

Chapter 7 Asset Cases Closed: Distribution Statistics and the Impact of Case Filing Trends

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In this article we review asset case distribution statistics from chapter 7 cases closed in Fiscal Years 2009 through 2013, and discuss the relationship between case filing trends and chapter 7 asset case distributions.

Case Closing Statistics

Number and Percentage of Asset Cases in Fiscal Year 2013

Through the end of Fiscal Year (FY) 2013, the number of asset cases closed remained very high, and for the second consecutive year case trustees administered more than 70,000 cases. Table 1 shows the total number of cases closed in each of the last five fiscal years and the percentage changes from the prior fiscal year. The slight drop in cases closed during FY 2013 followed a three-year increase in the number of cases administered.

Fiscal Year	Number	Percentage Change
2009	50,514	-27%
2010	55,623	10%
2011	69,530	25%
2012	76,277	10%
2013	70,683	-7%

Receipts and Disbursements in Asset Cases in FY 2013

Total gross receipts for FY 2013 were \$3.2 billion, but one unusually large case accounted for \$500 million of that amount. After excluding this case, FY 2013 receipts were in line with the five-year average of \$2.5 billion in receipts from FY 2009 through FY 2013.¹ The

¹ When computing the five-year average, we excluded two unusually large cases accounting for over \$1 billion and \$500 million in FY 2012 and FY 2013, respectively.

median chapter 7 asset case distributed \$4,500 in FY 2013 – the highest amount since FY 2000. In FY 2013, 60 percent of total receipts went to distributions and 40 percent went to fees and costs, with unsecured creditors receiving distributions in 89 percent of cases.

Table 2 shows the total receipts from cases closed in FY 2013; the breakdown of distributions to creditors and fees and costs, as a percentage of total receipts; and the number of cases in which distributions were made in each category.

			Percentage of Total Receipts	Number of Cases
Total Gross Receipts ²		\$3,238,324,475		70,683
Distributions	Secured Creditors	\$893,683,286	27.6	4,294
	Priority Creditors	\$99,932,968	3.1	10,354
	Unsecured Creditors	\$704,987,026	21.8	62,559
	Funds Paid to Debtor & Third Parties	\$223,466,001	6.9	19,338
Total Distributions		\$1,922,069,281	59.4	
Fees & Costs	Trustee Fees	\$173,807,250	5.4	70,414
	Trustee Legal Fee	\$99,565,925	3.1	13,662
	Other Firm's Legal Fees	\$307,039,542	9.5	8,881
	Trustee Accounting Fees	\$5,667,427	0.2	581
	Outside Professional Fees	\$87,290,538	2.7	8,771
	Administrative Costs	\$532,702,160	16.4	70,373
	Prior Chapter Costs	\$56,627,242	1.7	768
Total Fees & Costs		\$1,262,700,084	39.0	

² Due to data entry and rounding errors, disbursements for distributions and fees and costs do not equal total receipts.

Trends in Receipts and Distributions in Asset Cases

As a percentage of total receipts, payments to creditors over the last five years have remained remarkably steady, as has trustee compensation. On average, about 65 percent of total funds are distributed to creditors, with the remaining 35 percent paid for fees and costs. Secured creditors received between 26 percent and 30 percent of total receipts, general unsecured creditors received between 23 percent and 27 percent, and priority unsecured creditors received between 3.6 percent and 4.5 percent. Trustee compensation, which includes trustee attorney and professional fees, averaged just over 9 percent of total receipts over the last five fiscal years. Table 3 shows the percentage of total receipts paid, by fiscal year, to secured, unsecured and priority creditors and for trustee compensation.

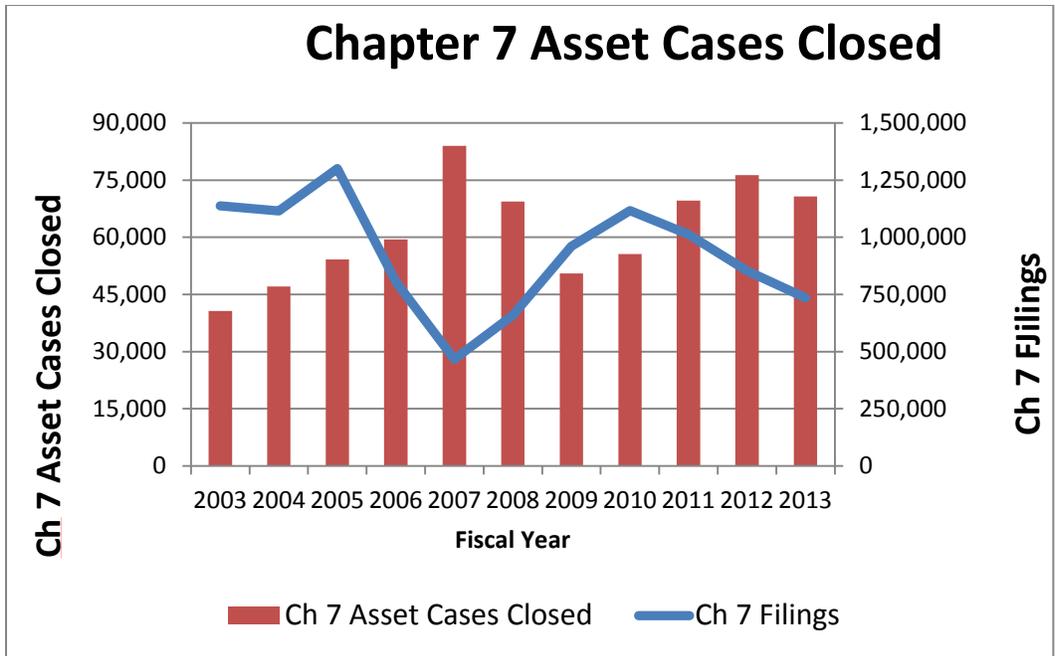
Fiscal Year	Total Receipts (in billions)	Trustee Compensation & Other Fees	Secured Creditors	Unsecured Creditors	Priority Creditors
2009	\$2.46	8.8%	26.5%	25.5%	4.1%
2010	\$2.27	8.8%	29.6%	23.2%	4.5%
2011	\$2.57	9.6%	28.7%	25.6%	3.8%
2012	\$2.69	9.7%	27.3%	27.5%	3.8%
2013	\$2.77	9.6%	30.1%	25.4%	3.6%

Case Closings and Bankruptcy Filings

For chapter 7 asset cases filed from FY 2009 through FY 2013, the average case duration was 2.3 years. As a result, chapter 7 asset case closings generally lagged about two years behind case filing trends. Chart 1 depicts bankruptcy case filings and asset cases closed by fiscal year. The chart shows that the number of chapter 7 asset cases closed rose dramatically in FY 2007, two years after an unprecedented surge in filings associated with the October 2005 effective date of the Bankruptcy Abuse Prevention and Consumer Protection Act. Bankruptcy filings peaked in FY 2010 and decreased for the past three fiscal years, followed by a corresponding decrease in chapter 7 asset case closings starting in FY 2013. We expect that case closings will continue to follow this downward trend in FY 2014 and FY 2015.

Chart 1.

³ Two cases that were outliers were removed from FY 2012 and FY 2013, which affected the percentages in each category. See footnote 1.



Conclusion

Overall, chapter 7 asset cases generate an average of \$2.5 billion in receipts per year. Data show that distributions to various categories remained steady in the last five years and secured and general unsecured creditors received the highest distributions. The number of case closings mirrored case filing trends, but lagged by a little over two years. Because of the recent decline in chapter 7 filings, chapter 7 asset case closings dropped in FY 2013 and we expect this downward trend to continue in FY 2014 and FY 2015.