

Lawrence J. Warfield, US Bankruptcy Trustee

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A Communication to Debtor's Counsel:

Ladies and Gentlemen:

I wish to bring your attention to 11 USC §521(e)(2)(A)(i): within the area of Debtor's duties. To paraphrase, the debtor shall within 7 days before the date first set for the first meeting of creditors, provide to the Trustee a copy of the most recently filed Federal income tax return, and if the debtor fails to comply, then the Court shall dismiss the case.

If I were to apply the specifics of this section to the cases that I administer in Navajo, Apache, Coconino, Yavapai, Mohave, Lapaz and Yuma Counties, somewhere between 25% to 50% of these cases would require me to file a Motion to Dismiss. The vast majority of these cases provide the required production documents in the 3 (three) to 5 (five) days PRIOR to the first scheduled meeting of creditors. This is just incredible to me since most, if not all, of our required documentation should already be in your file.

Back in 2005, when the BAPCPA first was rolled out, many of the then bankruptcy debtor's counsel decided to no longer practice in the bankruptcy field because of the due diligence requirement placed upon THEM, under the Code. Standard counsel preparation fees went from \$600 to \$1,500 overnight, due mainly because of the additional duties and responsibilities debtor's counsel faced in connection with THEIR pre-petition due diligence requirements. Therefore, the bankruptcy code in Title 11 places certain requirements under debtor's counsel as an additional layer of assurance that the Petition and Schedules as filed are true, complete and accurate.

My general requirements are; and have been for the past 23 years:

- Photocopy of debtor's ID and Social Security card
- If working, last paystub of the prior year of the debtor's community property (debtor and spouse), paystub for the period prior to filing, and the paystub for the next pay period (which should then include the filing date)
- Prior 2 (two) State and Federal income tax returns filed
- All bank accounts transactional statements/listing of activity for the 90 days prior to filing, which is to include up to, and including the filing date, and to IDENTIFY and explain all non-payroll deposits over \$600 and all charges/checks/debits of \$600 or more
- Copies of all vehicle titles/registrations, to include boats and trailers

In the 23 years I have been functioning as a Trustee, these requested items have not changed. Not only should you have each and every one of these documents and answers in YOUR file when you file your client's bankruptcy, but if you didn't, you should be able to advise them right then and there on the first day you meet with them of these production requirements. You can also point them to our website (www.phxbankruptcy.com) where these instructions are located on the front page.

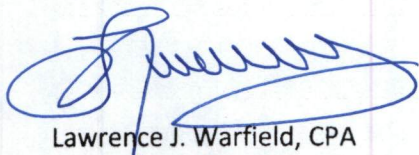
For the life of me, I cannot understand the number of occurrences my Document Coordinator has to notify your offices of deficiencies. I cannot understand how I get to the 341 meeting and find out THEN that the debtor has failed to file his/her taxes for the past three (3) years. Why, when a case is filed in March, do we have the prior year's June, July and August bank statements? If you first saw them in September, but did not file their case until March (usually because they were paying in installments), YOU have a duty under Title 11 to make sure the Petition and Schedules are updated and the information in your file is updated. I should not have to tell you how to administratively update your files. The bottom line is EVERYTHING I requested, you should already have. It is YOU, not your client, that has the responsibility to upload this information into our Blue Stylus portal in the designated categories therein.

My office administrator currently spends 40% of her time alerting debtor's counsel of compliance production deficiencies. I can tell you that the \$60 per case the Trustee is compensated for during the last 23 years (it increased from \$45 in 1994), debtor's counsel's quality assurance is not one of the functions contained within the scope of responsibilities within the Trustee's Handbook.

Commencing with the July 341 calendar meetings, I have instructed my Document Coordinator to discontinue the function of quality review of the documents uploaded. If the documents are deficient, unreadable, inappropriate or incomplete such that my examination of your client cannot occur, (and your client appears at the 341 meeting), then the case will be continue until the next set meeting for that location. If your client fails to appear, I will most likely ask that the case be dismissed.

It is your responsibility to assure that the documents you have filed for your clients are true and complete, as you do have a responsibility under Title 11 for certain assurances. Commencing with the July 341 meetings to be held in Bullhead City, Flagstaff, Prescott and Yuma, this responsibility for your client will determine whether your client's meeting will be adjourned, continued or dismissed, based upon appearance and production.

Respectfully,



Lawrence J. Warfield, CPA
US Bankruptcy Trustee