¹ This figure includes all FY 2020 civil enforcement activity, not just the civil enforcement activity in consumer cases reflected in this section of the report.

consumer debt and income above their state median income. The formula determines disposable income by using historical income, which is then partially reduced by allowable expense standards issued by the Internal Revenue Service for its use in tax collection. In FY 2020, a case with disposable income above \$227.50 per month was presumed abusive and subject to dismissal.

The effectiveness of the means test largely depends on the USTP identifying cases that are presumptively abusive under the statutory formula and filing actions to dismiss those cases when appropriate. The USTP is required by law to file with the court either a motion to dismiss a case in which the presumption of abuse arises or a statement explaining the reasons for declining to file such a motion. The USTP moves to dismiss cases where the debtor has an ability to repay creditors or declines to seek dismissal after consideration of special circumstances, such as a recent job loss or continuing medical debt.

The USTP's prudent exercise of its enforcement responsibilities under the means test has allowed it to meet the statutory objective of denying chapter 7 relief to debtors who have an ability to pay without creating unnecessarily harsh results. In FY 2020, the USTP declined to file a motion to dismiss in about 72 percent of presumptively abusive cases. The percentage of declinations has grown from less than 35 percent in FY 2006 to more than 60 percent in recent years. This suggests that the objective criteria of the means test are now well established and that most debtors' attorneys file cases that trigger the presumption of abuse only if they otherwise satisfy statutory exceptions.

Even if a case is not presumptively abusive under the means test, the Bankruptcy Code permits the USTP to seek dismissal based on the debtor's bad faith or the totality of the circumstances of the debtor's financial situation. For example, if a debtor retains luxury items, incurs debt shortly before filing bankruptcy, or fails to disclose information required by the Bankruptcy Code and Rules, then the debtor may be subject to dismissal on the USTP's motion. During FY 2020, over 40 percent of the USTP's actions under § 707(b) related to bad faith or totality of the circumstances.

The USTP also may file a complaint to deny or revoke an individual debtor's bankruptcy discharge if the debtor engaged in improper conduct such as transferring, concealing, or destroying property to hinder or defraud creditors or the bankruptcy estate; knowingly and fraudulently making a false oath; refusing to obey a court order; or failing to keep or preserve financial records. The debtor may voluntarily waive discharge under the same statutory provision.

CONSUMER DEBTOR PROTECTION

Professional Misconduct

Addressing misconduct by consumer debtor attorneys remains a top priority for the USTP, and it has a long history of rigorous enforcement against attorneys who engage in fraudulent conduct or provide inadequate representation to their consumer debtor clients. Some attorneys fail to carry out their basic obligations to their clients by, for example, not meeting with their client, not attending court proceedings, or engaging in other unprofessional behavior. In some of the more egregious cases,

600
**COURT ACTIONS
FILED RELATING TO
PROFESSIONAL
MISCONDUCT**

professionals engaged in fraud by lying to the court, misrepresenting their services to clients, or engaging in other wrongful conduct. This professional misconduct not only harms debtors who receive substandard representation but it also burdens creditors and the courts by causing unnecessary delays in a bankruptcy case.

The USTP also acts against consumer debtor attorneys employing alternative fee arrangements that violate bankruptcy law and harm the attorneys' clients. To circumvent the bankruptcy automatic stay and the discharge that prohibit the collection of pre-filing debts, these arrangements often involve "bifurcated" models under which fees for services performed before and after a bankruptcy case is filed are collected under separate pre- and post-petition fee agreements (allowing the post-petition fees to be paid over time). The USTP has objected to such fee arrangements when they harm debtors by improperly attempting to collect fees after the case is filed for services provided pre-petition in violation of the statute, failing to obtain the client's fully informed consent, or unreasonably inflating the fees solely because they are to be paid over time.

USTP OBJECTION RESULTS IN DENIAL OF POST-PETITION FEES FOR CHAPTER 7 DEBTOR'S ATTORNEY

On motion of the U.S. Trustee, the Bankruptcy Court for the Southern District of Florida denied an attorney's request to receive post-petition payment of attorney's fees for preparing and filing the debtor's bankruptcy petition and schedules and assisting the debtor in complying with other obligations under the Bankruptcy Code. The court held that local rules require an attorney who files a chapter 7 case to assist the client with completing the chapter 7 petition and related pleadings, appear at the section 341 meeting of creditors, and provide legal advice related to the case, and that these requirements cannot be broken into separate pre- and post-petition payment obligations. The court also held that, under the Bankruptcy Code, unpaid attorney's fees owed to counsel as of the petition date are dischargeable and counsel is prohibited from taking action to collect on these payments.

In FY 2020, the Program filed more than 600 court actions against professionals who violated legal standards to the detriment of debtors, creditors, and the bankruptcy system. The USTP's enforcement actions in this area have led to remedies including refunds of attorney's fees already paid, cancellation of retention contracts, civil penalties, injunctions, and other sanctions.

In many instances, attorneys who violate the Bankruptcy Code and Rules during their representation of debtors or other parties also violate the rules of professional conduct governing all lawyers. Where appropriate, the USTP refers these matters to state licensing and disciplinary authorities for investigation and action, which may include suspension from practice or disbarment.

Bankruptcy Petition Preparers

The Program also filed nearly 100 court actions against non-attorney bankruptcy petition preparers during FY 2020. The USTP's enforcement actions in this area included civil actions to obtain orders to disgorge document preparation fees, impose fines, and enjoin prohibited conduct by petition preparers.

Creditor Violations

In many cases with abusive creditor conduct, there are multiple victims, including debtors and other creditors whose distributions are diminished by overpayment to the violating creditor. The USTP's creditor abuse enforcement efforts have sought to address a range of violations committed by both secured and unsecured creditors, including billing debtors for amounts not owed, violating the bankruptcy discharge injunction, non-compliance with the Bankruptcy Rules governing mortgage servicers in chapter 13 bankruptcy cases, failing to protect debtors' personally identifiable

information, and other issues. In FY 2020, the USTP took more than 200 actions and inquiries related to abusive conduct by creditors.

ELDER ABUSE AND FRAUD TARGETED AT SENIORS

Combatting elder abuse and financial fraud targeted at seniors has continued to be a focus of the Program. In this area, the USTP works in concert with private trustees to identify bankruptcy cases that involve the exploitation of an elderly person, sometimes by a person such as a caregiver or family member. This can include cases filed for elderly debtors with or without their informed consent or that involve funds obtained from an elderly person through fraudulent means. The Program also remains vigilant in detecting signs of more sophisticated financial schemes, such as those that target groups that may include elderly persons.

The USTP addresses cases involving elder abuse and fraud civilly and, where appropriate, refers matters to USAOs and other members of law enforcement for further investigation.

MARIJUANA ENFORCEMENT

As more states have legalized medical marijuana, recreational marijuana, or both, the issue of marijuana assets in bankruptcy cases has grown. In FY 2020, the USTP continued its enforcement efforts in this area to ensure that federal bankruptcy law is not used to evade federal drug laws prohibiting the use and sale of marijuana. These actions have protected trustees from having to administer marijuana assets in violation of federal law and prevented proceeds from illegal marijuana activities from entering the bankruptcy system.

WAIVER PREVENTS DISCHARGE OF DEBTOR WHO STOLE FUNDS FROM ELDERLY WOMAN

Following an investigation by the USTP's Cleveland office, the Bankruptcy Court for the Northern District of Ohio entered an agreed order on April 13 waiving the discharge of a chapter 7 debtor. Serving as a caretaker, the debtor used her influence to make unauthorized purchases and automated teller machine (ATM) withdrawals from an elderly woman. She began making the unauthorized withdrawals from the victim's checking account in 2016, gradually increasing the amounts of the withdrawals and purchases. She continued this practice even after the victim's death, eventually transferring tens of thousands of dollars per month from savings and money market accounts to a checking account she could access at ATMs. After the U.S. Trustee filed a complaint to deny discharge, the debtor elected to waive her discharge.

USTP PREVAILS ON MOTION TO DISMISS MARIJUANA-RELATED CHAPTER 11 CASE

The Bankruptcy Court for the District of Oregon granted the U.S. Trustee's motion to dismiss the chapter 11 case of a debtor who leased property to two marijuana-growing tenants in violation of the Controlled Substances Act. The debtor disclosed one of the tenants in its initial bankruptcy documents but revealed the other, an insider, only after the U.S. Trustee filed the motion to dismiss. Following an evidentiary hearing, the court held that the case should be dismissed for cause because of the debtor's "extensive and unrelenting" violations of the Controlled Substances Act, noting that its use of marijuana-related rent was a gross mismanagement of the bankruptcy estate. The court further held that dismissal for bad faith was warranted because the debtor failed to disclose the second marijuana-growing tenant notwithstanding opportunities to do so. The court stressed that "bankruptcy is not a game of hide-and-seek."

CRIMINAL ENFORCEMENT

2,489

CRIMINAL
REFERRALS

The USTP has a statutory duty to refer matters to the United States Attorneys' offices (USAOs) for investigation and prosecution that "relate to the occurrence of any action which may constitute a crime" and to assist the United States Attorney in "carrying out prosecutions based on such action." 28 U.S.C. § 586(a)(3)(F). As bankruptcies cross all industries and levels of American society, the detection of bankruptcy fraud and other criminal activity can lead to the detection and prosecution of other serious crimes.

In FY 2020, the Program made 2,489 bankruptcy and bankruptcy-related criminal referrals, which represented a 9.2 percent increase over the prior fiscal year and the highest number of referrals in the USTP's history. The Program works with its federal and state law enforcement partners and participates in approximately 70 local bankruptcy fraud working groups, mortgage fraud working groups, and other specialized task forces throughout the country. Over 20 Program attorneys are designated as Special Assistant U.S. Attorneys to assist U.S. Attorneys' offices in the prosecution of bankruptcy and bankruptcy-related crimes. In addition, many other staff—including attorneys, bankruptcy analysts, and paralegals—are called upon to assist with investigations and to provide expert or fact testimony at criminal trials. In FY 2020, the Program also responded to more than 250 requests for assistance from USAOs, the FBI, and other law enforcement agencies on matters not originating from a USTP referral.

PANDEMIC-RELATED CRIMES

Among the FY 2020 referrals were 48 matters related to wrongdoing under the CARES Act. The vast majority of these referrals (46) involved loans under the Paycheck Protection Program (PPP). Regulations implementing the law specifically excluded debtors in bankruptcy from eligibility to receive PPP loans; however, these debtor applicants were approved for loans based on the alleged false statements on their loan applications that they were not a debtor in bankruptcy.

FORMER PAYDAY LOAN SERVICER PLEADS GUILTY TO BANKRUPTCY FRAUD, TAX EVASION, AND INTERSTATE TRANSPORTATION OF STOLEN MONEY

A defendant pleaded guilty in the Western District of Missouri to one count each of bankruptcy fraud, tax evasion, and interstate transportation of stolen money. The USTP's Houston office referred the defendant's bankruptcy-related scheme, and investigative assistance was provided by the USTP's Houston and Kansas City offices. The perpetrator obtained personal information on individuals seeking payday loans through his businesses. He used this information to create falsified payday loan debt portfolios that he marketed as legitimate and sold to third-party debt buyers, who then attempted to collect the fake debt from individuals including filing claims in the cases of those who had filed for bankruptcy. He received as much as \$7.3 million from the sale of the false debt portfolios. The bankruptcy claims were the subject of a miscellaneous proceeding before the Bankruptcy Court for the Southern District of Texas. During the proceeding, the defendant provided false information and testimony to the bankruptcy court in order to conceal his scheme.

MORTGAGE RESCUE FRAUD

Combatting mortgage rescue fraud continues to be an area of focus for the Program. The “rescuers” in these matters generally target financially distressed homeowners and falsely promise that they can help save their homes from eviction or foreclosure. They entice the homeowner to pay them a fee to resolve their problems with the mortgage company, or in the most egregious cases, to make mortgage payments to them directly while they allegedly seek resolution. As part of their schemes, rescuers may file bankruptcy cases in the homeowners’ name, oftentimes without their knowledge, to trigger the automatic stay and temporarily stall the foreclosure or eviction action against their victims.

While the forms of this fraud scheme vary, the harm to homeowners can be substantial, ranging from the loss of the fees paid to the loss of their home. USTP staff, in concert with the private trustees, are vigilant in identifying and referring these schemes to law enforcement and providing post-referral assistance as needed.

ANNUAL REPORT TO CONGRESS

Section 1175 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (P.L. 109-162) requires the Director of the EOUST to submit a “report to Congress detailing—(1) the number and types of criminal referrals made by the United States Trustee Program; (2) the outcomes of each criminal referral; (3) for any year in which the number of criminal referrals is less than for the prior year, an explanation of the decrease; and (4) the United States Trustee Program’s efforts to prevent bankruptcy fraud and abuse, particularly with respect to the establishment of uniform internal controls to detect common, higher risk frauds, such as a debtor’s failure to disclose all assets.”

The Program’s most recent report to Congress is available for viewing at <https://www.justice.gov/ust/bankruptcy-data-statistics/reports-studies>.

BANKRUPTCY PETITION PREPARER SENTENCED TO 12 YEARS FOR MORTGAGE RESCUE SCHEME AFTER GUILTY PLEA

Following a guilty plea to wire fraud and bankruptcy fraud, on March 17, the District Court for the Western District of Wisconsin sentenced a former bankruptcy petition preparer to 12 years in prison followed by three years of supervised release for a mortgage rescue scheme that defrauded more than 70 homeowners, some of whom lost their homes as a result of the scheme. The defendant convinced his victims to make their mortgage payments to him under the guise of negotiating with their mortgage lenders, but he used their payments for his own purposes instead. As part of his scheme, he instructed some of his victims to file skeletal bankruptcy cases and sometimes prepared their bankruptcy petitions himself. Acting on a tip, the USTP’s Madison office identified the perpetrator as an undisclosed bankruptcy petition preparer, pursued a successful civil enforcement action against him, referred the potential criminal conduct, and assisted with the investigation.

CHAPTER 11 BUSINESS REORGANIZATIONS

The Program carries out significant responsibilities in chapter 11 business reorganization cases, including:

- appointing official committees of creditors;
- objecting to the employment and compensation of professionals, such as attorneys and financial advisors, whose applications do not meet statutory standards;
- appointing trustees and examiners when warranted, such as when there is suspected financial wrongdoing;
- reviewing and objecting to disclosure statements to ensure adequate information is provided to stakeholders;
- moving to dismiss or convert chapter 11 cases because they are not progressing toward financial rehabilitation; and
- enforcing the statutory limitations on insider and executive compensation under 11 U.S.C. § 503(c).

Although the USTP does not substitute its business judgment for that of management, the Program’s role is critical to protecting the interests of all stakeholders by advocating for strict compliance with the law and promoting management and professional accountability.

In FY 2020, the USTP took preemptive measures to augment its current management system for chapter 11 oversight to address an increase in larger business reorganization cases, including designating a “strike team” consisting of experienced chapter 11 lawyers from field offices across the country to assist with drafting pleadings and litigating chapter 11 issues and a chapter 11 coordinator in each region to serve as liaison between field office trial attorneys and the EOUST’s Office of the General Counsel.

Figure 4 shows the number of inquiries (informal investigations) and actions (court filings) initiated by the Program during FY 2020 in key areas related to chapter 11 case administration and oversight, along with the success rate for actions.

FIGURE 4: CHAPTER 11 CASE ENFORCEMENT AND ADMINISTRATION, FY 2020

Type of Activity	Inquiries ¹²	Actions ¹³	Action Success Rate ¹⁴
§ 327 Employment of Professionals	1,830	425	87%
§ 330 Professional Fee Requests ¹⁵	1,134	265	91%
§ 503(c) Key Employee Retention Plans	77	55	60%
§ 1103 Employment of Professionals	212	9	89%
§ 1104 Appointment of Trustee or Examiner	15	36	87%
§ 1112(b) Conversion or Dismissal	1,959	1,506	98%
§ 1125 Disclosure Statements	334	355	98%
§ 1129 Plan Confirmation	284	297	90%

¹² Inquiries (informal investigations) include documented communications by USTP staff with parties or others involved in a bankruptcy case concerning compliance with bankruptcy law and rules.

¹³ Actions include motions, complaints, and objections that Program personnel filed with the bankruptcy court to seek relief.

¹⁴ The success rate is calculated by dividing the number of actions decided successfully in FY 2020 into the total number of actions decided in FY 2020. Action success rate includes outcomes where the court entered an order granting the relief sought by the USTP, in whole or in part, or the defendant agreed to other relief satisfactory to the USTP.

¹⁵ Professional fee requests under 11 U.S.C. §§ 327 and 330 arise primarily in chapter 11 cases but also in cases filed under other chapters.

REVIEW OF EXECUTIVE AND OTHER INSIDER BONUSES

The USTP reviews executive bonuses and other compensation requests for compliance with the Bankruptcy Code and is often the only party to challenge excessive management bonuses. Federal law prohibits chapter 11 debtors' executives from awarding themselves bonuses during the bankruptcy case except in narrow circumstances that often require a finding by the court based on evidence in the record. 11 U.S.C. § 503(c). Debtors sometimes disguise prohibited "pay to stay" bonuses for executives and insiders as performance incentives that purportedly will increase the value of the company for the benefit of creditors. In such cases, debtors set so-called milestones to artificially low levels that render performance requirements illusory.

COURT DENIES EXECUTIVE BONUS REQUEST, CALLING IT "OFFENSIVE"

On September 17, the United States Bankruptcy Court for the District of Delaware refused to approve executive bonuses submitted for approval in a chapter 11 bankruptcy case. The court agreed with the USTP's Wilmington office that it was "offensive" that senior executives, who received \$16 million in pre-petition retention bonuses days before the May 22 bankruptcy filing, now sought an additional \$14 million in incentive payments. In issuing an oral ruling, the judge adopted several positions advocated by the U.S. Trustee. On October 7, the debtor company filed a revised incentive plan that reduced total possible payouts to \$8 million, eliminated certain C-suite officers as proposed recipients, and decreased by 20 percent possible payments to senior vice presidents and vice presidents, which the court accepted.

In FY 2020, the USTP filed 55 formal objections to executive bonuses and severance payments in chapter 11 cases. It is important to note that many objections are resolved informally through voluntary modification of the debtor's initial bonus proposal. The kinds of changes sought by the USTP include eliminating top executives from the list of bonus recipients or requiring more stringent performance milestones that must be met prior to payment of the bonus so that they are genuinely incentive, not retention, bonuses.

DISCLOSURE OF CONNECTIONS

The Bankruptcy Code assigns an important responsibility to the Program to review applications to employ law firms and other professional firms that will seek payment from the bankruptcy estate in chapter 11 cases. Due to the multiplicity of interests in a case—from large to small creditors and employees to other stakeholders—the Bankruptcy Code and Rules mandate that professional firms disclose their connections to other parties in the case and satisfy conflict of interest standards.

Although all parties in a case may object to the adequacy of a professional firm's disclosures and to its retention because of potential or actual conflicts, it is usually only the USTP that makes inquiries or files objections.

In recent years, the increasingly complex organizational structure of many professional firms seeking to be retained in bankruptcy cases has made the USTP's review of employment applications more challenging. Some are affiliates of larger businesses that provide a variety of services to clients, both inside and outside of the bankruptcy system. In addition, some professional firms (including their parents and affiliates) sponsor funds that invest in their business clients, in distressed debt that may be at issue in a bankruptcy case, or in industries (including competitors of their business clients) to which they provide services.

2,476

**OBJECTIONS AND
INQUIRIES RELATED TO
THE EMPLOYMENT OF
PROFESSIONALS,
INCLUDING THOSE WITH
CONFLICTS OF
INTEREST**

In response to the increasing challenge of reviewing applications to employ professional firms, the USTP issued guidance to its staff establishing four principles Program personnel should use during this review. These principles, which were publicly posted, put the parties and professional firms on notice of the USTP's enforcement positions and provide a common framework for consistent enforcement of the Bankruptcy Code and Rules related to disclosures and conflicts.

PROFESSIONAL FEES

The Program monitors and, when appropriate, objects to applications for compensation filed by professionals such as attorneys, accountants, turnaround specialists, and others who are paid from bankruptcy estate funds. In FY 2020, the USTP made 1,134 inquiries and took 265 formal actions related to professional fees, resulting in an aggregate of nearly \$16 million in fee requests reduced or withdrawn.

The role the USTP plays in this area is an important one since the USTP frequently is the only party to object to professional fees. Often, there is urgency to a bankruptcy filing due to impending foreclosure, lack of cash to continue operations, or other emergencies that result in a filing. As a result, the client control present in other business litigation may be absent. Moreover, a bankruptcy case generally involves multiple parties with varying interests that are affected by the conduct of the case and varying levels of financial ability to assert their interests. Therefore, non-debtor parties seldom exercise oversight or do so only as a litigation tactic.

POST-BANKRUPTCY ASBESTOS TRUSTS

In FY 2020, the Program worked to ensure that asbestos trusts created under confirmed chapter 11 plans operate with greater transparency and with protections against fraud and abuse—protecting the most vulnerable future claimants whose injuries may not be manifested for years. Asbestos trusts operate and pay claims for years, or even decades, after a company with asbestos liability emerges from bankruptcy. In recent years, there has been concern that some trusts may mismanage funds and pay fraudulent claims, including to persons who lack valid medical claims or who were not exposed to the defendant-debtor's products. Mismanagement and fraud may deplete the trusts at the expense of future claimants, who may receive less than what was provided in the plan.

The USTP is addressing these issues by exercising its enforcement authority in two ways. First, the Program scrutinizes candidates nominated by debtors for

USTP OBJECTION RESULTS IN DENIAL OF NEARLY \$32,000 IN COMPENSATION TO LAW FIRM

The Bankruptcy Court for the District of Utah entered an order sustaining the U.S. Trustee's objection to a fee application by counsel to a chapter 11 debtor. The firm sought fees for successfully defending itself against an objection by a creditor to a prior application for compensation. The USTP's Salt Lake City office objected, asserting that the firm was barred by the Supreme Court's decision in *Baker Botts, LLP v. ASARCO, LLC*, because, in defending its fees, the firm had been representing its own interests and not the interests of the debtor. The bankruptcy court agreed with the USTP and denied nearly \$32,000 of the firm's fees.

COURT ACCEPTS USTP RECOMMENDATION FOR HEIGHTENED LEGAL STANDARD FOR FCR APPOINTMENT

The USTP's Wilmington office objected to a debtor company's proposed candidate for appointment as the future claimants' representative (FCR) in a case involving a trust to compensate those who presently, as well in the future will, suffer from asbestos disease. In its objection, the USTP argued that fiduciaries appointed in the case to represent the interests of those yet to become sick must be independent of the debtor company and the tort lawyers who represent current claimants. The USTP asked the court to adopt an open selection process that allowed consideration of other FCR candidates without conflicts, such as connections to the professionals in the case. After a two-day trial in June 2020, the Bankruptcy Court for the District of Delaware agreed with the USTP, adopting the open process and reaffirming the higher guardian ad litem standard for appointment it had advanced, and appointed the debtor's nominee under that standard.

appointment as a future claimants' representative (FCR) and, where a candidate lacks the required independence, objects and offers an alternative candidate for the court's consideration. Second, the Program objects to disclosure statements that do not adequately explain the terms of the proposed trusts and the risks to future claimants, as well as plans that lack provisions to prevent fraud and abuse or that fail to provide transparency. The USTP's litigation in this area has led to significant rulings that heighten the standard and improve the process for the court's appointment of FCRs, impose new requirements regarding the disclosure of claims history and other relevant information, and provide for the audit of trust claims.

APPELLATE PRACTICE

As the "watchdog" of the bankruptcy system, the USTP has a unique national perspective and a responsibility to promote the coherent and consistent application of bankruptcy law throughout the country. One of the most important roles the USTP plays is to identify and raise issues for review on appeal, thereby ensuring that the law is shaped, interpreted, and applied evenly in all judicial districts. When substantial rights and financial interests are affected, stakeholders large and small benefit from clear legal standards—not only in the case at hand but in the larger marketplace as well. In support of this effort, the USTP handles a large number of appeals annually, many of which have a profound and long-standing effect on the bankruptcy system.

During FY 2020, the USTP participated in 100 new appellate matters—an increase of almost 25 percent over FY 2019—that included:

- Two cases before the Supreme Court at the *certiorari* or merits stage;
- 28 appeals to the United States courts of appeals; and
- 69 appeals that the USTP handled before district courts and bankruptcy appellate panels and one where the USTP assisted the U.S. Attorney's office for the Southern District of New York.

Of the 30 appeals decided in FY 2020, the USTP's position prevailed in 29 of them, a 97 percent success rate. Many appeals arise from enforcement actions prosecuted by the USTP, but the USTP also intervenes as *amicus curiae* (friend of the court)¹⁶ in other cases.

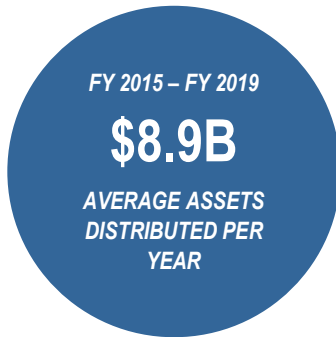


SUPREME COURT AGREES WITH THE UNITED STATES' POSITION AS *AMICUS CURIAE* AND UPHOLDS THE FINALITY OF BANKRUPTCY ORDERS DENYING RELIEF

In *Ritzen Group, Inc. v. Jackson Masonry, LLC*, the Supreme Court for the second time in successive terms addressed the finality of bankruptcy court orders. The Court unanimously agreed with the position of the United States as *amicus curiae* that a bankruptcy court's order denying a creditor's motion for relief from the automatic stay is a final, appealable order. Guided by its opinion in *Bullard v. Blue Hills Bank*, 575 U.S. 496 (2015), the Court reasoned that adjudication of a stay-relief motion "forms a discrete procedural unit" within the bankruptcy case that "yields a final, appealable order when the bankruptcy court unreservedly grants or denies relief." The decision is important for two reasons. First, it underscores that a bankruptcy case may yield more than one final order that is immediately appealable by right. Second, it confirms that orders that deny relief—here a refusal to lift the automatic stay—may be final, so final orders are not restricted to ones that grant affirmative relief. The clarity provided in *Ritzen* will greatly assist the Program in appealing adverse rulings involving significant and novel issues that might not have been subject to review previously. As in *Bullard*, the Program helped the Solicitor General's office in the briefing and arguing of this case by sharing its substantive expertise and participating in meetings with the parties and at the moot courts the Solicitor General's office conducted in preparing for oral argument.

¹⁶ When the USTP acts as *amicus curiae*, it is not a party to the case. Instead, it files a brief as a neutral party that shares its views about the legal issues presented by the appeal and its proposed solutions. Given that the USTP is a neutral party, courts often give weight to its views.

PRIVATE TRUSTEE OVERSIGHT AND ADDITIONAL USTP ACTIVITIES



U.S. Trustees appoint and supervise private trustees, who are not government employees, to serve as fiduciaries in bankruptcy cases with responsibility for administering the bankruptcy estate and distributing payments to creditors in cases filed under chapter 7, 12, and 13. These private trustees support a system that provides a fresh start to debtors and efficiently distributes assets to repay creditors, thereby assisting the national economy. They also conduct the section 341 meeting of creditors, generally the only formal proceeding in which most debtors participate during the bankruptcy process. In addition, with the passage of the SBRA,¹⁷

U.S. Trustees also recruited subchapter V trustees who are appointed on a case-by-case basis to facilitate the development of a consensual plan of reorganization by small business debtors who have elected to proceed under subchapter V of chapter 11.

Chapter 7 trustees often are referred to as “panel trustees” because the U.S. Trustee appoints them to a panel in each judicial district. Once a trustee is appointed to the panel, cases generally are assigned through a blind rotation process. The chapter 7 trustee collects the debtor’s assets that are not exempt from creditors, liquidates the assets, and distributes the proceeds to creditors. Chapter 12 and chapter 13 trustees are called “standing trustees” because, pursuant to statute, they have a standing appointment from the U.S. Trustee to administer cases within a particular geographic area. Standing trustees evaluate the financial affairs of the debtor, make recommendations to the court regarding confirmation of the debtor’s repayment plan, and administer the court-approved plan by collecting payments from the debtor and disbursing the funds to creditors.

The Program has a robust system of oversight for the private trustees that includes regular training, reviews of financial operations, and evaluation of performance to ensure the effective administration of bankruptcy estate assets.

In FY 2020, there were approximately 1,200 private trustees¹⁸ who handled the day-to-day activities of nearly 1.35 million ongoing bankruptcy cases. On average, these trustees distribute about \$8.9 billion¹⁹ annually from the assets of bankruptcy estates. As part of its oversight responsibilities in FY 2020, the USTP:

- Reviewed about 61,000 final reports to ensure that chapter 7 cases were administered in compliance with the Bankruptcy Code and funds were properly distributed to creditors and other third parties.
- Reviewed more than 1,000 interim reports prepared by chapter 7 panel and non-panel trustees to monitor their case administration progress and ongoing accountability for estate funds and other assets.
- Conducted eight field exams of chapter 7 trustees and oversaw 431 audits of chapter 7 and chapter 13 trustees designed to verify that the trustees’ accounting, reporting, and case management practices were adequate for safeguarding bankruptcy estate funds and administering bankruptcy cases.
- Reviewed 357 chapter 12 and chapter 13 FY 2020 amended and FY 2021 proposed annual budgets to ensure requested expenditures were reasonable and necessary for the administration of cases.

¹⁷ Discussed further in the section “Successful Implementation of the Small Business Reorganization Act” earlier in this report.

¹⁸ This figure includes trustees overseeing cases under chapters 7, 12, and 13; it does not include trustees overseeing cases under subchapter V of chapter 11. Currently, the USTP has recruited approximately 250 private individuals who are eligible for appointment as a subchapter V trustee in small business cases in which the debtor has elected treatment under the SBRA.

¹⁹ This figure is the average total trustee distributions per year over the previous five years (FY 2015 – FY 2019).

ASSISTANCE FOR INDIVIDUALS WITH LIMITED ENGLISH PROFICIENCY

To help ensure that individuals with limited English proficiency can fully participate in the statutory section 341 meetings of creditors where debtors testify under oath, the Program offers free telephonic interpreter services at these meetings as needed.

In FY 2020, more than 13,000 calls were made for interpreter services in over 70 languages. The top three languages requested were Spanish, Korean, and Vietnamese (Figure 5).

CREDIT COUNSELING AND DEBTOR EDUCATION

To ensure that consumers are aware of alternatives to bankruptcy and to provide tools to avoid future financial problems when they exit bankruptcy, the Bankruptcy Code requires individual debtors to receive credit counseling (including a discussion of options outside of bankruptcy) before filing and to complete a personal financial management education course before receiving a discharge of debts.

The USTP is responsible for the approval of providers who meet statutory qualifications to offer the pre-filing credit counseling and pre-discharge debtor education services to individual debtors. Providers must submit an initial application that is approved for a preliminary six-month period and, thereafter, must re-apply annually for approval. In FY 2020, the Program reviewed 206 new and renewal applications for approval and, as of September 29, 2020, there were 86 approved credit counseling agencies and 141 approved debtor education providers.

Debtors primarily elect to take their credit counseling and debtor education via the Internet, although services also are available by telephone or in-person in many districts (Figure 6). These services are available at an average combined cost of less than \$40. In addition, around 10 percent of services are provided at no or reduced cost.

FIGURE 5: LANGUAGES REQUESTED FOR INTERPRETER SERVICES

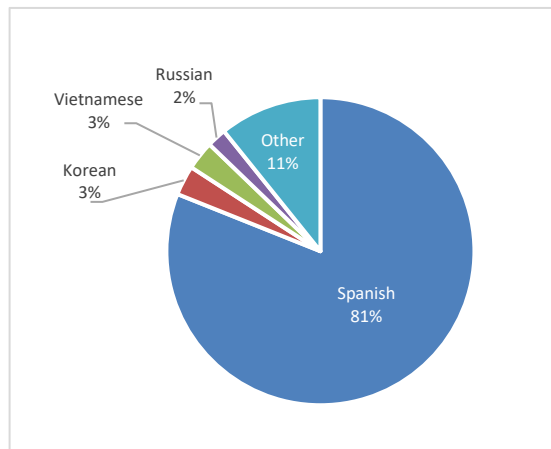


FIGURE 6: DELIVERY METHOD FOR SERVICES RECEIVED, FY 2020

Type of Service	In-Person	Telephone	Internet
Credit Counseling	0.2%	11.1%	88.7%
Debtor Education	1.0%	9.2%	89.8%

U.S. TRUSTEE PROGRAM NATIONWIDE OFFICE LOCATOR

Please visit our Web site at www.justice.gov/ust for office phone numbers and addresses.

EXECUTIVE OFFICE FOR U.S. TRUSTEES

Washington, D.C.

REGIONS, JUDICIAL DISTRICTS, AND FIELD OFFICES

Region 1

District of Massachusetts
Boston
Worcester

District of Maine
Portland

District of New Hampshire
Concord

District of Rhode Island
Providence

Region 2

Southern District of New York
New York

Eastern District of New York
Central Islip

Northern District of New York
Albany
Utica

Western District of New York
Buffalo
Rochester

District of Connecticut
New Haven

District of Vermont
Covered by the Albany
office

Region 3

*Eastern District of
Pennsylvania*
Philadelphia

Middle District of Pennsylvania
Harrisburg

*Western District of
Pennsylvania*
Pittsburgh

District of Delaware
Wilmington

District of New Jersey
Newark

Region 4

District of South Carolina
Columbia

District of Maryland
Baltimore
Greenbelt

Eastern District of Virginia
Alexandria
Norfolk
Richmond

Western District of Virginia
Roanoke

*Southern District of West
Virginia*
Charleston

*Northern District of West
Virginia*
Covered by the Charleston
office

District of Columbia
Covered by the Alexandria
office

Region 5

Eastern District of Louisiana
New Orleans

Middle District of Louisiana
Covered by the New
Orleans office

Western District of Louisiana
Shreveport

Southern District of Mississippi
Jackson

Northern District of Mississippi
Covered by the Jackson
office

Region 6

Northern District of Texas
Dallas

Eastern District of Texas
Tyler

Region 7

Southern District of Texas
Houston
Corpus Christi

Western District of Texas
Austin
San Antonio

Region 8

Western District of Tennessee
Memphis

Middle District of Tennessee
Nashville

Eastern District of Tennessee
Chattanooga

Eastern District of Kentucky
Lexington

Western District of Kentucky
Louisville

Region 9

Northern District of Ohio
Cleveland

Southern District of Ohio
Cincinnati
Columbus

Eastern District of Michigan
Detroit

Western District of Michigan
Grand Rapids

Region 10

Southern District of Indiana
Indianapolis

Northern District of Indiana
South Bend

Central District of Illinois
Peoria

Southern District of Illinois
Covered by the Peoria office

Region 11

Northern District of Illinois
Chicago

Eastern District of Wisconsin
Milwaukee

Western District of Wisconsin
Madison

Region 12

Northern District of Iowa
Cedar Rapids

Southern District of Iowa
Des Moines

District of Minnesota
Minneapolis

District of North Dakota
Covered by the Minneapolis
office

District of South Dakota
Covered by the Des Moines
office

Region 13

Western District of Missouri
Kansas City

Eastern District of Missouri
St. Louis

District of Nebraska
Omaha

Eastern District of Arkansas
Little Rock

Western District of Arkansas
Covered by the Little Rock
office

Region 14

District of Arizona
Phoenix

Region 15

Southern District of California
San Diego

District of Hawaii
Honolulu

District of Guam
Covered by the Honolulu
office

*District of the Northern
Mariana Islands*
Covered by the Honolulu
office

Region 16

Central District of California
Los Angeles
Riverside
Santa Ana

Region 17

Northern District of California
San Francisco
San Jose

Eastern District of California
Fresno
Sacramento

District of Nevada
Las Vegas
Reno

Region 18

Western District of Washington
Seattle

Eastern District of Washington
Spokane

District of Oregon
Portland
Eugene

District of Idaho
Boise

District of Montana
Great Falls

District of Alaska
Covered by the Seattle
office

Region 19

District of Colorado
Denver

District of Utah
Salt Lake City

District of Wyoming
Cheyenne

Region 20

District of Kansas
Wichita

District of New Mexico
Albuquerque

Northern District of Oklahoma
Tulsa

Western District of Oklahoma
Oklahoma City

Eastern District of Oklahoma
Covered by the Tulsa office

Region 21

Northern District of Georgia
Atlanta

Middle District of Georgia
Macon

Southern District of Georgia
Savannah

Northern District of Florida
Tallahassee

Middle District of Florida
Orlando
Tampa

Southern District of Florida
Miami

District of Puerto Rico
San Juan

District of the Virgin Islands
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office