

Memorandum



Subject:

Guidance Regarding Cases Without Distribution to
Unsecured and Priority Creditors

Date:

April 19, 2016

To: Panel Trustees
District of New Jersey

From: Martha R. Hildebrandt, AUST

As you are aware, trustees must consider whether sufficient funds will be generated to make a meaningful distribution to unsecured creditors, including unsecured prior chapter and priority creditors, before administering a case as an asset case. *See, Handbook for Chapter 7 Trustees*, pages 4-1, 4-3, 4-5, and 4-14. We understand that on occasion there will be cases with no distribution to unsecured creditors despite the trustee's best efforts. However, a return of zero to unsecured creditors should be rare, unanticipated and unavoidable. In order to assist us in evaluating your decisions regarding which cases to administer, going forward in the event that you submit a final report that proposes no distribution to prior chapter, priority, or general unsecured creditors, please include with your final report a separate letter that explains the reason that you decided to administer the case, in detail that is appropriate given the complexity of the case. The letter should be submitted both with the final report and emailed separately to me.

Please reach out with any questions or concerns, and many thanks for your attention to this matter.