

115TH CONGRESS
2D SESSION

H. R. 6912

To amend title 11 of the United States Code to prohibit the payment of bonuses to highly compensated employees and insiders of the debtor to perform services during the bankruptcy case; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2018

Mr. DUNCAN of Tennessee introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code to prohibit the payment of bonuses to highly compensated employees and insiders of the debtor to perform services during the bankruptcy case; 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 “No Bonuses in Bank-
5 ruptcy Act of 2018”.

6 **SEC. 2. AMENDMENTS.**

7 Title 11 of the United States Code is amended—

1 (1) in section 503 by adding at the end the fol-
2 lowing:

3 “(d)(1) Notwithstanding any other provision of this
4 section, there shall neither be allowed nor paid a bonus
5 to—

6 “(A) a person employed at an annual rate of
7 compensation exceeding \$250,000 by the debtor at
8 any time in the year ending on the date of the filing
9 of the petition; or

10 “(B) an insider of the debtor.

11 “(2) For purposes of this subsection, the term ‘bonus’
12 means a transfer to, or obligation incurred for the benefit
13 of, an employee or insider as compensation for services
14 in an amount that—

15 “(A) is in addition to the existing employee’s or
16 insider’s wages or salary;

17 “(B) is in addition to existing base compensa-
18 tion of the employee or insider; or

19 “(C) can be construed as a form of retention,
20 incentive, or reward related to the employee’s or in-
21 sider’s employment by the debtor.”;

22 (2) in section 547(b)(4)(B) by striking “in-
23 sider” and inserting “an employee employed at an
24 annual rate of compensation exceeding \$250,000 by
25 the debtor at any time in the year ending on the

1 date of the filing of the petition or an insider of the
 2 debtor”; and

3 (3) in section 548(a)(1)—

4 (A) in the matter preceding subparagraph

5 (A) by inserting “a person employed at an an-

6 nual rate of compensation exceeding \$250,000

7 by the debtor at any time in the 2-year period

8 ending on the date of the filing of the petition

9 or” after “benefit of” each place it appears;

10 and

11 (B) in subparagraph (B)(IV) by inserting

12 “a person employed at an annual rate of com-

13 pensation exceeding \$250,000 by the debtor at

14 any time in the 2-year period ending on the

15 date of the filing of the petition or” after “ben-

16 efit of”.

17 **SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENT.**

18 (a) EFFECTIVE DATE.—Except as provided in sub-

19 section (b), this Act and the amendment made by this Act

20 shall take effect on the date of the enactment of this Act.

21 (b) APPLICATION OF AMENDMENT.—The amendment

22 made by this Act shall apply only with respect to cases

23 commenced under title 11 of the United States Code on

24 or after the date of the enactment of this Act.

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