

21-441 SIEGEL V. FITZGERALD

DECISION BELOW: 996 F.3d 156

LOWER COURT CASE NUMBER: 19-2240, 19-2255

QUESTION PRESENTED:

This case presents a clear and acknowledged conflict over the constitutionality of a federal statute governing the quarterly fees in large Chapter 11 bankruptcies.

The Bankruptcy Clause authorizes Congress to "establish * * * uniform Laws on the subject of Bankruptcies throughout the United States." Notwithstanding this directive, Congress has divided the nation's bankruptcy courts into two distinct programs: 88 judicial districts operate under the U.S. Trustee program, and 6 judicial districts (all in North Carolina and Alabama) operate under the Bankruptcy Administrator program. Each program generally performs similar tasks, and each program-until recently-imposed the same quarterly fees on Chapter 11 debtors in their districts.

In the Bankruptcy Judgeship Act of 2017, however, Congress adopted a five-year increase in quarterly fees paid only in U.S. Trustee districts-increasing the maximum fee from \$30,000 to \$250,000 for all pending cases. 28 U.S.C. 1930(a)(6)(B) (2018). That same increase was not imposed in Administrator districts until nine months later, and it applied only to cases filed after that date. The result is a wide disparity in fees paid by identically situated debtors based solely on the geographic location of their bankruptcy. The total difference exceeds \$100 million in aggregate fees in Chapter 11 cases nationwide.

In the decision below, the Fourth Circuit joined the Fifth Circuit (each over dissents) in upholding these non-uniform fees; the Second Circuit has rejected those decisions and declared the 2017 Act unconstitutional.

The question presented is:

Whether the Bankruptcy Judgeship Act violates the uniformity requirement of the Bankruptcy Clause by increasing quarterly fees solely in U.S. Trustee districts.

CERT. GRANTED 1/10/2022