
FOREWORD

The United States Trustee Program is pleased to present the first in a series of reports on bankruptcy statistics. This report focuses on bankruptcy cases filed under chapter 7 of title 11 of the United States Code (the “Bankruptcy Code”). To provide background and context, the report begins by presenting information concerning bankruptcy filings during **2001-2018**, with a specific focus on chapter 7 filings. The remainder of the report provides a comprehensive look at the chapter 7 cases that resulted in distributions to creditors (“asset cases”) during **2001-2018**.

The United States Trustee Program is a component of the U.S. Department of Justice responsible for supervising the administration of bankruptcy cases. Among their duties, the United States Trustees appoint and supervise the panels of private trustees who administer chapter 7 bankruptcy cases. A map detailing the regions and offices is attached as Appendix A.

We gratefully acknowledge the contributions of many individuals who participated in the writing, editing, and production of this report. This report should serve well to educate, enlighten, and we hope, spark discussion and further analysis.

Signature – June 2019

- Increased the size of PR; added bounding box and label.

KEY TERMS

CHAPTER 7 TRUSTEE: The chapter trustee is a private individual appointed by the United States Trustee to represent the best interests of the chapter 7 estate. A chapter 7 trustee is appointed in every chapter 7 case. The trustee serves as a fiduciary for the chapter 7 estate and is not a government employee. The trustee liquidates estate assets, distributes the proceeds to creditors, and is otherwise generally responsible for maximizing the return to creditors. Among the duties set forth in 11 U.S.C § 704¹, the chapter 7 trustee must:

- Collect and reduce to money the property of the estate and close the estate as expeditiously as is compatible with the best interests of the parties in interest;
- Be accountable for all property received;
- Ensure that the debtor performs his intention with respect to retention or surrender of property;
- Investigate the financial affairs of the debtor;
- If a purpose would be served, examine proofs of claim and object to the allowance of any claim that is improper;
- If advisable, oppose the discharge of the debtor;
- Unless the court orders otherwise, furnish such information concerning the estate and the estate's administration as is requested by a party in interest;
- In business cases, file periodic reports and summaries of the operation of such business; and
- Make final reports and final accounts of estate administration with the United States Trustee and the court.

Trustee compensation and the reimbursement of actual, necessary expenses are governed by § 330 of title 11, subject to the maximum percentages of §326. A trustee often employs professionals, including attorneys, accountants, appraisers, and auctioneers, “to represent or assist the trustee.” A trustee may also employ himself/herself as an attorney or accountant for the trustee. Professionals are awarded compensation for actual and necessary services and reimbursement for actual and necessary expenses, pursuant to § 330. All employment determinations and compensation to trustees and professionals are subject to approval by the Bankruptcy Court.

¹ Unless otherwise noted, all statutory references hereafter refer to the Bankruptcy code, title 11 of the United States Code.

KEY TERMS

CREDITORS: Creditors in a bankruptcy case, in general, are individual and entities having claims against the debtor that arose before the bankruptcy petition was filed. Secured claims are protected by collateral and generally are first in line for distribution (up to the value of the secured asset; any unpaid amounts are treated as unsecured claims). After secured claims are paid, the order of payment is as follows:

- Costs of chapter 7 administration, including allowed trustee fees, professional fees, certain post-petition claims, and costs and fees assessed under chapter 123 of title 28, followed by unpaid allowed administrative expenses incurred in a chapter 11, 12, or 13 case that converted to chapter 7.
- Priority unsecured claims such as taxes and unpaid wages; and
- General unsecured claims.

Funds left over after all creditor claims have been satisfied are paid to the debtor. Further information about the order of payment to creditors can be found in §§507 and 726 of the Bankruptcy Code.

Unless otherwise noted, all references in this report to “creditors” include secured, priority unsecured, and general unsecured creditors.

ASSET CASE: In this report, an asset case is any case closed under chapter 7 in which the trustee collected and distributed funds.

NO-ASSET CASE: In this report, a no-asset case is any case closed under chapter 7 in which no funds were collected and distributed by the trustee.

SUMMARY OF RESULTS

ASSET CASES²:

- ◆ A total of **949,491** asset cases were closed during the **eighteen-year period**.
- ◆ Asset case closings **increased for 6 straight years, from 2001-2007, then decreased for six straight years, from 2013-2018, and totaled 32,554 in 2018³.**

RECEIPTS

- ◆ More than **\$44 billion** was collected in the asset cases closed during the **eighteen-year** period.
- ◆ Total receipts were relatively stable from year to year, ranging from a low of about **\$1.25 billion in 2002**, to a high of **\$3.47 billion in 2015**.

SIZE OF CASES

- ◆ The proportion of small, medium, and large asset cases closed each year is stable.
- ◆ From **2001-2014**, a majority of asset cases were rather small – involving less than \$5,000 in receipts.
- ◆ *In 2015, the number of **medium cases (25,608)** and **small cases (25,609)** were almost equal.*
- ◆ *In 2016, 2017 and 2018, the number of **medium asset cases (ranging between \$5,000 and \$500,000)** exceeded the number of **small asset cases**.*
- ◆ Each year, between **361** and **879** asset cases with over \$500,000 in receipts were closed. These large cases account for more than one half of the receipts in all chapter 7 asset cases.

² As noted elsewhere in this report, Alabama and North Carolina are served by Bankruptcy Administrators and are not part of the United States Trustee Program. The case filing data presented herein is compiled from data published by the Administrative Office of the United States Courts and includes Alabama and North Carolina. The closed asset case data is collected by the United States Trustee Program and excludes Alabama and North Carolina

³ Unless otherwise noted, all statistics reflect calendar year data.

SUMMARY OF RESULTS

CONVERTED CASES:

- ◆ Approximately XX% of the asset cases closed during the **eighteen – year** period were originally filed under another chapter of the Bankruptcy code.
- ◆ Converted cases account for a disproportionate share of total receipts in asset cases.

PAYMENT TO CREDITORS:

- ◆ During the **eighteen – year** period, **\$12.9 billion** was disbursed to secured creditors, **\$1.97 billion** to priority creditors, and **\$11.6 billion** to general unsecured creditors.
- ◆ The proportion of asset cases in which no money was distributed to creditors has *decreased substantially* in recent years.

DISTRIBUTIONS BY CASE SIZE:

- ◆ The proportion of receipts distributed to all creditors does not vary much by case size.
- ◆ Distributions to unsecured creditors are proportionally greater in the smaller cases.

PROFESSIONAL FEES AND EXPENSES:

- ◆ Approximately **\$5 billion** was disbursed as fees and expenses for trustees and professionals over the **eighteen – year** period.
- ◆ The percent of total receipts consumed by trustee and professional fees and expenses does not vary much by case size. Generally, these items run *30 to 40 percent* of total receipts.
- ◆ Statutory fee increases and filing increases have substantially increased the total amount paid to case trustees in recent years.
- ◆ The proportion of total receipts used for attorney fees and other professional costs tends to be lower in very small cases and very large cases.

SUMMARY OF RESULTS

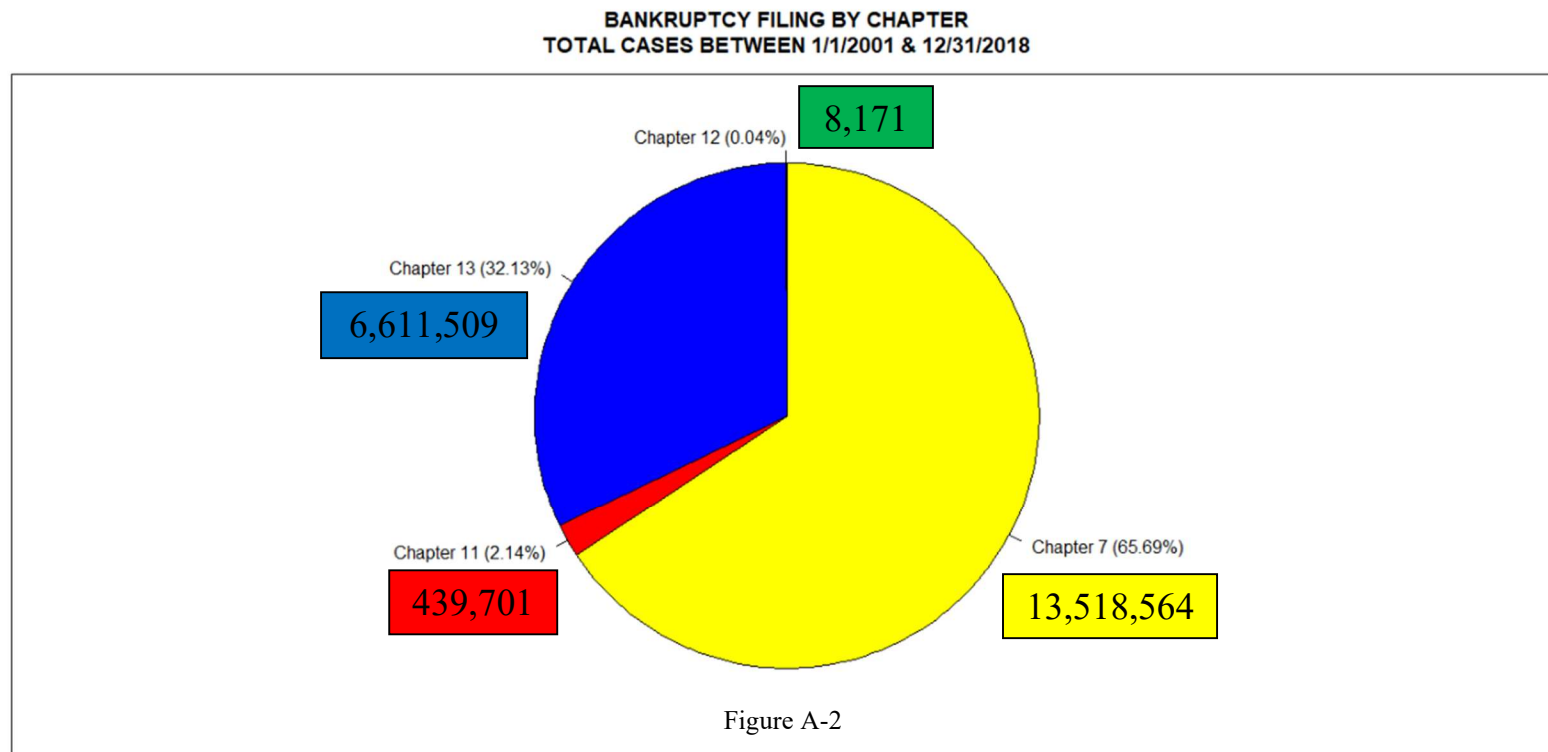
AGE OF CASES:

- ◆ The number of asset cases open more than 3 year and more than 10 years has been REDUCED SUBSTANTIALLY in recent years.
- ◆ Large asset cases require substantially more time to administer than small asset cases.

BANKRUPTCY FILINGS

FILINGS BY TYPE: Most bankruptcies are filed under one of four chapters of the Bankruptcy Code: chapter 7 liquidation, chapter 11 reorganization, chapter 12 family farmer, and chapter 13 repayment plan. Chapter 7 bankruptcy is a liquidation proceeding available to consumers and businesses. Those assets of a debtor that are not statutorily exempt from creditors on the date of filing are collected and liquidated (reduced to money), and the proceeds are distributed to creditors. Individuals receive a complete discharge from debt under chapter 7, except for certain debts that are either prohibited from discharge by the Bankruptcy Code or determined to be nondischargeable by a court.

As shown below, nearly all bankruptcy cases are filed under either chapter 7 or chapter 13. Chapter 7 cases made up nearly **66 percent** of the bankruptcy filings during **2001 to 2018**, and chapter 13 cases comprised nearly **32 percent** of filings. Chapter 11 filings have **decreased by 37 percent since 2001**, and now comprise **2.14 percent** of total filings. Chapter 12 filings accounted for a miniscule proportion of total bankruptcy filings.



CHAPTER 7 FILINGS: A total of **475,575** chapter 7 cases were filed during calendar year **2018**, a decline of **2.2%** from **2017**, and **71.33%** from the peak year of 2005 when **1, 659, 017** cases were filed. The following chart shows chapter 7 filings nationwide by year since **2001**. (See Appendix B for a detailed listing of chapter 7 filings by state and year.)

**CHAPTER 7 CASE FILINGS
CALENDAR YEARS 2001 - 2018**

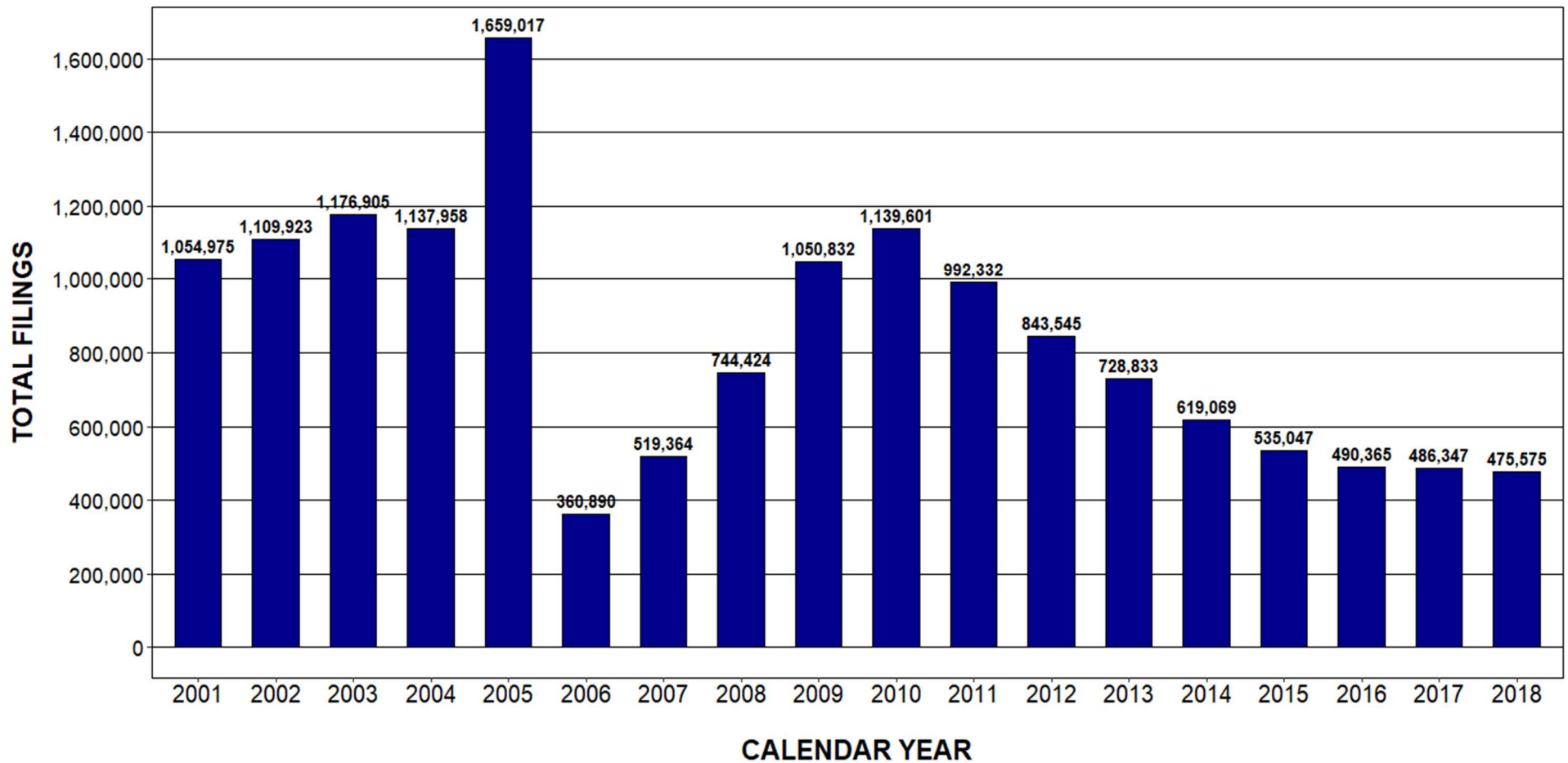


Figure A-2

FILING TRENDS BY STATE: Chapter 7 filings **decreased** by **54.9%** between **2001** and **2018**. Although filings **decreased** in every state during this period, the rate of **decrease** varied by state. The **US Virgin Islands (- 85.37%)**, **Hawaii (-77.2%)**, and **Louisiana (-75.9%)** recorded the **largest proportional decreases** in chapter 7 filings during this period. In contrast, in **15** states the decrease during this period was less than 50 percent. **Puerto Rico (-21.8%)**, **Delaware (-27.89%)**, and **Georgia (-30.34%)** have had the smallest percentage **decreases** in chapter 7 filings since **2001**. As the following map shows, there was no strong geographic pattern to the filing trends.

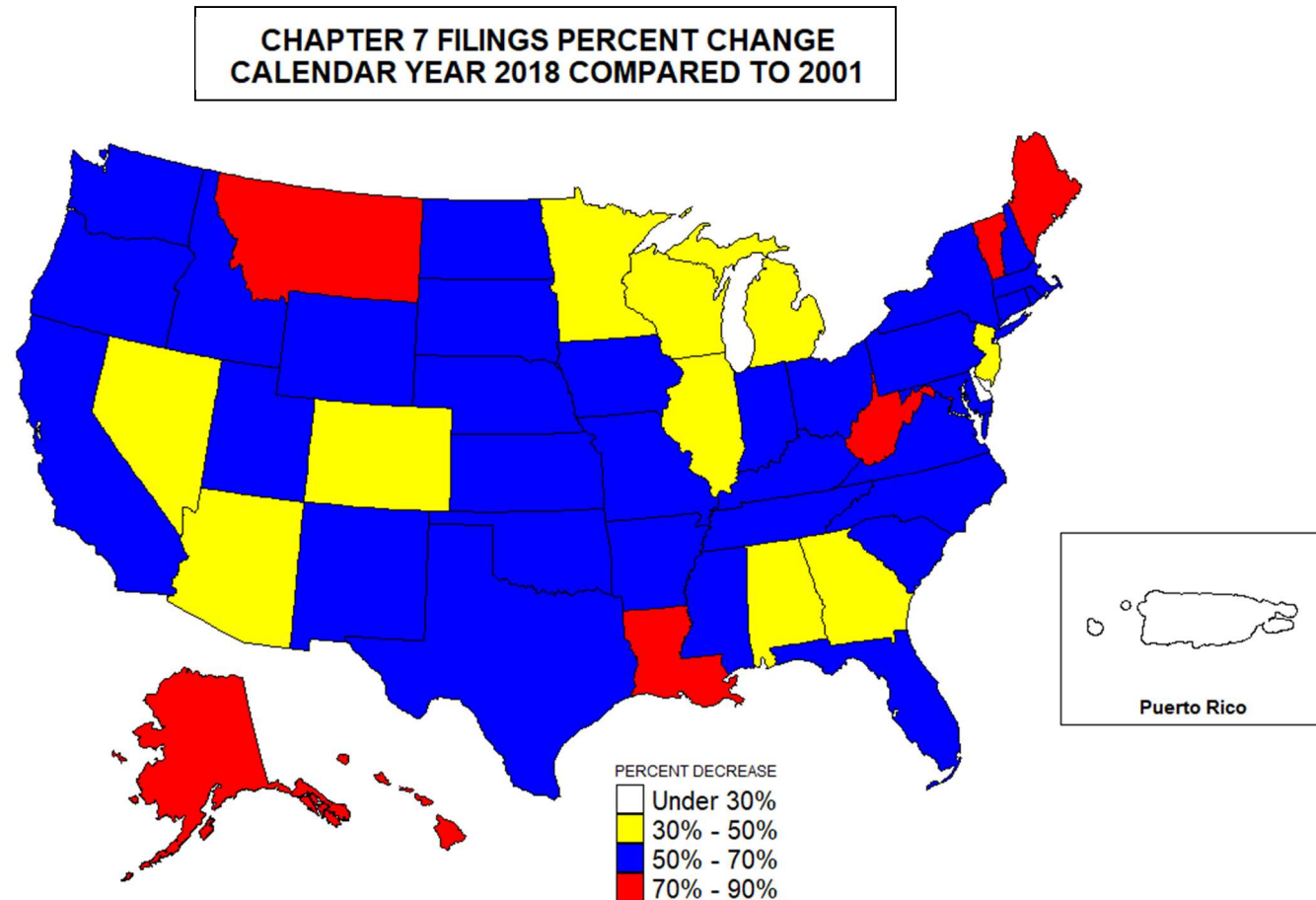


Figure A-3

GEOGRAPHIC FILING TRENDS: As noted above, there was no geographic pattern to the total filing **decreases** recorded between **2001** and **2018**. Additionally, year-by-year there has been little geographic difference in chapter 7 filing trends. As the maps that follow show, filings decreased in nearly every state during [YEARS], and increased substantially in every state between [YEARS]

CLOSED ASSET CASES

ASSET CASES: Historically, the vast majority (about 95 -97 percent) of chapter 7 cases yield no assets. Nonetheless, chapter 7 trustees and United States Trustees are vigilant in their efforts to maximize the assets available for distribution to creditors.

The remainder of this report presents detailed information about the **949,491⁴** cases that were closed as asset cases during 2001 to 2018. Nearly all of the cases closed during this period were originally filed in the **XXXXs and XXXXs**. While most asset cases are closed within one to four years after filing, the larger cases may take longer to close.

As shown on the following chart, annual asset case closings have **increased** from **2001 to 2007** and **decreased from 2013 to 2017**. Total asset case closings in **2018** were XX percent above the number closed in **2001**.

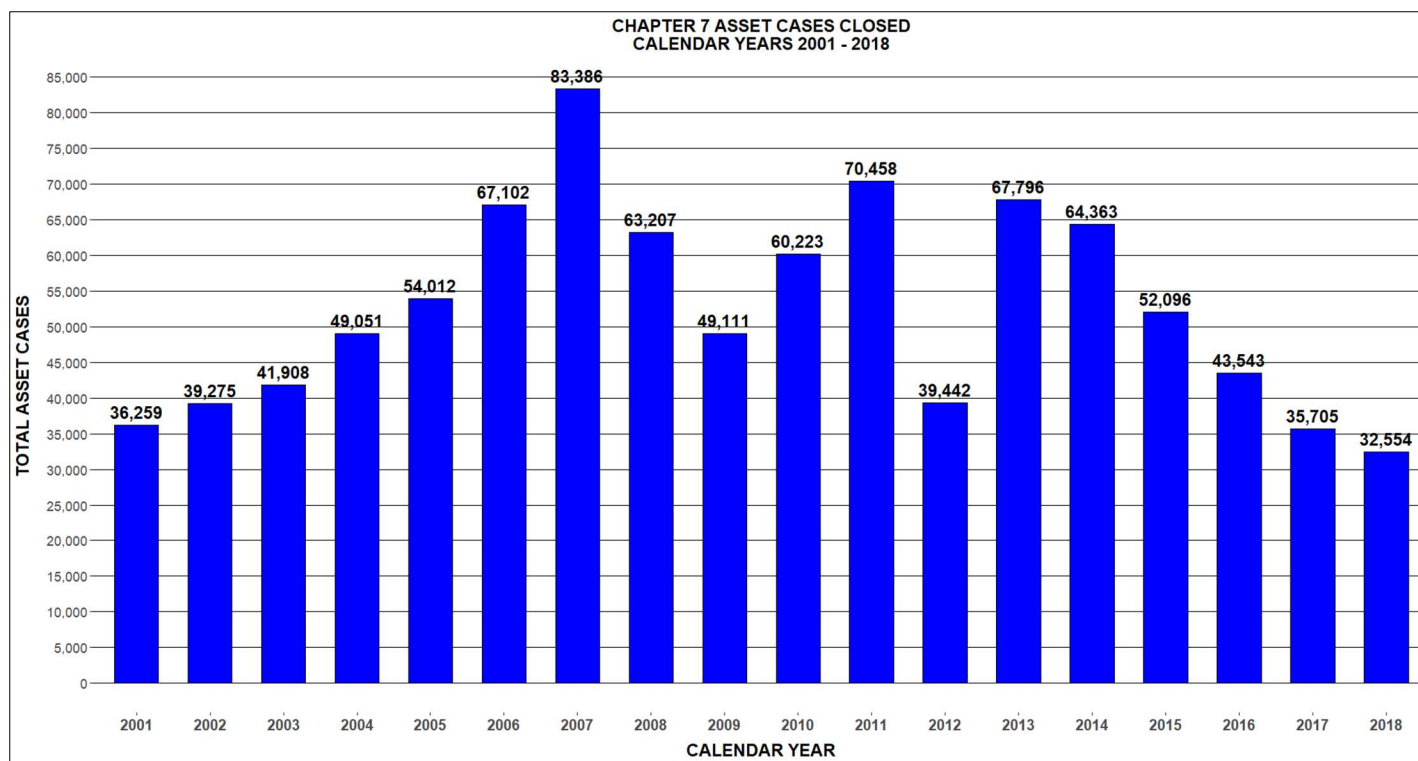
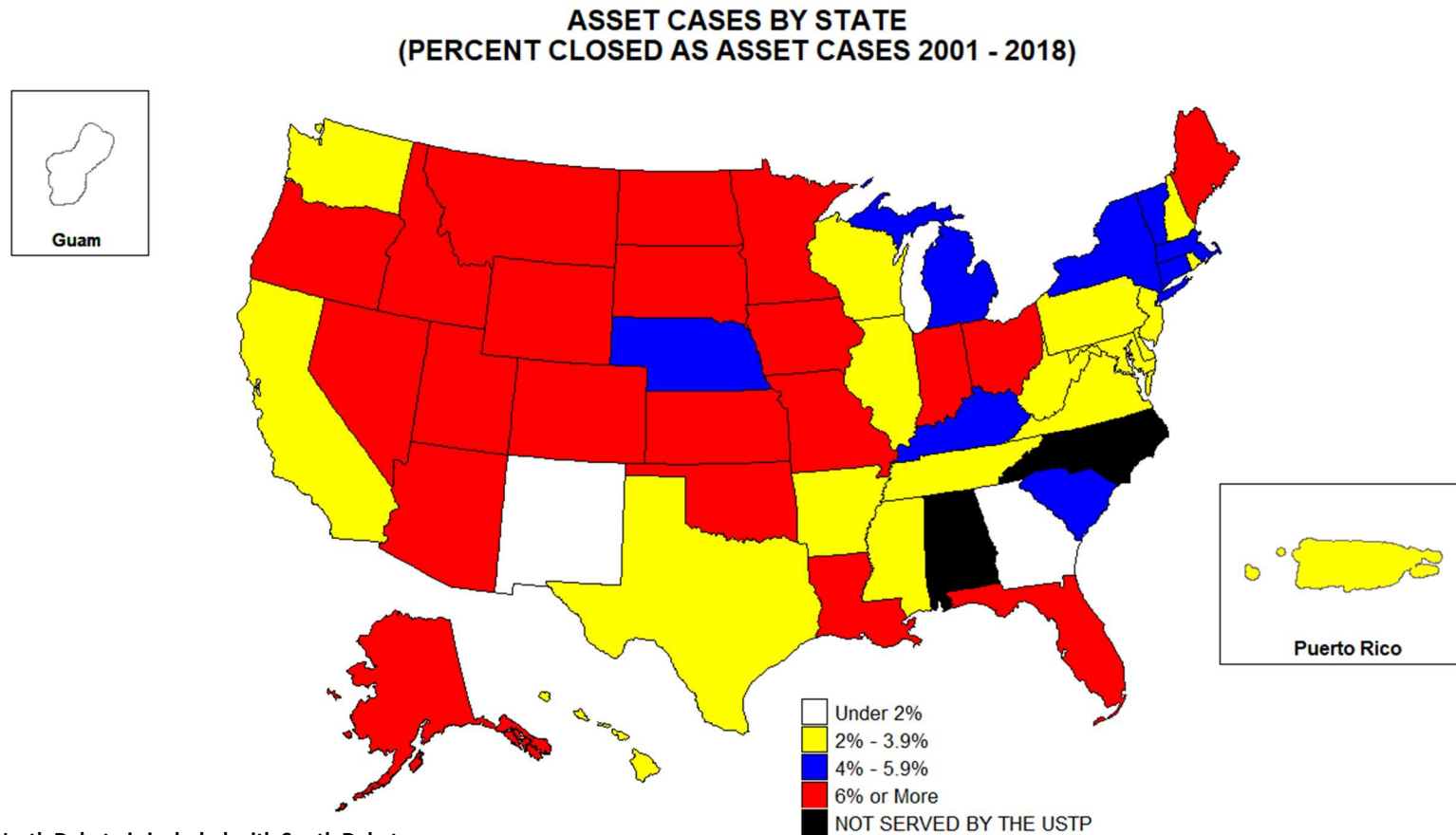


Figure B-1

⁴ This figure does not include asset cases closed in North Carolina and Alabama, which are served by Bankruptcy Administrators.

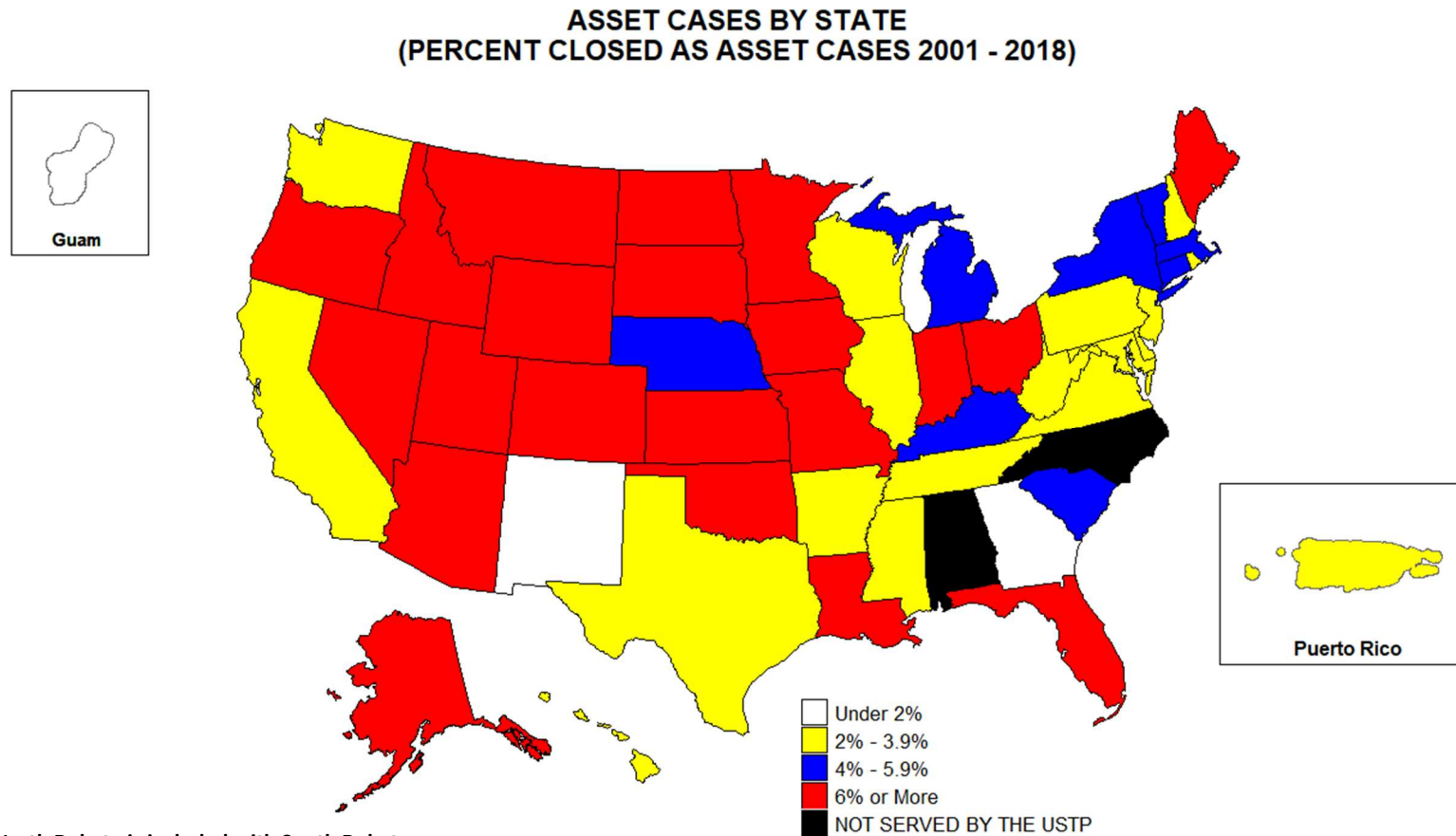
ASSET CASES BY STATE: Generally, states with the highest populations (such as California, New York, and Florida) have had the highest volumes of asset cases closed. There is, however, wide variation among the states in the proportion of chapter 7 cases that are closed as asset cases. This is due, in part, to the fact that the exemptions allowed debtors are not identical from state to state, and that the exempt amounts have a significant effect on the number of asset cases, the average case size, and the types of assets administered.



Note: North Dakota is included with South Dakota,
Delaware is included with Pennsylvania,
Washington D.C. is included with Virginia, and
Vermont is included with New York

Figure B-2

PERCENT CLOSED AS ASSET CASES , BY STATE: It is not possible to get a precise figure for the percentage of chapter 7 case filings that yield assets because asset cases take so much longer to complete than no asset cases, and many asset cases were originally filed under chapter 11 or chapter 13. Nevertheless, a reasonable estimate of asset case proportions can be obtained by dividing total chapter 7 filings in each state for the last **eighteen years** by asset cases closed during this period. Nationwide, the figure is about XX%. The following map shows the estimated percentage of asset cases by state. Appendix C shows total asset cases and receipts by state and year.



Note: North Dakota is included with South Dakota,
Delaware is included with Pennsylvania,
Washington D.C. is included with Virginia, and
Vermont is included with New York

Figure B-3

TOTAL RECEIPTS: The **949,491** asset cases closed between **2001** and **2018** generated more than **\$44 billion** in gross receipts. The amount collected during each year have been relatively stable, ranging from a low of **\$1.25 billion in 2002** to a high of **\$3.48 billion in 2015**.

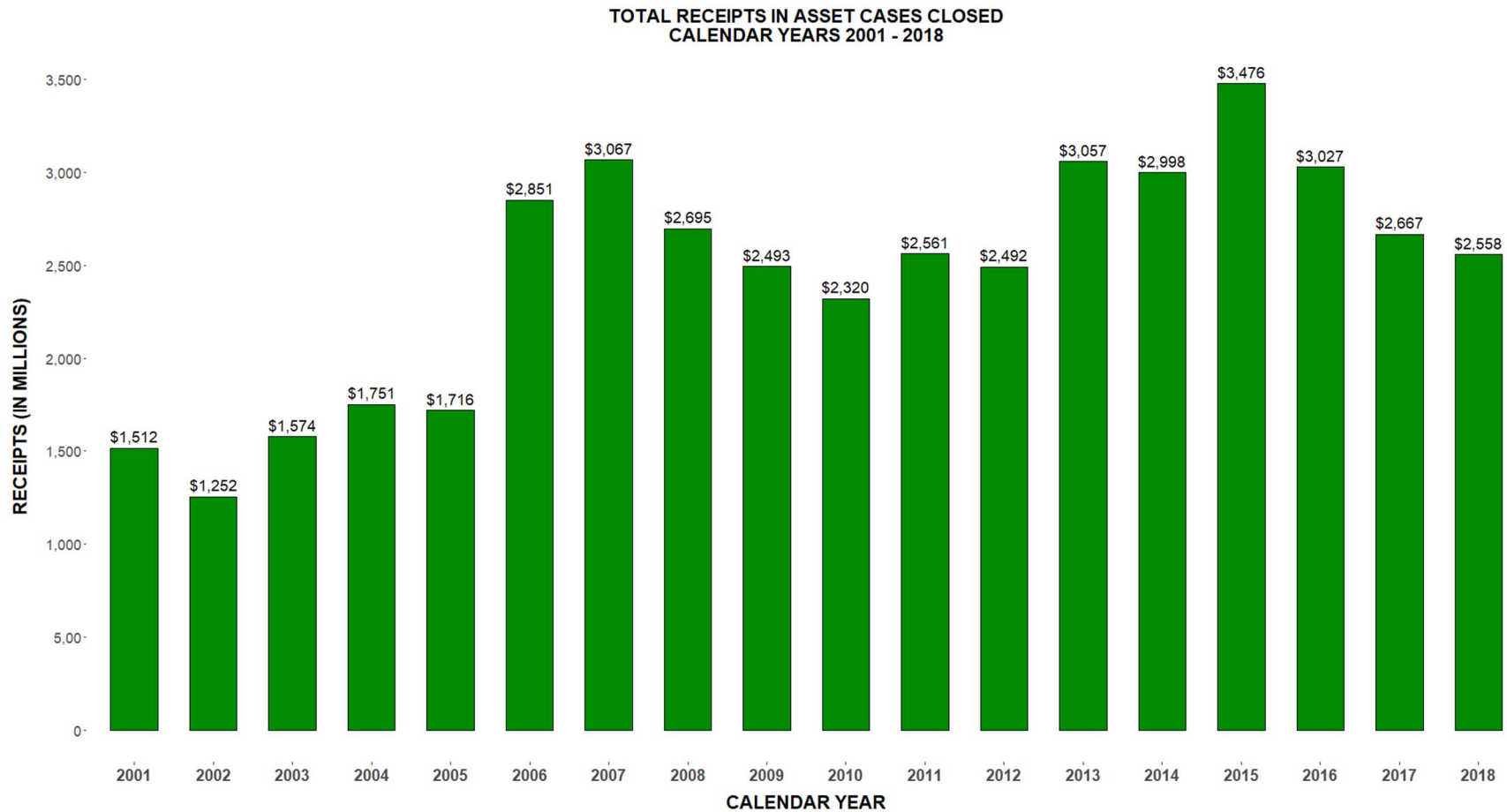


Figure B-4

SIZE OF CASES: the majority of asset cases have receipts of less than \$5,000. Between **2001** and **2018**, there were **over 528,000** cases with receipts less than \$5,000. These account for nearly **55.7 percent** of the asset cases closed during the period, but only **3.1 percent (\$1.37 billion)** of the receipts. In contrast, cases with receipts greater than \$500,000 (**12,002 cases** or **1.26 percent** of all asset cases) generated **61.2 percent** of total receipts during the period. Nearly one half of these very large cases were originally filed as chapter 11 cases.

VERY LARGE ASSET CASES: **content to be added soon** **this is NOT the final version of the graphic**

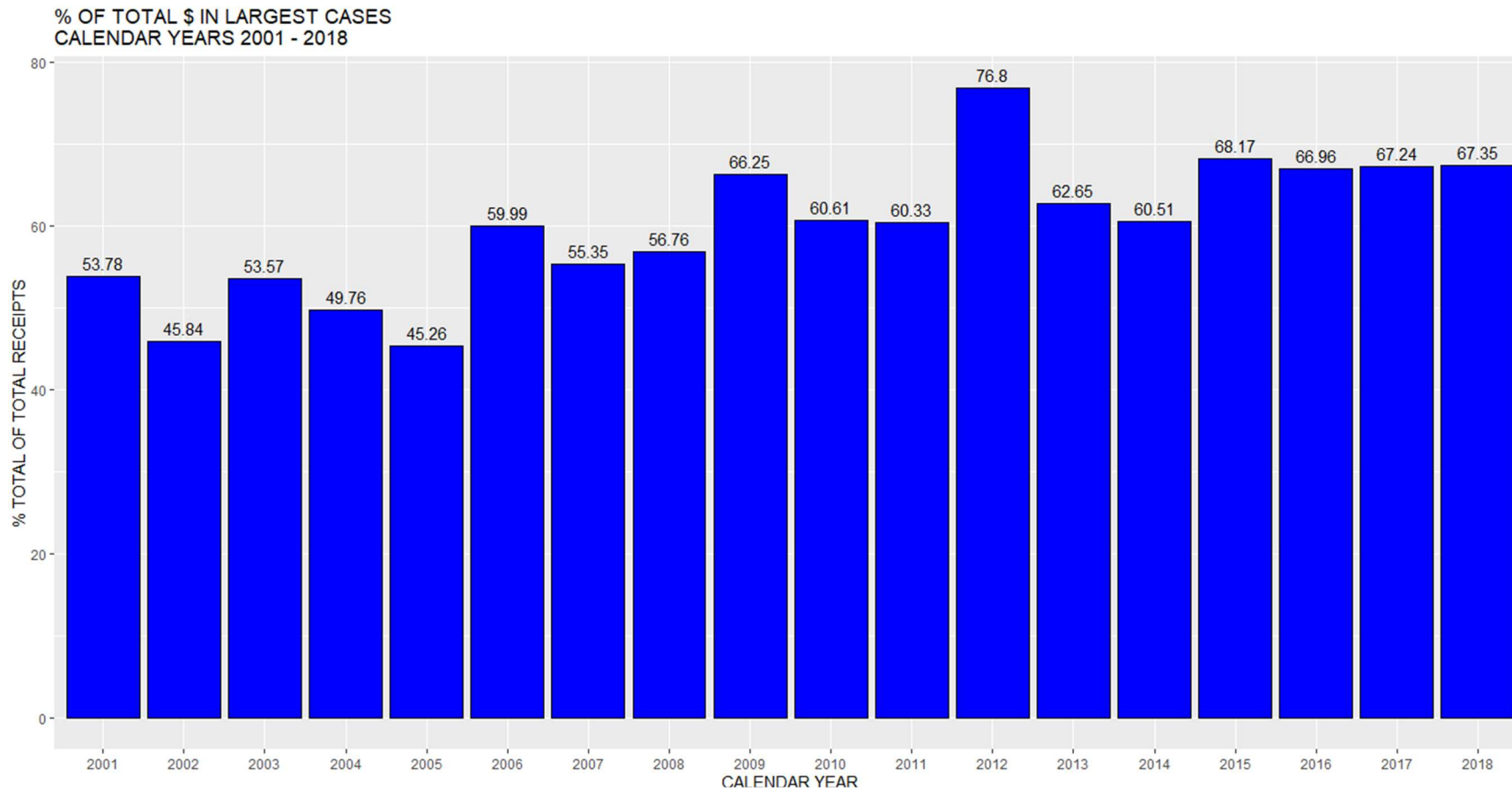


Figure B-7

TOTAL DISBURSEMENTS: **content to be added soon**

| ASSET CASES CLOSED | | | | |
|---|--------------------|-------|------------------|-------|
| <i>(All Figures in Millions, Except Asset Cases Closed)</i> | | | | |
| | 2001 - 2018 | | 2018 ONLY | |
| TOTAL ASSET CASES CLOSED | 949,491 | | 32,554 | |
| TOTAL RECEIPTS | \$44,067 | | \$2,558 | |
| Trustee Compensation | \$2,381 | 5.4% | \$119 | 4.6% |
| Trustee Attorney Fees | \$1,431 | 3.2% | \$90 | 3.5% |
| Other Trustee Fees & Expenses | \$3,803 | 8.6% | \$261 | 10.2% |
| Other Attorney Fees | \$128 | 0.3% | \$15 | 0.6% |
| Other Professional Fees & Expenses | \$1,623 | 3.7% | \$106 | 4.2% |
| Administrative Costs | \$3,913 | 8.9% | \$164 | 6.4% |
| Prior Chapter Costs | \$1,145 | 2.6% | \$46 | 1.8% |
| Secured Creditors | \$12,914 | 29.3% | \$938 | 36.7% |
| Priority Creditors | \$1,965 | 4.5% | \$84 | 3.3% |
| Unsecured Creditors | \$11,629 | 26.4% | \$544 | 21.3% |
| Other Disbursements | \$3,036 | 6.9% | \$191 | 7.5% |

Figure B-9

CASES THAT YIELD NO DISTRIBUTIONS TO CREDITORS: About **2.6 percent (24,980 cases)** of the asset case closures during **2001 to 2018** resulted in no distribution to secured, priority, or general unsecured creditors. Generally, these cases involve small amounts of money. The gross receipts generated in these cases totaled **\$814 million** (less than **2 percent** of total receipts in all cases). Of this amount, **\$314 million** went for administrative and prior chapter costs, **\$312.6 million** was disbursed to trustees and their firms, **\$68.9 million** went to other professionals, and the remaining **\$84.1 million** went to others.

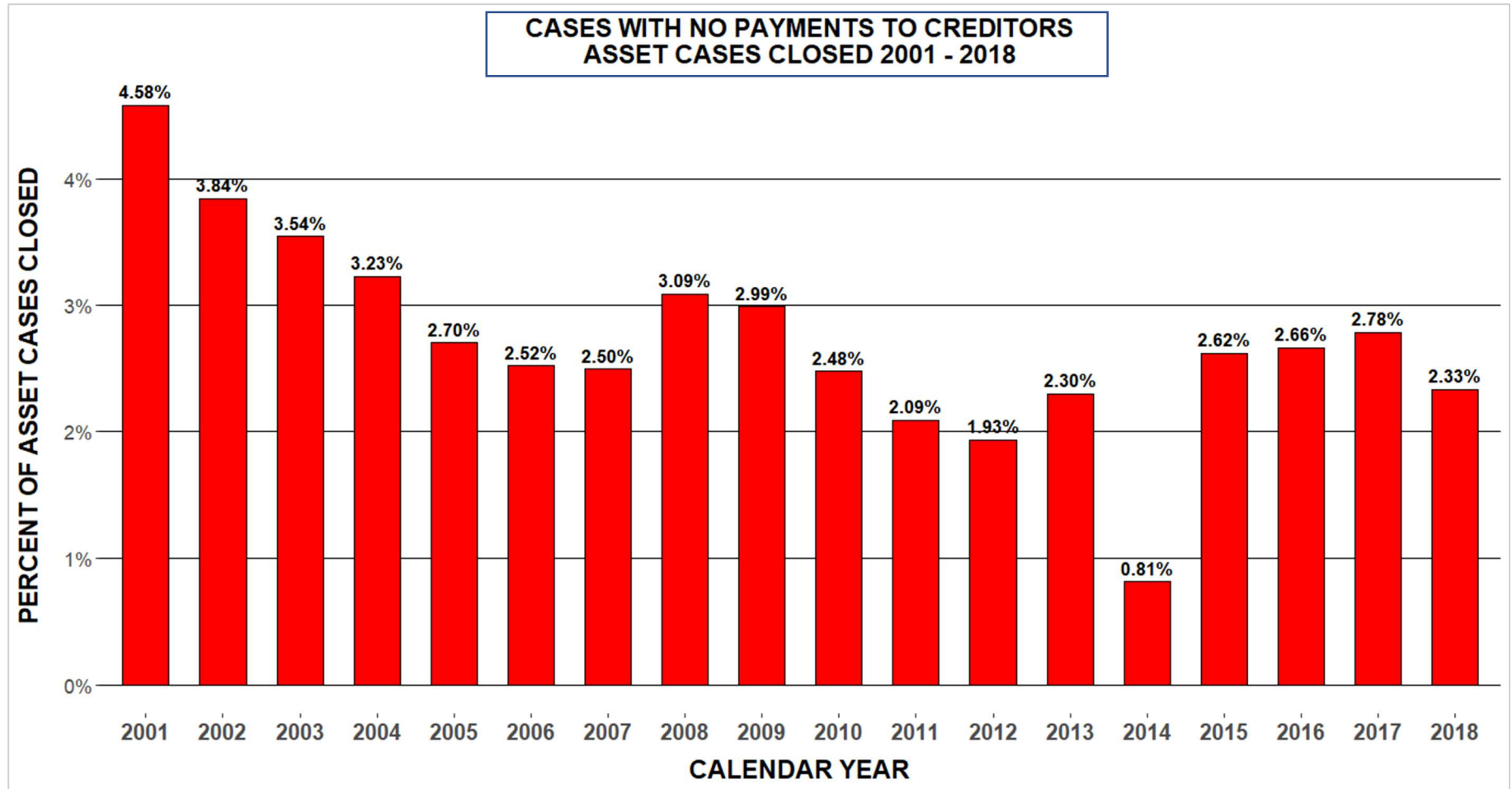


Figure B-10

TRUSTEE COMPENSATION: Trustees can receive income from chapter 7 asset cases in two ways: (1) compensation for services rendered as trustee awarded by the court under 11 U.S.C. § 330, up to the maximum allowed per 11 U.S.C. § 326, plus reimbursement for actual, necessary expenses; and (2) compensation for services rendered as a professional when the trustee retains himself or herself as attorney or accountant for the trustee. Of the \$XXX million that went to trustees in asset cases, \$XXX million (XX%) represents compensation for professional services, and \$XXX million (XX%) represents trustee compensation. Additionally, trustees receive \$60 from the filing fee for each assigned case (\$45 per case prior to October 1995). This fee is payable in both asset and no asset cases. The following chart shows total compensation to chapter 7 trustees by year since **2001**. During that time their total compensation has *nearly doubled*. Part of this *increase* is due to the fact that Congress increased the maximum allowable compensation for trustee services for cases filed after October 22, 1994.

DISTRIBUTIONS BY CASDE SIZE: The percent of total receipts that were distributed to creditors (secured, priority, and general unsecured) does not vary much by size of case. Distributions ranged from a low of XX.X percent (cases in the XXXXXX – XXXXXX range) to a high of XX.X percent (cases over \$XXX,XXX). There was, however, considerable difference in the proportions paid to the three categories of creditors. In the smallest cases, the largest portion was disbursed to *unsecured creditors*, while in the largest cases the distributions were mostly to *secured creditors*.

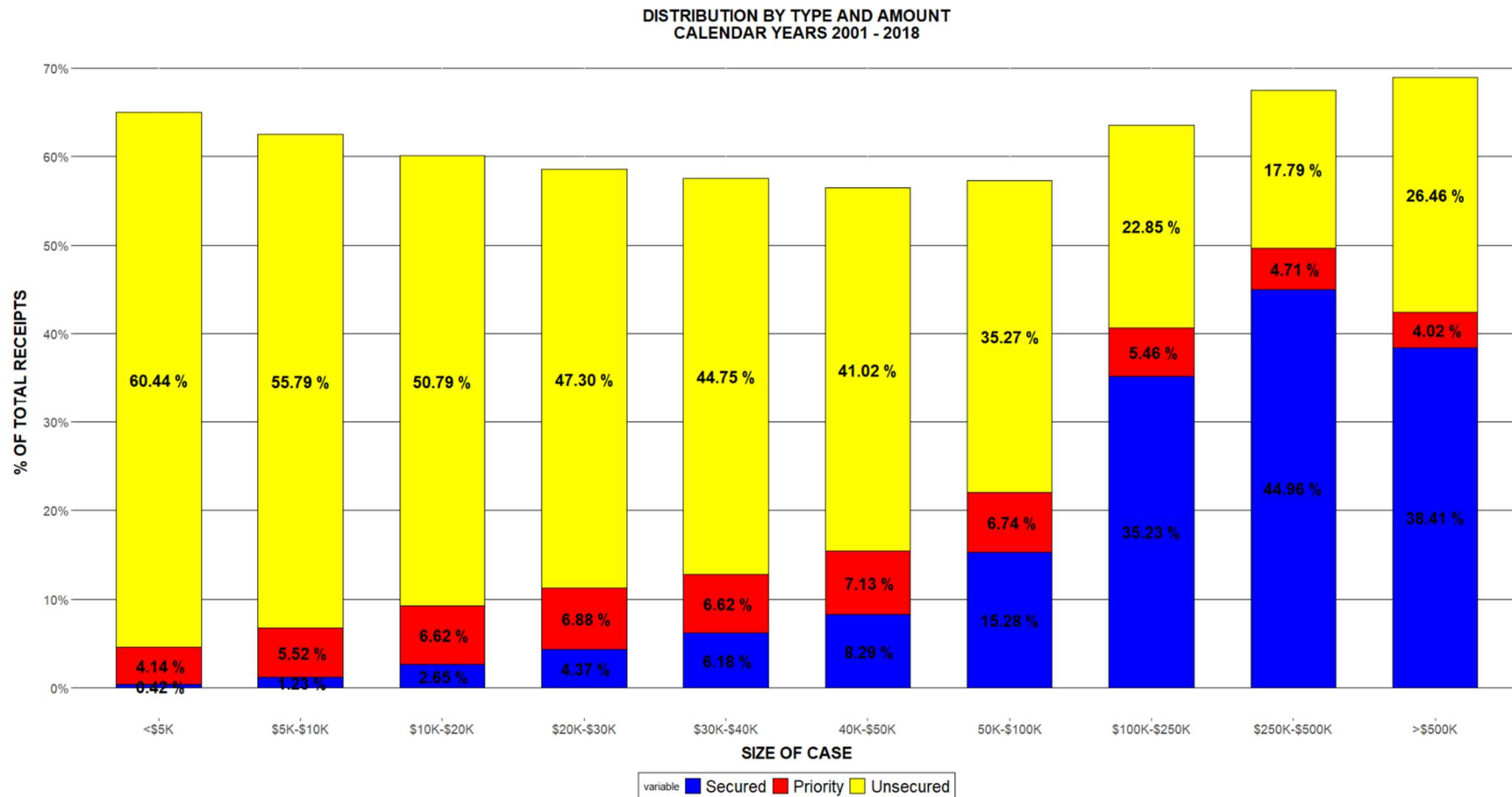


Figure B-12

PROFESSIONAL FEES BY CASE SIZE: There was some variation in the percentage of receipts that was spent on professional fees and expenses. For this comparison, fees and expenses paid to trustees who serve as case professionals are included, but trustee compensation is excluded. The proportion distributed to professionals was *relatively low* at about XX to XX percent for the very small cases (under \$5,000) and very large cases (over \$500,000). The professional fees were considerably higher for cases with receipts between these extremes, ranging from a low of XX percent, to a high of XX percent. In general, trustee attorney fees became proportionately lower as case size increased, while outside and other professional fees increased slightly with case size.

TOTAL COSTS: The picture changes somewhat when administrative costs and trustee compensation are added in. When these additional costs are included, the percentage of total professional and administrative costs in cases under \$50,000 are proportionately higher than in cases with over \$50,000 in receipts. Overall, however, the difference is not huge, ranging from a low of XX to XX percent for the largest cases to XX to XX percent in the smallest cases.

AGE OF CASES: The prompt administration of chapter 7 assets and closure of cases has been a major goal of the United States Trustee Program. The number of cases open ten or more years declined XX percent between **January 2001** and **January 2018**, from XXX cases to XXX cases. (This was down from a high of XXXX cases as of MONTH YEAR.) The number of cases open longer than three years declined from 22,404 in January 1994, to XX ,xxx in **January 2001**, and to X,XXX in **January 2018**.

AGE OF ASSET CASES AT CLOSING: Large asset cases generally require more time to complete than small asset cases. Most asset cases are closed between *one and four years after filing*. However, the large cases may not be closed for 10 or more years after filing, and nearly *one-half* of those cases were originally filed under a different chapter (see page 14). On average, cases that take more than 10 years to complete involve more than XXX times the amount of assets closed during the same year they are filed. During XXXX, there were XX cases closed with over \$1 million in receipts that had been filed prior to XXXX. These included [BIG CASE #1] and [BIG CASE #2].