



## U.S. Department of Justice

Office of the United States Trustee

District of Western Washington

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United States Courthouse  
700 Stewart Street, Suite 5103  
Seattle, WA 98101

Voice (206) 553-2000  
Fax (206)-553-2566  
[email@usdoj.gov](mailto:email@usdoj.gov)

Date

Delivered by e-Mail

Trustee

Trustee Address

RE: Case Name  
Case No.

Dear :

Thank you for agreeing to serve as the trustee in the above-captioned chapter 11 bankruptcy case. This letter outlines your administrative duties as trustee and contains general information. You should confer with competent counsel regarding your duties and powers.

You are required to comply with section 1106 (copy attached) and other applicable sections of the Bankruptcy Code ("Code"), the Federal Rules of Bankruptcy Procedure ("Rules"), local rules and court orders. The United States Trustee Program has promulgated a Handbook for Chapter 11 Trustees. Please review and follow the procedures specified in the Handbook. The Handbook is available at <https://www.justice.gov/ust/private-trustee-handbooks-reference-materials/chapter-11-handbooks-reference-materials>.

The following requirements or deadlines must be observed in this case. Failure to comply with any requirement may result in the United States Trustee or another party moving to convert or dismiss the case, seek your removal as trustee, or request other relief.

### 1. QUALIFICATIONS

#### Bond

Obtain a bond and provide it to the United States Trustee immediately. The bond should be in favor of the United States of America. The United States Trustee is responsible for determining the amount of the bond and whether the surety has sufficient capital to ensure performance under the bond. You should consult with this office to discuss bonding requirements. Section 322(a) of the Code requires the bond to be filed with the Court before seven days after your selection,

and before beginning official duties. You are not qualified to act as trustee until the bond is filed with the Court. An original bond must be provided to this office.

Your bond is to remain at no less than 150% of the maximum amount of liquid assets under your control at any one time. You are responsible for immediately obtaining a rider to increase the bond if the amount of liquid assets, including cash, over which you have control exceeds 66.67% of the face amount of the bond. You may pay the bond premium out of bankruptcy estate funds, subject to any restrictions on the use of cash collateral.

### Security Clearance

All persons appointed to serve as trustee must undergo a background investigation conducted by the United States Office of Personnel Management. If you have completed a trustee background investigation within 5 years, you must submit a Trustee Affidavit form, which will be provided to you upon appointment. If you have not undergone a trustee background investigation within 5 years, you must promptly complete and return the necessary background investigation documents, which will be provided separately to you.

## **2. BOOKS AND RECORDS - BANK ACCOUNTS**

You should consult with this office to determine what actions should be taken concerning the debtor's books and records and any debtor-in-possession bank accounts. You should maintain new books and records to reflect all transactions and activity since your appointment. Bank accounts should be titled as "Estate of (Debtor's Name), Debtor, (Your Name), Trustee, Case Number (Case Number)." You must obtain pre-numbered checks, and bank statements must be cut off on the last day of each month so that account activity is reported on a calendar month basis. The accounts can only be maintained in depositories that agree to post a bond or pledge securities for all deposits exceeding FDIC insurance limits. Attached is a list of United States Trustee approved depositories. If you wish to use a depository that is not on the approved list, please call this office for assistance. Upon opening a bank account you must complete and return to this office the attached bankruptcy accounts release form, which gives the U.S. Trustee access to bank information about the account, if necessary.

You should maintain a separate general account for the purpose of paying bills incurred during the administration of the case. You should also consider maintaining a separate tax trust account so that you can escrow the necessary funds for the payment of post-petition taxes (including, for example, payroll and sales or excise taxes) when such liabilities are incurred. You may also be required to maintain separate accounts for such items as payroll and payments to a secured creditor. You may maintain savings accounts as well as certificates of deposit pursuant to the statutory obligation to obtain a safe yet reasonable return on estate funds.

## **3. MAINTENANCE AND PROOF OF INSURANCE**

To preserve the bankruptcy estate and protect the interests of creditors, you are required to maintain adequate insurance coverage on estate assets. Within 14 days of your appointment, you must provide this office with proof of insurance coverage for the bankruptcy estate. Such proof

shall consist of certificates of insurance or other documents showing that each policy is in full force and effect, and disclosing the type and extent of coverage, effective dates, name of insurance carrier, and the name, address and telephone number of the agent. You are responsible for including the United States Trustee as an addressee on all insurance policy notices. If you retain existing policies, you should direct the insurance company to change the name of the loss payee to "Estate of (Debtor's Name), Debtor, (Your Name), Trustee, Trustee, Case Number (Case Number)." Upon expiration or other termination of any coverage, you must immediately provide this office with proof of replacement insurance.

The dollar amount of the insurance coverage must be sufficient to cover the fair market value of the estate's property. Depending upon the circumstances of the case, you may be required to maintain all or a combination of fire and extended coverage property insurance, general liability insurance, workers' compensation, employee health insurance, malpractice insurance, product liability insurance, and liquor or dram shop insurance. You must provide this office with notice regarding any change in insurance coverage.

You should take other reasonable steps to inventory estate property and to protect such property against theft or other loss.

#### **4. PRE-PETITION AND POST-PETITION DEBT**

You should not pay pre-petition obligations of the estate, unless authorized by the Code or by court order. You should normally pay post-petition obligations (debts arising on or after the date of the filing of the bankruptcy) in full when due, subject to any restrictions on the use of cash collateral, except for obligations requiring court approval, such as professional fees.

#### **5. STATEMENT OF INVESTIGATION**

Sections 1106(a)(3) and 1106(a)(4) of the Code require you to investigate the debtor and debtor's business, except to the extent the Court orders otherwise. You should file a statement of the investigation with the Court as soon as practicable. Copies of the statement should be served upon this office and upon any committees appointed by the United States Trustee.

#### **6. MONTHLY FINANCIAL REPORTS**

Sections 1106(a)(1) and 704(8) of the Code require you to file periodic reports and summaries of the operation of the business as the Court or United States Trustee requires. You are required to file a monthly financial report which includes a monthly cash receipts and disbursements statement, a profit and loss statement, balance sheet, and supplemental information including a schedule of post-petition liabilities, a schedule of post-petition taxes payable (tax reconciliation), and other information. The monthly financial reports must include a copy of the estate's monthly bank statements, which must be reconciled. The United States Trustee reserves the right to request additional financial information at any time as circumstances of the case may warrant.

You must sign the monthly reports. The monthly reports are prepared on a calendar month basis and are due on the date established by local rule. Your first report should cover the period from the date of your appointment to the end of that month.

The monthly reports must be filed with the Court. Copies must be served on this office, on any governmental unit charged with responsibility for collection or determination of any tax arising out of the operation of the estate's business and on any committees appointed by the United States Trustee. Copies of the United States Trustee's Chapter 11 Guidelines and monthly financial report form(s) are attached.

You should also file any reports which the debtor failed to file for previous months to the best of your ability in light of the condition of the debtor's books and records and the availability of such information.

Bankruptcy Rule 2015.3 also requires that you file periodic financial reports of the value, operations, and profitability of each entity that is not a publicly traded corporation or a debtor in a case under Title 11, and in which the estate holds a substantial or controlling interest. The first report must be filed no later than seven days before the first date set for the meeting of creditors. Subsequent reports must be filed no less frequently than every six months thereafter until the effective date of a plan or the case is dismissed or converted.

Section 1106(a)(7) of the Code requires a trustee to file post-confirmation reports as necessary or mandated by the court. To the extent that a chapter 11 trustee appointed pursuant to § section 1104 of the Code is transformed by the order of confirmation into a "plan" trustee, the trustee should refer to the local rules regarding what, if any, post-confirmation reports are required.

## **7. TAXES**

You must file timely reports and/or returns for post-petition tax obligations and must pay the full amount of any post-petition tax liability. Such taxes include federal and state payroll withholding taxes, FICA taxes, federal and state unemployment insurance, real property taxes, personal property taxes, and sales and use taxes. You must timely deposit sufficient funds in the tax account to pay any liability associated with the payroll. A copy of IRS Notice 2006-83, which provides guidance to chapter 11 debtors on applicable tax requirements, is attached. For more extensive guidance, see Publication 908, available on the IRS website at [www.irs.gov](http://www.irs.gov).

## **8. USE, SALE, OR LEASE OF ESTATE PROPERTY**

You must obtain prior approval of the Court to use, sell, or lease property of the estate, except in the ordinary course of business. You may not use cash collateral, as defined by section 363(a) of the Code, without the consent of the secured creditor or approval by the Court. Where appropriate, you should record a copy or notice of the petition to protect against bona fide post-petition transfers of property of the estate (see section 549(c) of the Code).

## **9. OBTAINING CREDIT**

You must obtain court approval before obtaining secured credit or incurring secured debt, or obtaining unsecured credit, other than in the ordinary course of business.

## **10. EMPLOYMENT AND COMPENSATION OF PROFESSIONALS**

You may wish to hire an attorney, accountant or other professional to assist you in performing your duties. The employment of professionals, including but not limited to, attorneys, accountants, realtors, appraisers, or auctioneers, must be approved by the Court before such professionals may render services. No payments may be made to such professionals without court authorization, after notice to creditors. The United States Trustee reviews applications for compensation and reimbursement of expenses under section 330 of the Code in accordance with the Guidelines for Reviewing Applications for Professional Compensation available at [http://www.justice.gov/ust/eo/rules\\_regulations/guidelines/docs/feeguide.htm](http://www.justice.gov/ust/eo/rules_regulations/guidelines/docs/feeguide.htm).

## **11. TRUSTEE COMPENSATION**

Compensation for your services and reimbursement of your expenses are controlled by sections 330 and 326 of the Code. You may seek interim payment of compensation and reimbursement of expenses as allowed by section 331 of the Code. If you submit an application for interim or final compensation for services or reimbursement of expenses, Rule 2016(a) requires the application to set forth a detailed statement of the services rendered, time expended, and expenses incurred. You must maintain contemporaneous time records.

## **12. DUTY TO REPORT CRIMINAL CONDUCT**

Section 3057 of Title 18 of the United States Code requires a trustee to report suspected violations of federal criminal law to the appropriate United States Attorney. If you have reasonable grounds to believe that a crime has been committed, you are required to refer the matter to the United States Attorney. If you suspect a violation of a federal criminal law, you should inform the United States Trustee immediately to coordinate the criminal referral process.

## **13. UNITED STATES TRUSTEE QUARTERLY FEES**

The bankruptcy estate is required by 28 U.S.C. Section 1930(a)(6) to pay quarterly fees to the United States Trustee. The fee must be paid for each quarter or partial quarter until the case is converted or dismissed. The amount of fees due each quarter is based on total funds disbursed by the estate during the calendar quarter or fraction thereof. A minimum quarterly fee of \$325 is due even if no disbursements are made during the quarter. The statutory fee schedule is as follows:

**NEW STATUTORY FEE SCHEDULE**  
**Effective January 1, 2018**

If disbursements for the calendar quarter are within these amounts. . .		Then the quarterly fee due is. . .
From	To	
-0-	\$14,999.99	<b>\$325</b>
\$15,000	\$74,999.99	<b>\$650</b>
\$75,000	\$149,999.99	<b>\$975</b>
\$150,000	\$224,999.99	<b>\$1,625</b>
\$225,000	\$299,999.99	<b>\$1,950</b>
\$300,000	\$999,999.99	<b>\$4,875</b>
\$1,000,000 or more		<b>1% of quarterly disbursements or \$250,000 whichever is less.</b>

Rule 2015(a)(5) requires you to file with the United States Trustee, on or before the last day of the month after each calendar quarter until the case is closed, converted, or dismissed, a statement of disbursements made during such calendar quarter and a statement of the fee required pursuant to 28 U.S.C. Section 1930(a)(6) that has been paid for such calendar quarter. Section 1129(a)(12) of the Code provides that for a plan to be confirmed, all quarterly fees must be paid timely or the plan must provide for payment of all fees on the effective date of the plan. Quarterly fee payments must be paid no later than thirty (30) days after the end of the calendar quarter. Under Section 1112(b)(4)(K) of the Code, a failure to pay quarterly fees is cause for conversion or dismissal of the case. Quarterly fee payments should be mailed with a remittance form, which will be provided by the United States Trustee at the end of each quarter, to:

U.S. Trustee Program Payment Center  
Post Office Box 6200-19  
Portland, OR 97228-6200

If a remittance form is not received when payment is due, you should contact this office immediately.

#### **14. FINAL REPORT AND FINAL ACCOUNT**

Sections 1106(a)(1) and 704(9) of the Code require you to make a final report and file a final account of the administration of the estate with the Court. Copies should be served upon the United States Trustee and upon any committees appointed by the United States Trustee.

#### **15. REQUESTS FOR WAIVERS OF THE ABOVE REQUIREMENTS**

If you desire a waiver or modification of any of the above-referenced requirements, a request must be submitted in writing stating the reason a waiver is requested. This office will approve or deny the request in writing. The United States Trustee reserves the right to modify these guidelines, as circumstances of the case may warrant.


For your convenience, a list of some of the general administrative requirements with due dates is attached. The list, however, should not be construed to be a comprehensive statement of all of your obligations in the case.

Thank you for your attention to these matters. If you or your staff have any questions, please contact the undersigned or the Trial Attorney or Bankruptcy Analyst assigned to this case.

Sincerely,

GREGORY M. GARVIN  
Acting United States Trustee for Region 18

/s/ 

  
Bankruptcy Analyst

Attachments:

- Summary of General Administrative Requirements
- Section 1106 of the Bankruptcy Code
- List of Authorized Bank Depositories
- Bankruptcy Accounts Release Form
- United States Trustee Chapter 11 Guidelines
- Monthly Financial Report Form
- IRS Notice: 2006-83

## **SUMMARY OF GENERAL ADMINISTRATIVE REQUIREMENTS**

### **Duty**

### **Deadline**

File a copy of the bond with the Court and provide the original to the United States Trustee (150% of cash/cash equivalents)

Before 7 days after your selection

Submit required Background Investigation documents, as applicable, to the United States Trustee

Within 21 days of your appointment

Consult with the United States Trustee re debtor's books and records

Immediately upon your appointment

Consult with the United States Trustee re debtor's bank accounts

Immediately upon your appointment

Submit proof of insurance of estate assets to the United States Trustee

Within 14 days of your appointment

File monthly financial reports with the Court and with the United States Trustee

By the date established by local rule

File a statement of investigation with the Court and with the United States Trustee

As soon as practicable after your appointment

Notify the United States Trustee of any significant increase in cash (and maintain 150% bond coverage)

Prior to receipt of funds or increase of bond

Pay United States Trustee Quarterly Fees to Atlanta, Georgia

As required by billing statement

File final report and account with the Court and with the United States Trustee

Consult with the UST



11 U.S.C. § 1106  
United States Code  
Title 11 - BANKRUPTCY  
CHAPTER 11 - REORGANIZATION  
SUBCHAPTER I - OFFICERS AND ADMINISTRATION

§1106. Duties of trustee and examiner

(a) A trustee shall –

(1) perform the duties of the trustee, as specified in paragraphs (2), (5), (7), (8), (9), (10), (11), and (12) of section 704(a);

(2) if the debtor has not done so, file the list, schedule, and statement required under section 521(a)(1) of this title;

(3) except to the extent that the court orders otherwise, investigate the acts, conduct, assets, liabilities, and financial condition of the debtor, the operation of the debtor's business and the desirability of the continuance of such business, and any other matter relevant to the case or to the formulation of a plan;

(4) as soon as practicable –

(A) file a statement of any investigation conducted under paragraph (3) of this subsection, including any fact ascertained pertaining to fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the management of the affairs of the debtor, or to a cause of action available to the estate; and

(B) transmit a copy or a summary of any such statement to any creditors' committee or equity security holders' committee, to any indenture trustee, and to such other entity as the court designates;

(5) as soon as practicable, file a plan under section 1121 of this title, file a report of why the trustee will not file a plan, or recommend conversion of the case to a case under chapter 7, 12, or 13 of this title or dismissal of the case;

(6) for any year for which the debtor has not filed a tax return required by law, furnish, without personal liability, such information as may be required by the governmental unit with which such tax return was to be filed, in light of the condition of the debtor's books and records and the availability of such information;

(7) after confirmation of a plan, file such reports as are necessary or as the court orders; and

(8) if with respect to the debtor there is a claim for a domestic support obligation, provide the applicable notice specified in subsection (c).

(b) An examiner appointed under section 1104(d) of this title shall perform the duties specified in paragraphs (3) and (4) of subsection (a) of this section, and, except to the extent that the court orders otherwise, any other duties of the trustee that the court orders the debtor in possession not to perform.

(c)(1) In a case described in subsection (a)(8) to which subsection (a)(8) applies, the trustee shall –

(A)(i) provide written notice to the holder of the claim described in subsection (a)(8) of such claim and of the right of such holder to use the services of the State child support enforcement agency established under sections 464 and 466 of the Social Security Act for the

State in which such holder resides, for assistance in collecting child support during and after the case under this title; and

(ii) include in the notice required by clause (i) the address and telephone number of such State child support enforcement agency;

(B)(i) provide written notice to such State child support enforcement agency of such claim; and

(ii) include in the notice required by clause (i) the name, address, and telephone number of such holder; and

(C) at such time as the debtor is granted a discharge under section 1141, provide written notice to such holder and to such State child support enforcement agency of -

(i) the granting of the discharge;

(ii) the last recent known address of the debtor;

(iii) the last recent known name and address of the debtor's employer; and

(iv) the name of each creditor that holds a claim that -

(I) is not discharged under paragraph (2), (4), or (14A) of section 523(a); or

(II) was reaffirmed by the debtor under section 524(c).

(2)(A) The holder of a claim described in subsection (a)(8) or the State child enforcement support agency of the State in which such holder resides may request from a creditor described in paragraph (1)(C)(iv) the last known address of the debtor.

(B) Notwithstanding any other provision of law, a creditor that makes a disclosure of a last known address of a debtor in connection with a request made under subparagraph (A) shall not be liable by reason of making such disclosure.

10/21/2006

**UNITED STATES DEPARTMENT OF JUSTICE  
OFFICE OF THE UNITED STATES TRUSTEE**

**RELEASE**

To: All Banks, Depositories and Financial Institutions

I, the undersigned, hereby authorize all banks, depositories and financial institutions (hereafter collectively "Depositories") to release to the United States Trustee, Region \_\_\_\_, and successors in office ("UST"), or UST's designee, any and all information requested by UST regarding any and all deposit accounts maintained by the undersigned ("Bankruptcy Accounts") at all Depositories and containing estate funds, trust funds, and operating expense funds in or related to cases administered by the undersigned under the provisions of title 11, United States Code ("Bankruptcy Code") (all such accounts being hereafter collectively referred to as "Bankruptcy Accounts"), at any time. This Release authorizes Depositories to provide to UST all information pertaining to Bankruptcy Accounts, including, but not limited to, copies of bank statements, deposit slips, checks, electronic images, Image Replacement Documents, withdrawal slips, debits, or any other document evidencing any transaction affecting any Bankruptcy Accounts. This Release does not apply to any of the undersigned's personal accounts or the trust accounts of the undersigned's law firm.

This Release shall remain in full force and effect so long as any Bankruptcy Accounts are maintained at any Depositories, whether or not the undersigned is administering cases under the Bankruptcy Code.

Date Signed:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Printed Name and Title (e.g., Chapter 7 Trustee))

**VERIFICATION**

I, the undersigned, hereby declare under the penalty of perjury that the foregoing Release is being voluntarily signed and delivered to UST for the benefit of UST and all Depositories, and with the understanding and expectation that all Depositories will rely on, and all Depositories may so rely on, the foregoing provisions of the Release.

\_\_\_\_\_  
(Signature)

Dated: \_\_\_\_\_