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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To amend title 11 of the United States Code to address misuse of bankruptcy proceedings in cases of child sex abuse, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Ross introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 11 of the United States Code to address misuse of bankruptcy proceedings in cases of child sex abuse, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Closing Bankruptcy
5 Loopholes for Child Predators Act of 2024”.

6 **SEC. 2. AMENDMENTS.**

7 (a) AMENDMENTS.—Title 11, United States Code, is
8 amended—

1 (1) in section 101—

2 (A) by redesignating paragraphs (51B),
3 (51C), and (51D) as paragraphs (51C), (51D),
4 and (51E), respectively, and

5 (B) by inserting after paragraph (51A) the
6 following:

7 “(51B) The term ‘sexual abuse of a child’
8 means any act that—

9 “(A) constitutes a violation of—

10 “(i) section 1589, 1590, 1591,
11 2241(c), 2242, 2243, 2251, 2251A, 2252,
12 2252A, 2260, 2421, 2422, or 2423, 2258,
13 or 2258A, of title 18;

14 “(ii) section 20341 of title 34; or

15 “(iii) a non-Federal law that is similar
16 to a law described in clause (i);

17 “(B) by reason of the conduct prohibited,
18 a person who, while a minor, was aggrieved.”;

19 (2) by amending section 1109(c) to read as fol-
20 lows:

21 “(c) A party in interest, including the debtor, the
22 trustee, a creditors’ committee, an equity security holders’
23 committee, a creditor, an equity security holder, or any
24 indenture trustee, may raise and may appear and be heard
25 on any issue in a case under this chapter. In any case

1 in which a claim is filed against the debtor arising out
2 of the alleged sexual abuse of a child, the court shall hold
3 a conference within 60 days of the deadline by which
4 proofs of claim must be filed to consider victim impact
5 statements.

6 “(d) The sole purpose of victim impact statements
7 shall be to increase engagement and understanding be-
8 tween the bankruptcy court and victims or survivors of
9 child sexual assault. To encourage candor, and thus en-
10 hance the utility of victim impact statements, the informa-
11 tion provided through victim impact statements is not, and
12 shall not be used as, evidence by any person in the case.”,

13 (3) in section 1101—

14 (A) by in paragraph (2) by striking the pe-
15 riod at the end and inserting “; and”, and

16 (B) by adding at end the following:

17 “(3) “victim impact statement” means a voluntary
18 written, oral, video, or audio statement, submitted to, or
19 presented to the court in the name of the victim or under
20 a pseudonym, describing the emotional, physical, familial,
21 or financial impact suffered as a result of the sexual abuse
22 of the victim who is a creditor of the debtor in a chapter
23 11 proceeding.”,

24 (4) in section 541 by adding at end the fol-
25 lowing:

1 “(g) In all cases regarding debts or other financial
2 liability arising from allegations of sexual abuse of a child,
3 involving debtors that are organizations described in sec-
4 tion 501(c)(3) of the Internal Revenue Code of 1986 and
5 exempt from tax under section 501(a) of such Code, the
6 Court shall engage the services of an independent forensic
7 accountant to review the assets and interests of such debt-
8 or, and any nondebtor sought to be released from liability
9 in a proposed reorganization plan, and require preparation
10 of a report to assist the Court with ensuring that such
11 assets and interests are properly included or excluded
12 from the estate.”,

13 (5) in section 107—

14 (A) in subsection (b) by adding at the end
15 the following:

16 “‘This subsection shall not apply to cases regarding debts
17 or other financial liability arising from potential liability
18 stemming from allegations of sexual abuse of a child ex-
19 cept to the extent necessary to protect the identity and
20 personal information of the person(s) alleging that they
21 were abused unless the alleged offender is found innocent
22 of abuse in a court of law.’”,

23 (B) by amending subsection (d) to read as
24 follows:

1 “(d) Except no court order shall seal any evidence
2 of alleged crimes relating to the sexual abuse of a child
3 other than to protect the identity and personal information
4 of the person(s) alleging that they were abused unless the
5 alleged offender is found innocent of abuse in a court of
6 law.”.

7 (6) in section 362(b)(2)(A)—

8 (A) in clause (iv) by striking “or” at the
9 end,

10 (B) in clause (v) by adding “or” at the
11 end, and

12 (C) by adding at end the following:

13 “(vi) concerning the sexual abuse of a
14 child or related claims;”,

15 (7) in section 524(g)(2)(B)(i) by inserting “ or
16 relating to the sexual abuse of a child” before the
17 semicolon at the end, and

18 (8) in section 1111 by adding at the end the
19 following:

20 “(c) Claims relating to sexual abuse of a child are
21 deemed timely filed regardless of and notwithstanding the
22 state statute of limitation otherwise applicable to the
23 claim.”. and

24 (9) in section 1181 by adding at the end the
25 following:

1 “(d) PROHIBITION ON CLAIMS RELATED TO CHILD
2 SEXUAL ABUSE.—Notwithstanding any provision of law
3 to the contrary, no subchapter 5 filings shall be permitted
4 for claims arising from or related to child sexual abuse.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for chapter 1 of title 11, United States Code, is amended
7 by adding at the end the following:

“113. Suspension of stay without consent.”.

8 **SEC. 3. AMENDMENTS TO THE FEDERAL RULES OF BANK-**
9 **RUPTCY PROCEDURE.**

10 The Federal Rules of Bankruptcy Procedure (11
11 U.S.C. app.) are amended—

12 (1) in rule 2004—

13 (A) by amending subsection (b) to read as
14 follows:

15 “(b) Scope of Examination

16 ““The examination of an entity under this rule or of
17 the debtor under §343 of the Code may relate only to the
18 acts, conduct, or property or to the liabilities and financial
19 condition of the debtor, or to any matter which may affect
20 the administration of the debtor’s estate, or to the debtor’s
21 right to a discharge. In a family farmer’s debt adjustment
22 case under chapter 12, an individual’s debt adjustment
23 case under chapter 13, or a reorganization case under
24 chapter 11 of the Code, other than for the reorganization
25 of a railroad, the examination may also relate to the oper-

1 ation of any business and the desirability of its continu-
2 ance, the source of any money or property acquired or to
3 be acquired by the debtor for purposes of consummating
4 a plan and the consideration given or offered therefor, and
5 any other matter relevant to the case or to the formulation
6 of a plan. In a reorganization case under chapter 11 of
7 the Code related to the alleged sexual abuse of a child,
8 the examination shall also relate to the abuse allegations
9 against the debtor and any affiliated entity, remedial poli-
10 cies and responses to those allegations, information on the
11 debtor or an affiliated entity's finances and financial pro-
12 jections, and any other matter relevant to the case or to
13 the formulation of a plan.”, and

14 (B) by amending subsection (c) to read as
15 follows:

16 “(c) Compelling Attendance and Production of Docu-
17 ments or Electronically Stored Information

18 “The attendance of an entity for examination and to
19 produce documents or electronically stored information,
20 whether the examination is to be conducted within or with-
21 out the district in which the case is pending, may be com-
22 pelled as provided in Rule 9016 for the attendance of a
23 witness at a hearing or trial. As an officer of the court,
24 an attorney may issue and sign a subpoena on behalf of
25 the court where the case is pending if the attorney is ad-

1 mitted to practice in that court. In a reorganization case
2 under chapter 11 of the Code related to the alleged sexual
3 abuse of a child, debtor attendance for examination and
4 the production of documents or electronically stored infor-
5 mation is required.”, and

6 (2) in rule 9018 by adding at the end the fol-
7 lowing:

8 “In no respect shall any court order seal any evidence of
9 alleged crimes relating to the sexual abuse of a child other
10 than to protect the identity and personal information of
11 the person(s) alleging that they were abused unless the
12 alleged offender is found innocent of abuse in a court of
13 law.”.