This is an unofficial transcription of a 1958 amendment of the 1898 Act, prepared by Robert J. Pfister for ease of reading and copying/pasting. The authoritative text is the United States Statutes at Large.

Eighty-Fifth Congress, Session II
Public Law 85-732 — 72 Stat. 820 (H.R. 13)
August 23, 1958

AN ACT *To amend sections 323, 331, 334, 335, 336, 337, 363, and 376 of, and to add a new section to, the Bankruptcy Act approved July 1, 1898, and Acts amendatory thereof and supplemental thereto.*

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 323 (11 U. S. C., sec. 723) of the Bankruptcy Act approved July 1, 1898, as amended, is amended to read as follows:

"SEC. 323. A petition filed under this chapter shall state that the debtor is insolvent or unable to pay his debts as they mature, and shall set forth the provisions of the arrangement proposed by him, or, that he intends to propose an arrangement pursuant to the provisions of this chapter."

SEC. 2. Section 331 (11 U. S. C., sec. 731) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 331. The judge may at any stage of a proceeding under this chapter refer the same to a referee either generally or specially. If the judge or all the judges are absent from the district, or the division of the district in which a petition under this chapter is filed, at the time of the filing, the clerk shall forthwith refer the case to the referee."

SEC. 3. Section 334 (11 U. S. C., sec. 734) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 334. Within ten days after the petition is filed the court shall give notice by mail to the debtor, the creditors and other parties in interest of a meeting of creditors to be

held not less than fifteen days nor more than thirty days after the date of the mailing of such notice."

SEC. 4. Section 335 (11 U. S. C., sec. 735) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 335. (1) The notice of such meeting of creditors shall be accompanied by a copy of the proposed arrangement, if filed, a summary of the liabilities and a summary of the appraisal, if one has been made, or, if not made, a summary of the assets.

"(2) If the notice of such meeting is not accompanied by a copy of the proposed arrangement, the court, at such meeting, shall fix a time within which the proposed arrangement shall be filed and shall adjourn the meeting for at least fifteen days after the date so fixed, or, if the proposed arrangement is filed at or before such meeting, shall adjourn the meeting for at least fifteen days. At least ten days before such adjourned date, the court shall mail notice of the adjourned meeting, together with a copy of the proposed arrangement, to the creditors and other parties in interest.

"(3) The notice of such meeting of creditors as hereinbefore provided may also name the time for the filing of the application to confirm the arrangement and the time for the hearing of the confirmation and of such objections as may be made to the confirmation."

SEC. 5. Section 336 (11 U. S. C., sec. 736) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 336. At such meeting, or at any adjournment thereof, the judge or referee—

"(1) shall preside;

"(2) may receive proofs of claim and allow or disallow them;

"(3) shall examine the debtor or cause him to be examined and hear witnesses on any matter relevant to the proceeding; and

"(4) shall receive and determine the written acceptances of creditors on the proposed arrangement, if a copy thereof shall have accompanied the notice of such meeting or adjourned meeting. Such acceptances may be obtained by the debtor before or after the filing of a petition under this chapter."

SEC. 6. Section 337(2) (11 U. S. C., sec. 737(2)) of the Bankruptcy Act, as amended, is amended to read as follows:

"(2) fix a time within which the debtor shall deposit, in such place as shall be designated by and subject to the order of the court, the consideration, if any, to be distributed to the creditors, the money necessary to pay all debts which have priority, unless such priority creditors shall have waived their claims or such deposit, or consented in writing to any provision of the arrangement for otherwise dealing with such claims, and the money necessary to pay the costs and expenses of the proceedings, and the actual and necessary expenses, including fees and expenses of attorneys, accountants and agents, in such amounts as the court may allow, incurred after its appointment by a committee appointed pursuant to section 338 of this Act, or incurred before or after the filing of the petition under this chapter by a committee designated in writings, filed with the court and signed and acknowledged by a majority in amount of unsecured creditors whose claims have been scheduled otherwise than as contingent, unliquidated or disputed and who would not be disqualified by section 44 of this Act to participate in the appointment of a trustee: *Provided, however,* That in fixing any such allowances the court shall give consideration only to the services which contributed to the arrangement confirmed or to the refusal of confirmation of an arrangement, or which were beneficial in the administration of the estate, and the proper costs and expenses incidental thereto; and".

SEC. 7. Section 363 (11 U. S. C., sec. 763) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 363. Alterations or modifications of an arrangement may be proposed in writing by a debtor, with leave of court, at any time before the arrangement is confirmed; or where the court has retained jurisdiction pursuant to the provisions of section 368 of this Act, an arrangement providing for an extension of time for the payment of debts in whole or in part may be altered or modified after it has been confirmed to the extent and subject to the limitations set forth in section 387 of this Act."

Sec. 8. Section 376 (11 U. S. C., sec. 776) of the Bankruptcy Act, as amended, is amended to read as follows:

"SEC. 376. If the statement of the executory contracts and the schedules and statement of affairs, as provided by paragraph (1) of section 324 of this Act, are not duly filed, or if an arrangement is not proposed in the manner and within the time fixed by the court, or if an arrangement is withdrawn or abandoned prior to its acceptance, or is not accepted at the meeting of creditors or within such further time as the court may fix, or if the money or other consideration required to be deposited is not deposited or the application for confirmation is not filed within the time fixed by the court, or if confirmation of the arrangement is refused, the court shall—

"(1) where the petition was filed under section 321 of this Act, enter an order dismissing the proceeding under this chapter and directing that the bankruptcy be proceeded with pursuant to the provisions of this Act; or

"(2) where the petition was filed under section 322 of this Act, enter an order, upon hearing after notice to the debtor, the creditors, and such other persons as the court may direct, either adjudging the debtor a bankrupt and directing that bankruptcy be proceeded with pursuant to the provisions of this Act or dismissing the proceeding

under this chapter, whichever in the opinion of the court may be in the interest of the creditors: *Provided, however,* That an order adjudging the debtor a bankrupt may be entered without such hearing upon the debtor's consent."

SEC. 9. Immediately after section 386 of the Bankruptcy Act add a new section as follows:

"SEC. 387. Where an arrangement which has been confirmed provides for an extension of time for payment in whole or in part of the debts affected by the arrangement, and the court has retained jurisdiction pursuant to section 368 of this Act—

"(1) A proposal to alter or modify the arrangement by changing the time of payment of deferred installments of the consideration, or by reducing the amount of such payments, or to accomplish both of such alterations or modifications, may be filed by the debtor with leave of court after the arrangement has been confirmed, but before the deferred consideration has been fully paid, or if such deferred consideration is represented by negotiable promissory notes, then before such notes have been delivered to the creditors.

"(2) The proposal to alter or modify the arrangement shall set forth the proposed alterations or modifications, shall state whether the deferred payments provided for by the arrangement are evidenced by negotiable promissory notes and, if so, whether such promissory notes have been delivered to the creditors, and the reasons why such alterations or modifications are proposed. The proposal shall be accompanied by a list of the names and addresses of all creditors who have extended credit to the debtor since the arrangement was confirmed.

"(3) If the court permits the proposed alterations or modifications to be filed, it shall call a meeting of the creditors on at least ten days' written notice to the debtor, the

creditors and other parties in interest, including creditors who extended credit during the proceeding or after the arrangement was confirmed, and shall transmit with such notice a copy of the alterations or modifications proposed.

"(4) If at such meeting the arrangement as altered or modified is accepted as required for confirmation by section 362 of this Act by the creditors affected by such alteration or modification, the court, subject to the provisions of section 366 of this Act, shall confirm the arrangements as altered or modified."

APPROVED August 23, 1958.