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(Original Signature of Member)

119TH CONGRESS
2D 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 2026”.

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); and

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

19 (2) in section 1109—

20 (A) by adding at the end of subsection (b)
21 the following:

22 “In any case in which a claim is filed against the debtor
23 arising out of the alleged sexual abuse of a child, the court
24 shall hold a conference within 60 days of the deadline by

1 which proofs of claim must be filed to consider victim im-
2 pact statements.”.

3 (B) by adding at the end the following:

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

11 (3) in section 1101—

12 (A) in paragraph (2) by striking the period
13 at the end and inserting “; and”, and

14 (B) by adding at end the following:

15 “(3) ‘victim impact statement’ means a vol-
16 untary written, oral, video, or audio statement, sub-
17 mitted to, or presented to the court in the name of
18 the victim or under a pseudonym, describing the
19 emotional, physical, familial, or financial impact suf-
20 fered as a result of the sexual abuse of the victim
21 who is a creditor of the debtor in a chapter 11 pro-
22 ceeding.”;

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

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

13 (5) in section 107—

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

16 “(4) This subsection shall not apply to cases re-
17 garding debts or other financial liability arising from
18 potential liability stemming from allegations of sex-
19 ual abuse of a child except to the extent necessary
20 to protect the identity and personal information of
21 the individual alleging to have been abused unless
22 the alleged offender is found not guilty of abuse in
23 a court of law.”; and

24 (B) by adding at the end the following:

1 “(d) No court order shall seal any evidence of alleged
2 crimes relating to the sexual abuse of a child other than
3 to protect the identity and personal information of the in-
4 dividual alleging to have been abused unless the alleged
5 offender is found not guilty of abuse in a court of law.”;

6 (6) in section 362(b)(2)(A)—

7 (A) in clause (iv) by striking “or” at the
8 end;

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

11 (C) by adding at end the following:

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

14 (7) in section 524(g)(2)(B)—

15 (A) in clause (i) by inserting “or relating
16 to the sexual abuse of a child:” after “reorga-
17 nization”;

18 (B) after clause (ii) by adding the fol-
19 lowing:

20 “(iii) Notwithstanding any provision
21 of law to the contrary, in any case regard-
22 ing potential debts or other financial liabil-
23 ities arising from allegations of sexual
24 abuse of a child—

1 “(I) No third-party release shall
2 be approved by the court without af-
3 firmative consent of both the debtor
4 and at least ninety percent of the
5 creditors in interest entitled to vote
6 and who do vote. The court shall en-
7 sure that the parties have been given
8 adequate notice and opportunity to
9 provide or withhold such consent.

10 “(II) Any third-party seeking the
11 benefit of a release under this chapter
12 shall provide sufficient information to
13 allow an average creditor to make an
14 informed decision about the release.”;

15 (C) in clause (ii)—

16 (i) by striking “subject” and all that
17 follows through “that—” and inserting the
18 following:”;

19 “except in the case of a plan reorganization
20 filed by a debtor organized described in section
21 501(c)(3) of the Internal Revenue Code of 1986
22 and exempt from tax under section 501(a) of
23 such Code to resolve claims alleging sexual
24 abuse of a child, subject to subsection (h), the
25 court determines that—”; and

1 (ii) by amending subclause (IV)(bb) to
2 read as follows:

3 “(bb) a separate class or
4 classes of claimants whose claims
5 are to be addressed by a trust
6 described in clause (i) is estab-
7 lished and votes, by at least 75
8 percent of those voting, in favor
9 of the plan or, if the debtor is an
10 organization described in section
11 501(c)(3) of the Internal Rev-
12 enue Code of 1986 and exempt
13 from tax under section 501(a) of
14 such Code which has filed a case
15 under chapter 11 of this title to
16 resolve claims alleging sexual
17 abuse of a child, by at least 90
18 percent of a separate class or
19 classes of the claimants whose
20 claims are to be addressed by a
21 trust described in clause (i).”;

22 (D) by adding at the end of section
23 524(g)(4)(A)(ii) the following:

24 “(V) the third party being an af-
25 filiate of the debtor.”; and

1 (E) by adding at the end of section
2 524(g)(1)(C) the following:

3 “Notwithstanding any other provision of this
4 chapter, if the debtor is an organization de-
5 scribed in section 501(c)(3) of the Internal Rev-
6 enue Code of 1986 and exempt from tax under
7 section 501(a) of such Code which has filed for
8 a case under chapter 11 of this title to resolve
9 claims alleging sexual abuse of a child, any
10 third party who is identifiable from the terms
11 of a plan of reorganization (by name or as part
12 of an identifiable group) and is alleged to be di-
13 rectly or indirectly liable for the conduct of,
14 claims against, or demands on the debtor, may
15 be released from such liability if a separate
16 class or classes of the claimants whose claims
17 are to be addressed by a trust described in
18 clause (i) is established votes, by at least 90
19 percent of those voting, in favor of the plan.”;

20 (8) in section 1111 by adding at the end the
21 following:

22 “(c) Claims relating to sexual abuse of a child are
23 deemed timely filed regardless of and notwithstanding the
24 State statute of limitation otherwise applicable to the
25 claims”;

1 (9) in section 523(a)(20)—

2 (A) by designating subsections (b), (c), (d),
3 and (e) as subsections (c), (d), (e), and (f), re-
4 spectively; and

5 (B) by adding after subsection (a) the fol-
6 lowing:

7 “(b) No debtor shall receive a discharge under section
8 727, 1141, 1192 [1] 1228(a), 1228(b), or 1328(b) of this
9 title, or qualify for any form of discharge, injunction, or
10 release under a plan of reorganization or otherwise, with
11 respect to any claim or debt arising from the sexual abuse
12 of a minor in instances where such debtor was either re-
13 sponsible for the sexual abuse of a minor directly or acted
14 with gross negligence for the safety of the abused minor(s)
15 at issue. This shall apply to all debtors regardless of
16 whether such debtors are an individual, a corporation, a
17 limited partnership, a nonprofit entity, or any other per-
18 son or entity seeking relief under this title.” and

19 (10) in section 1181 by adding at the end the
20 following:

21 “(d) PROHIBITION ON CLAIMS RELATED TO CHILD
22 SEXUAL ABUSE.—Notwithstanding any other provision of
23 law, no subchapter 5 filings shall be permitted for claims
24 arising from or related to child sexual abuse.”.

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

“113. Suspension of stay without consent.”.

4 **SEC. 3. AMENDMENTS TO THE FEDERAL RULES OF BANK-**
5 **RUPTCY PROCEDURE.**

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

8 (1) in rule 2004—

9 (A) by striking the period at the end of
10 (b)(2)(C) and inserting “; and”;

11 (B) by adding after (b)(2)(C) the fol-
12 lowing:

13 “(D) In a reorganization case under chap-
14 ter 11 of the Code related to the alleged sexual
15 abuse of a child, the examination shall also re-
16 late to the abuse allegations against the debtor
17 and any affiliated entity, remedial policies and
18 responses to those allegations, information on
19 the debtor or an affiliated entity’s finances and
20 financial projections, and any other matter rel-
21 evant to the case or to the formulation of a
22 plan.”; and

23 (C) by adding at the end of subsection (c)
24 the following:

1 “In a reorganization case under chapter 11 of the Code
2 related to the alleged sexual abuse of a child, debtor at-
3 tendance for examination and the production of docu-
4 ments or electronically stored information is required.”;
5 and

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

8 “(c) In no respect shall any court order seal any evi-
9 dence of alleged crimes relating to the sexual abuse of a
10 child other than to protect the identity and personal infor-
11 mation of the individual alleging to have been abused un-
12 less the alleged offender is found not guilty of abuse in
13 a court of law.”.