

Bankruptcy Fraud

Bankruptcy Information – Bankruptcy Can Change Lives For the Better

Bankruptcy can be an invaluable tool for many people who have debts that they cannot afford. It allows individuals and families to eliminate obligations and debts that they can no longer manage. When used in a responsible manner, bankruptcy helps to change lives for the better. Bankruptcy is a good solution for honest debtors. However, in rare cases, bankruptcy can also be abused by individuals who are trying to hide assets and defraud creditors. Bankruptcy fraud is a criminal act and can lead to incarceration and criminal fines! Bankruptcy Preparers can offer you valuable bankruptcy information to avoid making costly mistakes.

Bankruptcy Information – Omitting Information is Fraud

When an individual hides their assets when providing their bankruptcy information, they are failing to list items that they own. These items can range from something as simple as an automobile or bank account to something as complex as real estate or retirement plans. The reason why someone would hide these assets is out of fear that the bankruptcy court will take the asset and liquidate it to pay creditors. Most of the time the fear and anxiety that leads to fraud is unnecessary. Many times the assets that are omitted would not have been a problem for the filer because of exemptions or liens on these assets. However, the intentional omission is bankruptcy fraud and can lead to significant penalties. It is imperative for any person who is filing bankruptcy to be forthcoming with their preparer to make sure they are not getting themselves into a serious problem by omitting information to the court and their creditors.

Bankruptcy Information – Borrowing With Bad Intentions

Another form of fraud is borrowing without intending to pay the debt back. This type of fraud would probably not be a crime, but it could have negative consequences nevertheless. This is the most common occurrence for people who are filing bankruptcy. This occurs when a person who is filing bankruptcy goes on a spending spree before filing a bankruptcy case. Many people feel that they can spend whatever available credit they have remaining on their credit cards before filing a bankruptcy. The reality is that their creditors can object to these types of purchases and pursue the balances of these purchases

through the bankruptcy court. If the creditor can argue that the filer had no intention of paying the bill back and the spending was excessive, the court can order the filer to pay back these debts despite the bankruptcy filing. What any filer has to understand is that the court will not allow them to use this credit without repercussions through the bankruptcy court. It is best to seek bankruptcy information and discuss your options and goals with a preparer prior to making any large purchases when contemplating a bankruptcy filing.

Bankruptcy Information – Fraudulent Transfer of Assets

Another type of civil fraud occurs when the debtor gives away or transfers assets to someone else. This is known as a preferential or fraudulent transfer. This type of fraud is also not usually considered a crime, but certainly could have unintended and negative consequences to both the transferor and the transferee. A fraudulent conveyance occurs when a filer conveys, or gives away, an asset prior to filing a bankruptcy. Many potential bankruptcy filers may try to protect non-exempt assets by giving them away to a close friend or family member. This is most common with real estate, cars and stocks. However, the conveyance is something that needs to be disclosed to the courts. The trustee in bankruptcy is given the power by the law to sue the transferee who received the asset from the debtor to recover the asset or the value of the asset for the benefit of the debtor's creditors. In other words, transferring a non-exempt asset to someone else does not protect the asset from the bankruptcy trustee. In fact, trustees in most states can go back and sue transferees who received property from the debtor within four years of the filing. This is another reason why anyone who is considering filing a case should seek bankruptcy information by speaking with a preparer before giving away any assets.

Bankruptcy Information – Penalties for Bankruptcy Fraud

There are significant penalties to committing criminal bankruptcy fraud. Bankruptcy fraud is a felony. Penalties include, but are not limited to, fines of up to \$250,000, up to five years in prison, and the barring of any debt from being discharged in any bankruptcy filing.

Bankruptcy Information – Don't Make a Serious Mistake

Obviously, bankruptcy fraud is a serious matter. Any person who is contemplating filing a bankruptcy case should discuss his bankruptcy information including any potential problems or conveyances with an

experienced preparer before doing anything. Discuss your options and any potential problems with Amicus Curia at (360)427-3599, to help you get a fresh start.