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October 15, 2025

Honorable Jim Jordan  
Chair, House Committee on the Judiciary  
2138 Rayburn House Building  
Washington, DC 20515

Honorable Jamie Raskin  
Ranking Member, House Committee  
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2138 Rayburn House Building  
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Dear Reps. Jordan, Smith, Raskin and Neal:

The American Bankruptcy Institute (ABI) is the nation's largest association of bankruptcy professionals, comprised of almost 10,000 members in multi-disciplinary roles, including accountants/financial advisors, attorneys, judges, lenders, trustees, receivers, bankers, professors, turnaround specialists and others. Founded in 1982, ABI offers its members education and resources, but also plays a leading role in providing congressional leaders and the public with nonpartisan reporting and analysis of bankruptcy regulations, laws and trends. ABI members and senior staff are often called upon to testify before Congress, analyze proposed bills, and conduct periodic briefings for congressional committees and legislative staff.

Recently, Rep. Darin LaHood introduced H.R. 5146, the Federal Receivership Fairness Act, a bipartisan proposal to amend the Internal Revenue Code of 1986 to provide for certain rules regarding determination of tax in the case of a receivership. If enacted, H.R. 5146 would create parity between bankruptcy estates and receivership estates in how federal tax liabilities are determined and discharged.

Under current law, the Bankruptcy Code (11 U.S.C. § 505) provides an expedited process for trustees to obtain an IRS determination of tax liability. This allows trustees to distribute recovered funds to creditors and victims more promptly while ensuring that the IRS receives any taxes owed.

In contrast, receivership estates lack such a mechanism, often forcing receivers to delay distributions for up to three years until the statute of limitations on tax assessments expires. This discrepancy has real and harmful consequences: (1) victims of fraud in receiverships are forced to wait significantly longer for restitution than similarly situated victims in bankruptcy cases; (2) receivers face potential personal liability exposure for any distributions they may make in advance of a final determination of the receivership estate's federal tax liability, discouraging

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early distributions even when funds are available; and (3) the federal government may also experience delays in receiving tax payments that would otherwise be accelerated under a fast-track determination process.

While declining to comment specifically on the proposed legislation, ABI respectfully submits that aligning receivership practice with a system that has been tested and proven in bankruptcy cases for more than four decades will increase efficiency. Specifically, providing courts overseeing receiverships the same expedited process that bankruptcy courts have under § 505 of the U.S. Bankruptcy Code to resolve IRS tax liabilities should allow receivership claimants to receive distributions much faster, and permit receivers to avoid years of delay and potential liability risk. In addition, the proposed legislation gives the IRS the opportunity to have the determination of the receivership estate's federal tax liability adjudicated in a federal district court, even if the receivership proceeding is pending in a state court.

We note that the views expressed in this letter are those of the American Bankruptcy Institute and do not necessarily reflect the personal views, if any, of any individual ABI member.

Thank you for your time and consideration, and please let us know if you or your staff have any further questions about this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Alcock Quackenboss". The signature is fluid and cursive, with a long horizontal flourish at the end.

Amy Alcock Quackenboss  
Executive Director  
American Bankruptcy Institute