



U.S. Department of Justice

*Office of the United States Trustee
Eastern District of Kentucky*

Official Committee of Unsecured Creditors Information Sheet

Purpose of Unsecured Creditors' Committees. In order to increase creditor participation, section 1102 of the Bankruptcy Code requires that the United States Trustee appoint a committee of unsecured creditors as soon as practicable. The Committee ordinarily consists of the persons, willing to serve, who hold the seven largest unsecured claims of the kinds represented on such committee. The debtor has filed a list indicating that you may be eligible to serve on the Committee.

Powers and Duties of Unsecured Creditors' Committees. Members of the Committee are fiduciaries who represent all unsecured creditors as a group. Section 1103 of the Bankruptcy Code provides that the Committee may consult with the debtor, investigate the debtor and its business operations and participate in the formulation of a plan of reorganization. The Committee may also perform such other services as are in the interests of the unsecured creditors which it represents.

Disclosures by Committee Members. Federal Rule of Bankruptcy Procedure 2019 requires the Committee to disclose for each member its name, address, and the nature and amount of each "disclosable economic interest" as that term is defined in that Rule held on the date the committee was formed. Rule 2019 also requires the committee to file a verified supplemental statement updating the earlier information (if information previously disclosed has materially changed) when taking a position before the court or soliciting votes on a plan.

Employment of Professionals. Section 1103 of the Bankruptcy Code provides that the Committee may, subject to the bankruptcy court's approval, employ one or more attorneys, accountants, or other professionals to perform services for the Committee. The decision to employ professionals should occur at a scheduled meeting of the Committee where a majority of the Committee is present. All professionals retained by the Committee may be compensated from the debtor's

estate. Applications for the payment of professional fees are subject to Court approval. The Committee should carefully review all applications and not rely on the Court or the United States Trustee to discover and object to unreasonable or unnecessary professional fees or costs.

Other Matters. The Committee should elect a chairperson and may adopt bylaws. As a party in interest, the Committee may be heard on any issue in the bankruptcy proceeding. Federal Rule of Bankruptcy Procedure 2002(i) requires that the Committee (or its authorized agent) receive all notices concerning motions and hearings in the bankruptcy proceeding.

Claims Trading. In the event you are appointed to an official committee of creditors, the United States Trustee may require periodic certifications of your claims. Creditors wishing to serve as fiduciaries on any official committee are advised that they may not purchase, sell or otherwise trade in or transfer claims against the Debtor while they are committee members absent an order of the Court. By submitting the enclosed Questionnaire and accepting membership on an official committee of creditors, you agree to this prohibition. The United States Trustee may take appropriate action, including removing a creditor from any committee, if the information provided in the Questionnaire is inaccurate, if the foregoing prohibition is violated, or for any other reason the United States Trustee believes is proper in the exercise of his discretion. The United States Trustee may also share information with the Securities and Exchange Commission if deemed appropriate.

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Should you have any additional questions concerning Committees or your participation, please contact:

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