



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

Region 3

*District of Delaware;
District of New Jersey;
Eastern, Middle, and Western Districts of Pennsylvania*

IN RE: CHAPTER 11

Debtor(s). CASE NO.

**OPERATING GUIDELINES FOR
CHAPTER 11 CASES**

The United States Trustee is required to supervise the administration of chapter 11 cases pursuant to 28 U.S.C. §586(a)(3). These operating guidelines and reporting requirements for chapter 11 cases must be followed so that the United States Trustee can properly supervise the administration of this case. Accordingly, the debtor's failure to comply with the operating and/or reporting requirements set forth below may result in the dismissal or conversion of this case to a case under chapter 7 of the Bankruptcy Code.

The United States Trustee reserves the right to modify these guidelines from time to time. Any request for a waiver of any requirement must be in writing stating the reasons for the request. The United States Trustee will determine whether a waiver should be granted or denied based upon the circumstances of the case.

1. Books and Records

The debtor's books and records must be closed as of the petition filing date. New books and records must be set up to reflect post-petition business.

2. Bank Accounts

Upon the filing of the petition, the debtor must immediately close all of its existing bank accounts and open new bank accounts which must be (i) designated as debtor in possession accounts ("DIP Accounts") and (ii) maintained subject to the following conditions:

a. All money of the bankruptcy estate must be deposited in the DIP Accounts, provided that (i) one DIP Account shall be maintained solely for the purpose of setting aside estate monies required for the payment of taxes, including, but not limited to, federal, state, local and payroll taxes, and (ii) the debtor must maintain a separate DIP Account for cash collateral in accordance with Section 363(c)(4) of the Bankruptcy Code.

b. Revised: 9/16/2021 All DIP Accounts must be maintained with financial institutions

whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). If the aggregate DIP Account balances with any one financial institution are expected to exceed the current FDIC insurance limits of \$250,000.00 per depositor, the debtor must immediately contact the United States Trustee to discuss how the debtor plans to comply with the Bankruptcy Code Section 345 requirement concerning the collateralization of uninsured deposits.

3. Maintenance and Proof of Insurance

The debtor is required to maintain the following insurance coverage, as appropriate: general comprehensive liability; property loss from fire, theft, water, or other extended coverage; workers' compensation; vehicle, products liability; fidelity bonds for employees; and such other coverage as is customary in the debtor's business.

Within 15 days after the filing of the petition, the debtor shall provide to the United States Trustee proof of its insurance coverage. Such proof of coverage shall consist of certificates of insurance or other verified documents showing that each policy of insurance required for the estate is in full force and effect, and shall disclose the type and extent of coverage, effective dates, name of insurance carrier, and name, address, and telephone number of agent. The debtor is responsible for including the address of the United States Trustee on the cancellation notice for each insurance policy. Upon the expiration or other termination of any coverage, the debtor shall immediately provide the United States Trustee with proof of replacement coverage.

4. Taxes

All tax returns and reports for post-petition obligations shall be timely filed and accompanied by payment in full of any liability. Such taxes include, but are not limited to, federal and state payroll withholding taxes, FICA taxes, federal and state unemployment insurance, real property taxes, and sales and use taxes. The debtor shall timely deposit sufficient funds in the DIP tax account to pay any payroll tax liability. The debtor shall timely file all pre-petition tax returns, but shall not pay the tax due.

5. Periodic Financial Reporting

On June 21, 2021, the United States Trustee Program's rule entitled *Uniform Periodic Reports in Cases Filed Under Chapter 11 of Title 11*, published at 28 C.F.R. § 58.8 (the "Final Rule") became effective. The Final Rule, mandated by 28 U.S.C. § 589b, requires that chapter 11 debtors-in-possession and trustees, other than in small business and subchapter V cases, file monthly operating reports and post-confirmation reports using streamlined, data-embedded, uniform forms in every judicial district where the U.S. Trustee Program operates.

UST Form 11-MOR, Monthly Operating Report ("MOR"), is the periodic financial report that must be filed on a calendar monthly basis from the petition date to the earlier of the effective date of a confirmed plan, the conversion date of the case to another chapter, or the dismissal of the case.

UST Form 11-PCR, Post-confirmation Report ("PCR"), is the periodic financial report that must be filed on a calendar quarterly basis once the effective date of a confirmed plan occurs by any post-confirmation entities, which would include the reorganized debtor and any other "authorized parties" charged with administering the confirmed plan, until the earlier of the date

the case is closed, dismissed, or converted to another chapter.

Report filers must refer to the Final Rule and instructions for the MOR and PCR forms for important information, including who must file each report, when the reports must be filed, who the reports must be served upon and what documentation must be filed along with each report.

To access the latest version of the MOR and PCR forms, instructions for their use and filing, and other important information related to periodic reporting under the Final Rule, please navigate to <https://www.justice.gov/ust/chapter-11-operating-reports>. While at that webpage, please subscribe to the “Chapter 11 Operating Reports E-mail Updates” feature to automatically receive email updates about periodic reporting under the Final Rule.

6. United States Trustee Quarterly Fees

Debtors in chapter 11 cases must pay a quarterly fee to the United States Trustee Program for each calendar quarter, or portion thereof, between the date of filing the petition and the date the case is converted, dismissed, or closed.

A. PRE-CONFIRMATION

The quarterly fee is calculated by totaling the reported disbursements for the three- month calendar quarter, or portion thereof, according to the fee schedules shown below¹. The quarterly fee amount will be estimated if disbursements for all of the months of a calendar quarter that the case is open have not been reported to the United States Trustee. The estimated fee is based on: a) the reported disbursement history, b) the debtor’s initial financial data submitted when the case was filed, or c) the United States Trustee’s estimate. If there is a disagreement with the estimated quarterly fee noted on the billing statement, then Monthly Operating Reports or actual disbursement reports supporting a different calculation must be filed with the bankruptcy court and served on the United States Trustee office. The applicable minimum fee is due even if there were no disbursements during a calendar quarter. The fee is not prorated.

TOTAL QUARTERLY DISBURSEMENTS	QUARTERLY FEE
\$0 to \$62,624	\$250
\$62,625 to \$999,999	0.4% of quarterly disbursements
\$1,000,000 to \$31,249,937	0.8% of quarterly disbursements
\$31,249,938 or more	\$250,000

Quarterly fees are due no later than one month following the end of each calendar quarter. Failure to pay quarterly fees may result in the conversion or dismissal of the case. Payment of that quarter’s fees and any past due fees and interest, if applicable, must be made before the effective date of a confirmed plan of reorganization and quarterly fees will continue to accrue until the case is converted, dismissed, or closed. Failure to pay these fees may result in a motion by the United States Trustee to convert the case to a chapter 7 case.

¹ The Fee Schedule may also be found at: <https://www.justice.gov/ust/chapter-11-quarterly-fees>.

A “Chapter 11 Quarterly Fee Statement” from the United States Trustee Program is mailed to the debtor or other designated party for each calendar quarter before the payment due date. Chapter 11 quarterly fees may be paid online at <https://www.pay.gov/public/form/start/672415208> or by mailing the tear off portion of the statement and a check, made payable to “United States Trustee”.

The address to use to mail quarterly fee payments is:

United States Trustee Payment Center
P.O. Box 6200-19 Portland, OR 97228-6200

The address to use for overnight delivery is:

U.S. Bank
Attn: Government Lockbox – U.S. Trustee Payment Center 6200-19
17650 N.E. Sandy Blvd.
Portland, OR 97230-5000

The addresses shown above are a lockbox at a bank. Do not use these addresses for service of process, correspondence, or any purpose other than paying quarterly fees. Any other correspondence or documents sent to the lockbox other than the payment form will be destroyed.

Each quarterly fee must be timely paid. Failure to receive a “Chapter 11 Quarterly Fee Statement” from the United States Trustee Program does not excuse timely payment. Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case pursuant to 11 U.S.C. § 1112.

NOTICE TO DEBTORS MAKING PAYMENT BY CHECK

Payment of the quarterly fee by check will be converted to an electronic funds transfer (“EFT”). This means we will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours and will be shown on your regular account statement.

Your original check will not be returned. We will destroy the original check, but we will keep the copy of it. If the EFT cannot be processed for technical reasons, you authorize us to process the copy in place of your original check. If the EFT cannot be completed because of insufficient funds, we may try to make a transfer up to two (2) times.

B. POST-CONFIRMATION

On January 26, 1996, Congress enacted Public Law 104-99, which extended the

accrual of quarterly fees beyond confirmation until a case is converted, dismissed, or closed. The required remittance is based on all disbursements made by the debtor during each quarter. The fee schedule set forth above equally applies to post-confirmation disbursements.

After a plan's effective date, the UST Form 11-PCR quarterly filing referenced in the "Periodic Financial Reporting" section herein allows the United States Trustee to monitor the appropriate receipt of quarterly fees after confirmation.

C. NOTICE OF INTEREST ASSESSMENT

Pursuant to 31 U.S.C. §3717 the United States Trustee Program assesses interest on unpaid chapter 11 quarterly fees charged in accordance with 28 U.S.C. §1930(a)(6). Interest assessed on past due amounts will appear on the quarterly statements mailed to debtors. The interest rate charged is the rate in effect as determined by the Treasury Department at the time the chapter 11 account becomes past due. If payment of the full past due amount is received within 30 days of the date of the notice of the initial interest assessment, the interest will be waived.

FAILURE TO PAY THE QUARTERLY FEE IS CAUSE FOR CONVERSION OR DISMISSAL OF A CHAPTER 11 CASE, PURSUANT TO 11 U.S.C. §1112

NOTICE

DISCLOSURE OF INTENT TO USE TAXPAYER IDENTIFYING NUMBER FOR THE PURPOSE OF COLLECTING AND REPORTING DELINQUENT QUARTERLY FEES OWED TO THE UNITED STATES TRUSTEE PURSUANT TO 28 U.S.C. §1930(a)(6)

Please be advised that, pursuant to the Debt Collection Improvement Act of 1996, Public Law 104-134, Title III, §31001(i)(3)(A), 110 Stat. 1321-365, codified at 31 U.S.C. §3701, the United States Trustee intends to use the debtor's Taxpayer Identifying Number ("TIN"), as reported by the debtor or debtor's counsel in connection with the chapter 11 bankruptcy proceedings, for the purpose of collecting and reporting on any delinquent debt, including chapter 11 quarterly fees, that are owed to the United States Trustee.

The United States Trustee will provide the debtor's TIN to the Department of Treasury for its use in attempting to collect overdue debts. Treasury may take the following steps: (1) submit the debt to the Internal Revenue Service Offset Program so that the amount owed may be deducted from any payment made by the federal government to the debtor, including but not limited to tax refunds; (2) report the delinquency to credit reporting agencies; (3) send collection notices to the debtor; (4) engage private collection agencies to collect the debt; and (5) engage the United States Attorney's office to sue for collection. Collection costs will be added to the total amount of the debt.

7. Pre-Petition and Post-Petition Debt

The debtor may not pay any pre-petition obligations unless authorized by the Bankruptcy Code or by Court order. The debtor must pay all obligations arising out of its

operations after the filing of the petition in full when due.

8. Sale of Estate Property and Incurring Debt

The debtor must obtain prior approval of the Court to use, sell, or lease property of the estate, except in the ordinary course of business. The debtor may not use cash collateral, as defined by 11 U.S.C. §363(a), without the consent of the secured creditor or approval by the Court.

The debtor must obtain Court approval before it may incur unsecured or secured debt other than in the ordinary course of business.

9. Employment and Compensation of Professionals

The employment of professionals (including, but not limited to lawyers, accountants, appraisers, or auctioneers) must be approved by the Court 11 U.S.C. §327. Generally, professionals will not be compensated for services rendered prior to Court approval. No payments may be made to such professionals without Court authorization after notice to creditors and a hearing 11 U.S.C. §330. A corporate debtor must be represented by an attorney; such debtor may not appear *pro se* (i.e., self-represented).

10. Change of Address or Telephone Number

The debtor must notify the United States Trustee and the Bankruptcy Court in writing of any change of address or telephone number within 10 days of the change.