

KREKELER LAW REPORT



AUGUST 2016

VOL. 2 NO. 5

ANOTHER REALITY TV STAR PLEADS GUILTY TO BANKRUPTCY FRAUD

By: Ryan A. Blay

Have you ever seen “Dance Moms”? If so, don’t worry, we’re not here to judge you or to repossess your TV. But the show may lose its star because of her very bad decisions in a bankruptcy case.

What did Abby Lee Miller do wrong? Well, she filed a Chapter 11 bankruptcy to reorganize her debts. That was ok, but she failed to mention that she made much more than what she stated – under oath – in her bankruptcy schedules that she made. (There was also an issue with her smuggling Australian currency into the US in plastic baggies, and failing to declare it, but that is a non-bankruptcy offense).

When it comes to being honest in bankruptcy paperwork, reality TV stars face the same rules as ordinary Americans. A few years ago, Teresa and Joe Giudice from “The Real Housewives of New Jersey” served time in prison and had to pay back money to creditors when they pled guilty to bankruptcy fraud charges.

1. The Office of the United States Trustee, a component of the Justice Department, supervises and reviews bankruptcy filings.
2. When you file for bankruptcy, your schedules (and testimony at hearings) are under the penalty of perjury. Lying to a court is a very dumb thing to do.
3. Judges are human beings and also watch TV. That’s how Ms. Miller was caught.

High wealth celebrities sometimes need bankruptcy too. Bankruptcy is a useful tool for this, but it doesn’t work if you try to lie to trustees, judges, and creditors.

We counsel our clients to tell the truth, even on minor matters that seem trivial. Being evasive or dishonest is a great way to disrupt your case and in some cases even end up in prison! Whether Abby Lee Miller ends up in prison, loses her money, loses her discharge of debts in bankruptcy or faces some other punishment, she has already lost a great deal by failing to be honest.



Have a question? Idea for a future article?

If you ask for it – we will write it!

Contact Deanna at

dgajewski@ks-lawfirm.com

to Request, Share, or Unsubscribe.

In This Issue:

- Another Reality TV Star Pleads Guilty to Bankruptcy Fraud
- Changes to Chapter 13 Bankruptcy Ahead?
- Lawyers File Bankruptcy, Too
- Wisconsin Changes its Foreclosure Laws – Could You Be Affected?
- Should I contact a Lawyer for a Personal Injury Claim?
- Where’s Krekeler?

CHANGES TO CHAPTER 13 BANKRUPTCY AHEAD?

By: Ryan A. Blay

We often use Chapter 13 to help our clients. In Chapter 13 cases, we file plans to let our clients repay their debts over time. For the last 5 years, an advisory committee has been working on a Model Chapter 13 Plan. Their goal is to have Chapter 13 Plans look the same and work the same throughout the country. Right now each district has its own plan – or lack of plan – and practice is different everywhere you go. Practice is even different between Kenosha (Eastern District) and Beloit (Western District) because the Eastern District of Wisconsin and Western District of Wisconsin have different rules.

The committee has now proposed a compromise. Bankruptcy courts can adopt the national model plan or use their own local plan, as long as the local plan meets certain criteria. The plan has to indicate any “non- standard” provisions, identify if property will be surrendered or if the plan

is used to cure a default on a debt for a homestead, and detail a few other notices.

This news is most relevant to people in Western Wisconsin, because the Western District does not have a model plan at all. Each debtor’s plan is different. Adopting the national proposed plan or a similar style of plan would be very new for lawyers here. It probably would not affect people in existing plans, but it could make a big difference for people filing after the Plan rules go into effect.

Right now the proposed plan and rules to adopt it are up for a public comment period. After that comment period and some testimony, the rules could go into effect in December 2017. That is a long ways off, but the courts could act sooner than that to comply with the expected new rules. Stay tuned for what could be a significant changes ahead in our practice.

LAWYERS FILE BANKRUPTCY, TOO

By: Ryan A. Blay

Anyone old enough to remember the original O.J. Simpson trial back in the mid-90s may recall the name of F. Lee Bailey, one of O.J.’s “Dream Team” of defense lawyers. But due to a \$5 million plus debt to the IRS, Bailey recently had to file for Chapter 7 bankruptcy protection in Maine.

Bailey’s bankruptcy case is a bit unusual because of his storied legal career, but his case is actually quite normal based on certain trends.

For one, Bailey is elderly and filing. At 83, Bailey is near the end of his legendary career. While he is not yet living off of social security or a pension like many of our nation’s older citizens, he certainly could be soon. Even our senior citizens need bankruptcy protection.

Another reason Bailey represents many of the country’s debtors is because his problems largely come as a result of fights with the government. Again, Bailey’s case is a little different than most because his case started when he was holding stocks in trust for a client accused of involvement in illegal drugs. But Bailey did have a long, exhausting fight with the IRS, who penalized him when the stocks were sold. Sometimes it only takes one zealous

creditor, especially a creditor with resources like the IRS, to bring someone to their knees and trigger a bankruptcy filing.

Finally, lawyers (and other professionals) file for bankruptcy all the time. Judges, bankruptcy attorneys, divorce attorneys, criminal law attorneys, non-practicing lawyers and others all may turn to bankruptcy for help eliminating or restructuring debts. People often think that bankruptcy is a process just for deadbeats or financially irresponsible people. In fact, it’s often the opposite – a protection for people with something of value to protect and a need to regroup after a business failure, an unexpected tax claim, an illness or job loss, or some other reason.

If you are a professional like a lawyer in need of financial solutions, turn to Krekeler Strother and learn how we can help lawyers and other people (famous or not) file for bankruptcy.



WISCONSIN CHANGES ITS FORECLOSURE LAWS – Could You Be Affected?

By Ryan A. Blay



Wisconsin uses a process called judicial foreclosure. That fancy term means that mortgage holders have to sue homeowners in court to foreclose and sell a house at auction. The process provides borrowers with redemption periods, time frames after a judgment during which the lenders must wait before going to a sheriff's sale. Homeowners get time to figure out what to do – a bankruptcy? A short sale? Deeding the property to the bank? A recent law passed in Wisconsin, Act 376, changes the time frames for the redemption periods. Could this affect you in the future? Perhaps.

The key date to remember is April 26, 2016. What happened on that date? The act became effective, so the law applies to mortgages given after this date. Now if you've just borrowed money to buy a home, and you've given a mortgage to the lender to protect that loan, this law would apply to you. If you are a lender and you want a mortgage to protect your loan, you should know these changes. The major changes are:

1. Only lenders or the cities and jurisdictions where properties are located can ask a court to rule a property abandoned. If the court agrees to declare the property abandoned, the lender has one year from judgment to sell the property and get that sale approved or release the lien and let the homeowner have the home free of the debt.
2. Lenders who give up the right to chase homeowners for deficiency judgments can sell the properties three months after judgment now, instead of six, if the property is a 1-4 family occupied residence. With a deficiency, the lenders have to wait six months, instead of a year.
3. If the homeowner in good faith lists the property for sale during the foreclosure process, the redemption period can be extended by another 60 days to try to complete the sale.

Foreclosures on mortgages executed on or before April 26, 2016 still follow the old rules. If you've given a mortgage to secure a loan or if you've taken a mortgage on a property and have questions on your legal rights under the traditional foreclosure laws or the new Act, please contact us to discuss your options.

SHOULD I CONTACT A LAWYER FOR A PERSONAL INJURY CLAIM?

By Rose M. Yanke

- Have you been involved in any kind of accident that caused injury due to the negligence or misconduct of someone else?
- Did a car, motorcycle, or truck accident cause injury?
- Did a construction accident result in injury?
- Did a boat accident cause injury or death?
- Were you involved in a dog attack or dog bite injury?
- Did a slip and fall accident cause injury?
- Were you involved in an accident that caused head trauma or brain injury?
- Did a dangerous, defective, or improperly labeled product result in injury?
- Did medical malpractice from negligence or misconduct cause injury or death?
- Did a crime occur that resulted in injury or death?

If you answered "yes" to any of these questions, you should contact a lawyer.

WHERE'S KREKELER

**CHECK US OUT! Krekeler Strother is proud to present our newly designed website that went live May 1st.
www.ks-lawfirm.com**

- **David Krekeler** presented on two topics at the State Bar of Wisconsin Annual Meeting this year. His presentation on Bankruptcy & Financial Issues for Senior Citizens focused on how to evaluate whether an elderly person should file bankruptcy and how to protect their assets and income. His presentation on The Care and Keeping of Clients, Tips for Solo and Small Firms instructed lawyers on best practices for serving clients. If you would like a copy of either set of materials, please e-mail dgajewski@ks-lawfirm.com.

- **Eliza Reyes** wrote the Bankruptcy Portion for the Annual Survey of Wisconsin Law which is an all-inclusive reference book for Wisconsin attorneys.

- **David Krekeler** (below, far left) recently vacationed in Maine with his brothers and their spouses for a week. The family participated in a 63-mile race. Despite being the team with the oldest average age, the team finished 11th out of 14.

- **Ryan Blay** (below) received an award for Public Education Volunteer of the Year during the state bar Annual Meeting and Conference in Green Bay in June.



KREKELER STROTHER, S.C.

ATTORNEYS AT LAW

We Help Quickly.

2901 W. Beltline Highway, Suite 301
Madison, WI 53713

Phone: 608/258-8555
Fax: 608/258-8299

www.ks-lawfirm.com

We solve financial problems. This is an advertisement for legal services. We have been designated by Congress as a debt relief agency and can help people file for relief under the Bankruptcy Code. We help quickly.

Copyright © 2016 KREKELER LAW, All rights reserved.