UNITED STATES BANKRUPTCY COURT

MIDDLE DISTRICT OF NORTH CAROLINA
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Clerk of Court

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In the Matter of:

MOTION OF THE BANKRUPTCY ADMINISTRATOR
SEEKING AN ADMINISTRATIVE ORDER REGARDING
TRUSTEE COMPLIANCE WITH SECTION 345(a)*

NOTICE TO PARTIES IN INTEREST

NOTICE IS HEREBY GIVEN THAT:

A hearing will be held on the matter set forth above at 2:00 p.m. on the 16th day of January, 2013 at:

(X) First Floor Courtroom, 226 South Liberty Street, Winston-Salem, N. C.

*This Notice and the above referenced Motion are posted on www.ncmb.uscourts.gov

OFFICE OF THE CLERK

DATE: December 31, 2012

BY: Christine P. Hamrick

DEPUTY CLERK

cc: Bankruptcy Administrator
P. O. Box 1828
Greensboro, NC 27402

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT NORTH CAROLINA

In the Matter of:

MOTION OF THE BANKRUPTCY ADMINISTRATOR SEEKING AN ADMINISTRATIVE ORDER REGARDING TRUSTEE COMPLIANCE WITH SECTION 345(a)

TO: Hon. Catharine R. Aron, Chief Bankruptcy Judge

Now comes the United States Bankruptcy Administrator, ("BA") and moves the Court for an Administrative Order regarding Trustee Compliance with 11 U.S.C. § 345(a), and in support thereof, shows the court:

1. Under 11 U.S.C. 345(a), the Trustee is authorized to deposit and invest monies of the estate so as to yield the maximum reasonable return. There is some authority that this section anticipates the investment of estate funds in an interest bearing account. See e.g. In re Charlestown Home Furnishing 150 B. R. 226(Bankr. E. D. Mo. 1993).

2. For calendar year 2012 and in consideration of the Dodd-Frank Act's allowance of unlimited FDIC coverage for non-interest bearing accounts, the Administrative Office of the United States Courts had allowed a waiver or exemption from the requirement of 11 U.S.C. § 345(a) so that the trustees in Bankruptcy Administrator districts were permitted to maintain estate accounts in non-interest bearing accounts. This FDIC provision of the Dodd-Frank Act expires on December 31, 2012. The Administrative Office has declined to extend the waiver/exemption beyond December 31, 2012.

3. For Chapter 13 cases, the Chapter 13 Standing Trustees for the Middle District of North Carolina are given earnings credits by their banking partners instead of modest interest payments. These credits are used to offset some of the service charges incurred in the maintenance of these accounts, with the remainder of the banking service charges paid as an expense of the Chapter 13 Trusteeship.

4. Typically, Chapter 7 trustees maintain estate accounts with the banking institution(s) that partner with their computer software provider. The partner banks no longer generally offer interest-bearing accounts to Chapter 7 trustees.

5. Considering current economic conditions with low or no interest paid on deposit accounts and the difficult, if not impossible task, of obtaining bank services and

interest on deposits, the BA believes that it is reasonable for a bankruptcy trustee in any chapter to deposit or invest estate funds in accounts where no interest is paid or where no return on investment is made, and that it is in the interests of the administration of bankruptcy estates that the duties of the Trustees under Section 345(a) are the subject of an Administrative Order.

WHEREFORE, the BA prays that the Court enter its Order as follows:

1. Beginning January 1, 2013, bankruptcy trustees may continue to maintain estate funds in non-interest bearing accounts.

2. Beginning January 1, 2013, bankruptcy trustees may, open new non-interest bearing estate accounts and make deposits into non-interest bearing estate accounts.

3. Nothing in this Order shall be construed to prohibit trustees from depositing estate funds into bank accounts or otherwise making other investments of estate funds such that a reasonable return on deposit or investment is achieved.

4. On an annual basis, the Trustees shall demonstrate to the satisfaction of the Bankruptcy Administrator that using non-interest bearing estate accounts is in the best interest of the estates they administer.

5. This Order applies to all bankruptcy trustees in the Middle District of North Carolina in all chapters under Title 11, United States Code.

6. That all other requirements of 11 U.S.C. § 345 are unaffected by this Order.

This 26thth day of December, 2012 .

Michael D. West, Esq.
U.S. Bankruptcy Administrator

By /s/Robert E. Price, Jr.
Robert E. Price, Jr.
Staff Attorney
State Bar No. 9422

Of Counsel:

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