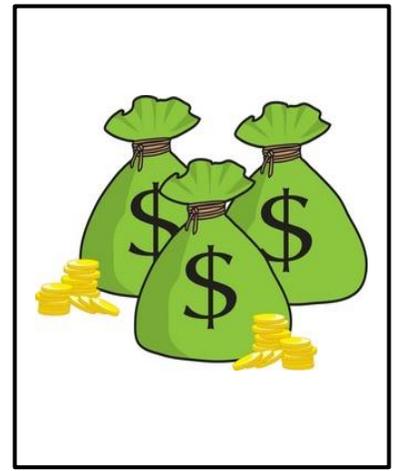


KREKELER LAW REPORT



SEPTEMBER 2017

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HURRICANES BATTER COASTS AND BUDGETS

Hurricane Season is upon us. Hurricane Harvey recently rocked Houston, followed by Hurricane Irma hitting the Florida Keys and the west coast of Florida. Both brought widespread destruction and disruption. As I write this, Hurricane Maria has battered Puerto Rico.

All of this means that bankruptcy lawyers in Texas, Florida, and Puerto Rico are likely to be much busier in the next 1-3 years. A study of 2005's Hurricane Katrina in New Orleans concluded that the devastation of a hurricane or other natural disaster results in an increase in bankruptcy filings, with the largest increase coming 3 years after the disaster.

The study comports with my own personal observations. While Wisconsin does not have hurricanes, we do have natural disasters like tornadoes, and other man-made "disasters" like the closing of the GM Plant in Janesville in 2009. People do not immediately rush out and file bankruptcy in those circumstances. They usually do their best to stay financially afloat, utilizing any savings they may have and then tapping into retirement monies or selling assets. They borrow from relatives. They use up their credit card availability, and even seek out high interest lenders. Oftentimes, only when all of those resources have been exhausted do people seek the help and advice of a lawyer.

We see many who we could have helped more, if only they had contacted us sooner.

In This Issue:

- *Hurricanes Batter Coasts and Budgets*
- *How to Prepare for Hurricanes and other Financial Disasters*
- *Where's Krekeler?*
- *Mystery Shopper Scam*
- *Toys"R"Us Files Chapter 11*
- *Question of the Month – IRA Protection in Bankruptcy*
- *Who is this Company Collecting on my Student Loan Debt?*



HOW TO PREPARE FOR HURRICANES OR OTHER FINANCIAL DISASTERS

It is not just hurricanes which pose a threat to our finances. Disaster and harmful change can happen to any of us at any time. We could lose our income due to a disability. We could face millions of dollars in damage claims due to an auto accident.

Every year we represent people who have had bad things happen to them and who now face the potential loss of their hard-earned wealth and assets. We design plans to protect their wealth and assets, as well as their income.

These plans are best designed well in advance, rather than after a lawsuit is commenced or even a judgment entered. Your options become more limited the longer you wait.

To protect you and your family, we are now offering an Asset Protection Analysis for only \$300. We will meet with you and review your financial statement, and advise you about your asset allocation.

- Learn which of your assets are already protected and which may be at risk
- Receive preliminary advice on how unprotected or exposed assets could be protected

One of our experienced asset protection lawyers will meet with you for up to an hour to discuss your goals and provide your personalized asset review.

To reserve your asset protection interview, contact us at dgajewski@ks-lawfirm.com or 608-320-1918.

WE PROTECT AND PRESERVE WEALTH.



WHERE'S KREKELER ?

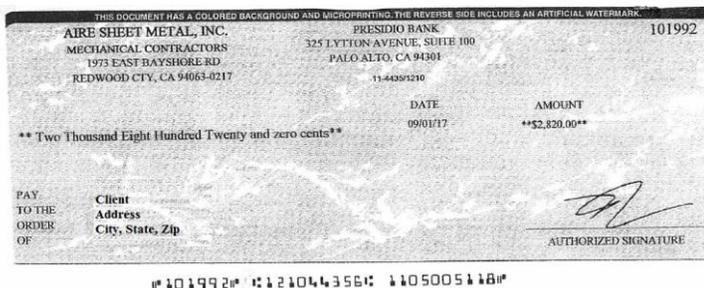
David Krekeler has several presentations coming up in October:

- Bankruptcy impact on Municipal Court Collections [*presented to Municipal Court Judges*] This will be the second time David has been asked to make this presentation. His written materials describe the impact that Bankruptcy has on local municipalities.
- Volunteer Lawyer Project Bankruptcy Training [*presented to new lawyers with little practice*] David and Kristin Sederholm have been presenting for the Volunteer Lawyer project since prior to 2010. This is a half- or whole-day seminar with over 80 pages of materials, exhibits, and a fully prepared set of Bankruptcy Schedules. They spend the day going over the basics of Bankruptcy and training attorneys to help people with financial problems. David and Kris offer up their assistance to these volunteer attorneys long after the conference. Many times they will review schedules and pleadings prior to filing for them years after the seminar.
- Ethics and Attorney Fees [*Presented at the Solo and Small Firm Conference*] This 50 minute presentation will discuss the different ways that attorneys can secure fees earned for work completed without violating the rules of ethics.
- Mayday, Mayday! Avoiding Mistakes in Law Practice [*Presented at the Solo and Small Firm Conference*] David will present this seminar along with 2 other veteran small firm owners. They have picked 9 mistakes the 3 have had to deal with over the years, and the steps they have taken and are taking to correct these problems within their firms.
- Pro Bono: A Professional Obligation [*Presented at the Solo and Small Firm Conference*] Tied to David's Volunteer Lawyer work, this 50 minute seminar discusses the importance that pro bono work makes in your career.
- Reorganization for Farmers [*Presented at the Solo and Small Firm Conference*] Our firm is a leader in handling complex Chapter 12 filings. Eliza Reyes, along with David, will spend 50 minutes co-presenting to teach solo and small firm attorneys the basics of farm reorganization. Many solo firms are rurally located and have Wisconsin farmers as their clients. This session will introduce them to the advantages their farm clients might find in a reorganization.

If you would like to discuss any of these issues, or if your organization would like a speaker on these or related topics, please contact us.

MYSTERY SHOPPER SCAM

A client recently called me because she had received in the mail, unsolicited, a letter inviting her to become a paid mystery shopper. The letter was accompanied by a check for over \$3,000. The letter included instructions telling her to deposit the check and take out her pay for being a mystery shopper and money to purchase merchandise. She was to wire most of the remaining funds to the supposed company for which the shopper service was working.



Sample of a check sent by scammers

Usually, the “new employee” gets only a day or 2 to accomplish these tasks, because “so many people want this opportunity”. In reality, this means you would be wiring your money out before the received check clears. And, of course, the check never clears.

My client could have used the extra income, and this sounded very inviting. Fortunately, she called us before depositing the check. If she had deposited the check, she would have learned, too late, that the check bounced. That would leave her owing her bank over \$3,000.

This is not a new scam. We have seen it surface a few times over the years, but it seems to be very popular right now. The U.S. Postal Service is aware of this problem and asks that you report your receipt of any such letters. Or call us.

TOYS“R”US FILES CHAPTER 11

Last month we wrote and predicted that we would be seeing more retailer bankruptcies this fall. Our prediction is already ringing true, as Toys“R”Us has filed for protection under Chapter 11.

The specialized big box retailer has suffered as the market has changed, with more children using electronic devices as toys. More importantly, Toys“R”Us has been unable to compete on price or convenience with WalMart and Amazon.

To survive, Toys“R”Us will have to adapt. It still provides value to customers. In fact, many customers view and test toys at its stores, but then purchase from a cheaper source online.

If I were leading the reorganization effort, I would consider either reducing the size of the stores and inventory, or converting that brick and mortar space into an entertainment venue. My client would be looking at new products, such as more electronic devices, and new services such as birthday and other parties.

Bankruptcy reorganizations also provide an opportunity to lower interest rates and get service payments. Doing so can provide a competitive advantage which may better enable Toys“R”Us to compete.

In the meantime, its current predicament will likely provide bargains for consumers this holiday season. Happy Shopping!



SAVE THE DATE - DECEMBER 12

We are hosting *Collection Law Tips and Strategies* at our offices. Plan now to attend to improve your collections rate, reduce your accounts receivable, and be more profitable. We will cover:

- *Systems for Extending Credit that will Get You Paid*
- *How the Wisconsin Consumer Act affects you*
- *Collection Lawsuits and How to Win Them*
- *Turning on a Judgment into Cash*
- *How to Deal with Bankruptcy*

Space is limited, so contact Deanna at 608-258-8555 or e-mail dqajewski@ks-lawfirm.com to make your reservation.



QUESTION OF THE MONTH

WHO IS THIS COMPANY COLLECTING ON MY STUDENT LOAN DEBT?

By Ryan Blay

“I have heard that IRA accounts are protected in bankruptcy. My account, though, is a rollover from my former employer’s pension plan. How can I protect it if I file bankruptcy?”

Answer: Rollover IRAs, like other IRAs, are exempt and should be protected from the claims of creditors or the bankruptcy trustee. The U.S. Supreme Court addressed this issue in a 2005 case, *Rousey v. Jacoway*. The Court noted that the Internal Revenue Service encourages rollovers by making those transfers non-taxable. The Court also found that IRAs are similar to other plans which provide income as a substitute for wages or other compensation. As a result, the Court held that IRAs can be exempted under the bankruptcy exemptions available under federal law.

Not all IRAs are exempt, though. Inherited IRAs might not be exempt, and the standard for all IRA accounts could be different under state law. It is therefore best to have your accounts reviewed by an expert before getting too far along in your financial planning.



If you have any questions or concerns regarding IRA accounts or asset protection planning, give us a call at 608-258-8555 or e-mail dqajewski@ks-lawfirm.com

If the answer to your question is “National Collegiate Student Loan Trusts”, you need to keep reading. The Consumer Financial Protection Bureau took steps which might prevent this collection of companies from suing you and ordered them to pay money in to the government.

These trusts are 15 related trusts who have filed over 10,000 lawsuits in the last 5 years, according to the CFPB. The trusts, along with a debt collector called Transworld Systems, have been ordered to pay in over \$19 million. Some of this money will go to the US Treasury, and others to affected borrowers.

Along with the money penalties, the trusts are supposed to have an independent audit of all of the loans they hold – that’s over 800,000 loans worth over \$12 Billion! If the audit says that the records are invalid, the trusts are ordered not to sue or report negative credit information to the major credit bureaus. A judge in Delaware is reviewing the order.

If you have received collection notices or threats of lawsuits by any company starting with “National Collegiate Student Loan Trust” or Transworld Systems, talk to us immediately before offering money or responding to a lawsuit.

KREKELER STROTHER, S.C.
ATTORNEYS AT LAW

We Help Quickly.

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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.

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Have a question? Idea for a future article?

If you ask for it – we will write it!

Contact Deanna at
dqajewski@ks-lawfirm.com
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