

KREKELER LAW REPORT



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Reader Quiz:

MYTHS AND FACTS ABOUT BANKRUPTCY

David Krekeler recently gave a presentation to the Sauk Trails Optimist Club, on the subject of "Bankruptcy Myths and Facts". The Optimist Clubs are dedicated to bringing out the best in kids, in their communities, and in themselves.

The presentation included a quiz, and we wanted to issue a challenge to our readers: Answer the following questions about common bankruptcy myths.

We will publish the answers in next month's newsletter and have a drawing among the people with the most correct answers. The winner of the drawing will win a gift card to a Madison-area restaurant.

1. You can only file a Chapter 7 bankruptcy once every ____ years.

Hint: 7

2. You must be insolvent by at least \$____ to file bankruptcy.

Hint: \$10,000

3. Bankruptcy stays on your credit for _____.

Hint: Forever

4. If you file bankruptcy, you get to keep your _____.

Hint: Home and Car

*The hints are the answers provided
by Mary Krekeler, David's wife.*



Participants should e-mail their guesses to cwenos@ks-lawfirm.com with the subject line "June Newsletter Quiz" by July 20th. Good luck!

And for more information on the Optimist Club and the wonderful work they do, especially the Sauk Trails Optimist club, see:



www.SaukTrailsMadisonOptimist.org

or contact Bob Wortinger at rwortinger@tds.net
or Dan Chart at dchart@parkbank.com.

In This Issue

- *Reader Quiz: Myths and Facts About Bankruptcy*
- *Advice from Financial Planners: Megna Financial*
- *Satisfactions of Judgment*
- *Bankruptcies in the News --*
 - *Gibson Guitars*
 - *Remington Firearms*
 - *Rapper Lil' Kim*
- *Where's Krekeler?*
- *Welcome*

Lessons from the Annual Meeting and Conference:

FOR A GOOD CAUSE

SATISFACTIONS OF JUDGMENT



“You CAN Eliminate that Debt in Bankruptcy: Debts You Didn’t Know Are Dischargeable” was a topic at the 2018 State Bar of Wisconsin Annual Meeting & Conference. Attorney Ryan Blay served on a panel for that topic and discussed the process of avoiding liens and satisfying judgments following a bankruptcy filing.

Lien avoidance allows us to help our clients keep property while preventing creditors from claiming the property as collateral for their debt. We normally help in two ways. First, by eliminating “judicial liens”, liens created as a result of a court order. Second, we can avoid liens on items like business or farm equipment.

So long as our clients possess the property and didn’t incur the debt to buy the equipment, we can eliminate debt and obtain a court order that says specific property or equipment is now free and clear of the liens.

Judgment satisfaction is another form of lien avoidance. Satisfaction clears the liens from title. If our clients filed for bankruptcy, but prior to filing a creditor obtained a \$20,000 judgment against them, the judgment is “docketed” in state court, and title companies pick up that lien on real estate located in the county of judgment. The bankruptcy eliminates the debt, and the judgment satisfaction removes the lien the judgment creditor holds on the real estate.

The application for satisfaction of judgment is fairly simple, but recent changes to the state court system have made the process more expensive and cumbersome. Cases that were once processed on paper now have to be converted to special electronic files. The satisfying party has to enter an appearance electronically (for a fee, of course) and then apply for satisfaction.

The relatively modest cost is well worth it. These satisfactions will help if you one day sell or refinance your home.

Talk to us about helping satisfy pre-bankruptcy judgments. We can help even if we didn’t file your original bankruptcy!

This year’s State Bar of Wisconsin Solo & Small Firm Conference will bring several hundred attorneys, primarily solo attorneys and lawyers in small firms, to the Kalahari Resort in Wisconsin Dells from October 25-27, 2018. We want to have these attorneys raise money for a good cause, and you can help.

A silent auction will benefit the Volunteer Lawyers Project of Legal Action of Wisconsin (www.LegalAction.org). Legal Action is a non-profit organization that provides free legal services to low-income populations. It handles cases involving housing, family law, elder law, and bankruptcy. Volunteer lawyers help people like these:

- A battered woman is evicted from her home because of an abusive boyfriend.
- A man who wrongfully loses his driver's license and is unable to find stable income as a result.
- An elderly homeowner faces collection on home-improvement work never performed.

Here’s where we need your help. The success of our auction depends on the items we can auction off. If your business or your employer has products, goods or services to donate, we will auction them off for this good cause. We will publicize your donation, both at the event and multiple times on the nearly 900-member listserv.

Your donations will help provide legal representation for people of modest means and will also be **tax deductible**.

On behalf of the Solo & Small Firm board, our State Bar and many volunteers, thank you for your consideration.

Please feel free to call us at (608) 258-8555 with any questions.

Thanks.

BANKRUPTCIES IN THE NEWS



SEEKS TO SHRED DEBT IN CHAPTER 11 BANKRUPTCY

How did a company known for making guitars for Eric Clapton, Elvis, and The Who's Pete Townshend enter bankruptcy?

Although Nashville, Tennessee-based Gibson is best known for guitars, it also sells items like headphones and speakers. Those small consumer electronics are facing the same troubles as other retailers.

Gibson will look to eliminate as much debt as possible while continuing to produce its signature guitars and pianos (under the brand name Baldwin).

Gibson faces the same challenges as other companies in other industries: debt from purchasing other businesses, turnover in management, real estate concerns and failed attempts to dip into other markets. Unlike ventures such as Toys R Us, however, Gibson expects to stay in business, led by its major creditors, and emerge with reduced debt and new ownership.

LIL' KIM HAS BIG DEBTS, FILES FOR BANKRUPTCY PROTECTION

Rapper Lil' Kim (aka Kimberly Jones), facing tax issues and a foreclosure on her home, filed for Chapter 13 bankruptcy relief in May. Unfortunately, her bankruptcy has hit a snag.

She proposed a hefty \$5,500 per month payment to her Chapter 13 Trustee. While this is a large payment that would address her tax and other obligations, it appears by the documents that she filed to be over the debt limits eligible for Chapter 13 bankruptcy.

Chapter 13 bankruptcies are for individuals (and married couples) with regular income. Lil' Kim reports a six-figure income. However, a Chapter 13 debtor cannot have over \$394,725 in unsecured debt or \$1,184,200 in secured debts.

Ms. Jones' New Jersey home is valued at \$2.2 million, with debt well over that amount. Ms. Jones also scheduled over \$1 million in state and federal tax liabilities. Her Chapter 13 Trustee has filed an Objection to Confirmation of her bankruptcy plan, although no Motion to Dismiss has been brought yet.

With the amount of debts she holds, Lil' Kim may have to convert, or change her bankruptcy to a Chapter 7 and liquidate her assets or a Chapter 11 to pay her creditors over a plan. In either case, creditors will be treated differently and have different levels of control over her case.

Krekeler Strother attorneys are familiar with debt limits in Chapter 13 bankruptcies and are happy to speak with anyone with questions about these limits and options available when you exceed the debt limits.

GUN MAKER

Remington

EXITS CHAPTER 11 BANKRUPTCY

In our April newsletter, we discussed the Chapter 11 filing for gun manufacturer Remington. Remington was facing a number of financial issues, ranging from lawsuits from victims of the Sandy Hook 2012 mass shooting, pension funding, and reduced interest in firearms purchases.

As quickly as Remington entered its bankruptcy, it has since exited the Chapter 11, with a confirmed Chapter 11 plan despite the objections of some creditors and the United States Trustee, a Justice Department arm tasked with reviewing and regulating bankruptcy filings.

Companies including JPMorgan Chase and Franklin Advisors forgave some of Remington's debt and will now control the company. Other lenders, including Bank of America, will provide loans to Remington to address a tough economic climate.

WHERE'S KREKELER ??

Ryan Blay and David Krekeler both gave presentations at the 2018 Wisconsin State Bar Annual Conference. Ryan was on a panel with The Honorable Catherine J. Furay, Chief Bankruptcy Judge for the Western District of Wisconsin. They discussed various types of debts and liabilities that people often think cannot be discharged in bankruptcy, but actually might be.

David's topic, "What Business Lawyers Need to Know About Bankruptcy", was presented to business lawyers from around the state of Wisconsin. His talk centered on the types of debts for which the owner of a small corporation or LLC would end up being personally liable for taxes and guaranteed obligations.

For more information on these topics, see our blog. Summaries will be added weekly. Or, for more information, contact us. Meet us for a cup of coffee and we'll tell you all about it.

David Krekeler gave a presentation to the Sauk Trail Optimists Club. His talk was entitled "Bankruptcy Myths and Facts". Some of the myths and facts can be found in our quiz on Page 1. Take the quiz and maybe win a prize!

More importantly, David and his wife, Mary, became grandparents this month. David is already planning lots of mischief with baby Elia.



WELCOME

Grant Dettmering is the newest addition to the Bankruptcy Paralegal staff at Krekeler Strother, S.C. He has recently graduated from Madison College with a Post-Baccalaureate degree in Paralegal Studies and also holds a Bachelor's Degree of Arts in Anthropology from the University of Wisconsin. He enjoys vacationing in warm, tropical places and walking his dog around Madison's many lakes. He is proud and excited to be part of the team.



Have a question? Idea for a future article?

If you ask for it – we will write it!

E-mail Wendy Page at
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