



**U.S. Department of Justice
Office of the United States Trustee**

*Northern District of New York (Albany Division),
Southern District of New York (Poughkeepsie Division), and
District of Vermont*

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MEMORANDUM

TO: Chapter 7 Panel Trustees

FROM: Lisa M. Penpraze, Assistant United States Trustee

SUBJECT: Objecting to Secured Proofs of Claim

DATE: October 10, 2014

As you are all aware, many of our trustee oversight functions are being handled by a team of regional employees in an effort to create certain efficiencies for our office and to promote uniformity throughout the Region. In regards to uniformity, we have discovered a lack of uniformity in the treatment of objections to secured claims.

Based on our review, we have identified a number of cases wherein trustees have objected to secured claims in circumstances where it is clear that a successful objection can have no benefit for the estate. In some instances the trustees filed objections to secured claims for no reason other than to remove from the claims registers invalid or deficient secured claims, even though such objections could not increase the distribution to any other class of creditors and even though the secured claims in question were not going to receive any distribution.

11 U.S.C. §704(a)(5) provides that a trustee shall examine and object to proofs of claim “if a purpose would be served.” This is reiterated in the Handbook for Chapter 7 Trustees at page 4-26. So there is no confusion, I remind you that you should not object to a proof of claim, including secured proofs of claim, unless there is some purpose to be served for the estate beyond merely removing an invalid or improper claim from the register.

Please contact me if you would like to further discuss this topic. Thank you.