



Ninetieth Congress, Session I  
Public Law 90-158 — 81 Stat. 516 (H. R. 2518)  
November 28, 1967

*AN ACT To amend sections 337 and 338 of the Bankruptcy Act and to add new section 339.*

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 337 of the Bankruptcy Act, as amended (11 U.S.C. 737), is amended to read as follows:*

“Sec. 337. At such meeting, or at any adjournment thereof, the judge or referee shall, after the acceptance of the arrangement—

“(1) designate the receiver or trustee, if any, or the debtor or a person specially appointed as disbursing agent to distribute, subject to the control of the court, the consideration, if any, to be deposited by the debtor; and, if a disbursing agent is so appointed, require such person to give bond with a surety to be approved by the court in such amount as the court shall fix, and fix the amount or rate of his compensation, not in excess of the compensation allowable to a receiver serving as a mere custodian under this Act;

“(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 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 on 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 proceeding; and

“(3) fix a time for the filing of the application to confirm the arrangement and for a hearing on the confirmation thereof or any objections to the confirmation, unless such times have already been named in the notice of the meeting or unless all creditors affected by the arrangement have accepted it.”

SEC. 2. Section 338 of the Bankruptcy Act, as amended (11 U.S.C. 738), is amended to read as follows:

“Sec. 338. At such meeting, the creditors may elect a committee, if none has previously been elected under this Act, and, if a trustee has not previously been elected or appointed, may nominate a trustee who shall thereafter qualify in case it shall become necessary to administer the estate in bankruptcy as provided under this chapter.”

SEC. 3. That after section 338 of the Bankruptcy Act, as amended (11 U.S.C. 738), a new section is added to read as follows:

“Sec. 339. (1) The functions of a committee elected as provided in section 338 of this chapter may include the following: (a) to examine into the conduct of the debtor’s affairs and the causes of his insolvency or inability to pay his debts as they mature; (b) to consider whether the arrangement proposed by the debtor is for the best interests of the creditors and is feasible; (c) to negotiate with the debtor concerning the terms of the proposed arrangement and to advise the creditors of its recommendations with respect thereto; (d) to report to the creditors from time to time concerning the progress of the proceeding; (e) to collect and file with the court acceptances of the arrangement proposed; and (f) to perform such other services as may contribute to the confirmation of the arrangement.

“(2) A committee elected as provided in section 338 of this chapter may employ such agents, attorneys, and accountants as may be necessary to assist in the performance of

its functions. Expenses of the committee for such assistance, whether incurred before or after the filing of the petition under this chapter, shall be allowed as an expense of administration to the extent deemed reasonable and necessary by the court, provided the arrangement is confirmed. Such expenses incurred by the committee before its election in accordance with section 338 shall not be disallowed because of a change in the committee's composition, provided a majority of the committee when it incurred the expense continue as members of the elected committee."

APPROVED November 28, 1967.