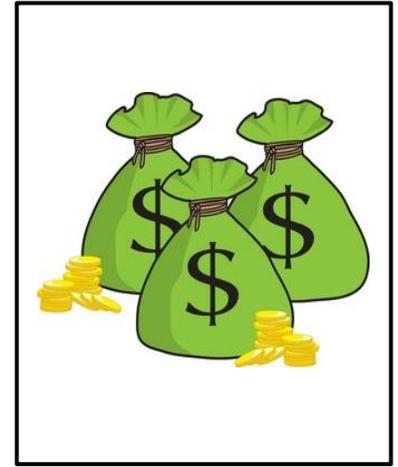


# KREKELER LAW REPORT



APRIL 2017

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## FREE OFFER to celebrate NATIONAL FINANCIAL LITERACY MONTH

April has been recognized as Financial Literacy Month since 2003. This month-long event is supported by both non-profit and for-profit organizations which contribute materials, time, and energy to promote the importance of economic and financial education.

The majority of consumers face one or more financial difficulties which have a direct impact on their day-to-day living. We all know student loans are a major problem in our society, but did you know that credit card debt topped over \$1 Trillion earlier this year? That is the highest figure we've seen since mid-2008, prior to the recession.

Last month, we told you a little bit about the Credit Abuse Resistance Education program. This month, to promote National Financial Literacy Month, we are making a **FREE OFFER** to our subscribers and anyone they wish to refer.

Contact us before the end of this month and schedule a FREE meeting with one of our attorneys. You can control the discussion, whether it be about how to protect your assets and wealth, or how to eliminate debt, or how to help you budget for your financial goals.

Contact us now, as we look forward to helping you and your loved ones solve financial problems and create a prosperous future.

Please note that if for any reason our meeting would create a conflict of interest, we will not be able to provide this service. Please also note that this meeting does not create an attorney/client relationship. You are under no obligation whatsoever. *THIS IS FREE!*

### In This Issue:

- *Free Offer to Celebrate National Financial Literacy Month*
- *Consumer Alphabet Soup: CROA*
- *Where's Krekeler?*
- *National Auctioneer's Day April 15*
- *Did You Know?...*
- *Some Income Tax Debts Can be Discharged in Bankruptcy*

### **Credit Card Debt**



# CONSUMER ALPHABET SOUP:

# CROA

by  
Arin E. Berkson  
Guest Columnist

When mistakes appear on a credit report, individuals may be tempted to hire a credit repair organization (CRO) to represent them in the credit repair process. Who wants to spend the time and effort of disputing incorrect credit report information? While legitimate CROs exist, repeated unscrupulous behavior by the CRO industry led to the enactment of the federal **Credit Repair Organizations Act (CROA)**, which was created to protect the public from bad actors.

Under the CROA, CROs are not allowed to make false statements to consumers about what type of services they can provide. Neither are they allowed to collect payment from consumers until they have provided the services promised under a written contract. The CROA creates civil liability when CROs fail to play by the rules outlined in the act. Any contract provided to a consumer by a CRO must disclose the right to sue, although this right can be waived if the CRO discloses an arbitration clause, as was held in the U.S. Supreme Court case *CompuCredit v. Greenwood*.

Consumers should be aware that despite promises otherwise, CROs cannot legally help improve credit reports by disputing truthful information which happens to be negative. In fact, there are no services a CRO can provide to an individual regarding “cleaning-up” their credit report other than representing a person through the regulated credit report dispute process, a process that most individuals can navigate on their own.

In addition to helping consumers navigate through the credit report dispute process, some CROs promise to improve consumer credit reports by offering sub-prime credit cards to people with low credit scores. The idea behind these cards is that the issuer will report positive information to the credit bureaus when consumers use the cards in accordance with the terms of the credit agreement. However, the credit card issuer will often charge high up-front fees against the credit card as a cost of setting up the account, leaving little to no available credit for the consumer to use. These fee-harvester accounts may violate the CROA by charging up-front fees as part of a promise to repair a consumer’s credit report. Likewise, “set-up fees” as a condition of hiring a CRO also violate the CROA.

If you find inaccurate information on your credit report, the Fair Debt Credit Reporting Act outlines how the incorrect information should be disputed. The Federal Trade Commission (“FTC”) provides a step-by-step guide to help individuals through the dispute process:

<https://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>

If you have had dealings with a CRO that you think may have violated the CROA, speak with your attorney.

*Arin Berkson is an attorney that recently moved to Madison from Albuquerque, NM, where she practiced bankruptcy law for fifteen years.  
Contact her at [arinberkson@gmail.com](mailto:arinberkson@gmail.com).*

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## WHERE’S KREKELER ?

David Krekeler will be speaking at the Northwest Bankruptcy Institute on April 28. His topic will be “Real Life Bankruptcy Ethics”, and will cover the Top 10 issues that have caused problems for debtor/creditor attorneys.

David has been responsible for creating and managing measures to ensure our firm-wide compliance with Wisconsin’s Supreme Court Rules, and believes strongly in the use of systems to prevent problems from arising.

Contact us if you or your organization would like a speaker or presentation on this topic or anything we write about.



**Celebrate**  
**NATIONAL**  
**AUCTIONEER'S**  
**DAY**  
**APRIL 15th**

Do I hear an April 10? 10, 10? 11! I see 15 from the nice lady in the black hat... going once, going twice..... SOLD.

April 15<sup>th</sup> is National Auctioneer's Day. We appreciate auctioneers here for two main reasons. First, the obvious, is because the auctioneers help our clients sell unwanted property and get cash. Cash is still king, and if auctioneers can more efficiently sell household items, cars, farm property, and other items better than our clients can, we thank them for their services.

The second, and less obvious, task that auctioneers perform for us is valuation. Auctioneers are among a small group of people uniquely capable of providing a fair, third-party opinion on what an asset is worth. This valuation is helpful for negotiations with secured lenders like banks. They also help us litigate disputes in state and bankruptcy courts about the value of equipment or collateral. With these factual disputes resolved, we can more easily get plans of reorganization confirmed, allow for "redemptions" or negotiated sales of assets, and obtain lien releases in exchange for reduced payments on debt.

So thank you, Auctioneers, for your unheralded role in our financial system.



**DID YOU KNOW?...**

We did not have a permanent income tax until the 16<sup>th</sup> Amendment to the Constitution was ratified in 1913. Prior to that, income taxes had been held unconstitutional.

Originally dating back to the Civil War, the deadline for filing was set at March 1<sup>st</sup>. In 1918, the date was moved back to March 15<sup>th</sup>, and in 1955 was changed to April 15, currently known as Tax Day.

**DID YOU KNOW?...**

The tax rate in 1913 was 1% on income over \$3,000. That would be about \$73,800 today.

**and**

**DID YOU KNOW?...**

The first Form 1040 was fairly easy to complete. (See form below.)  
 I think I could complete that form in a few minutes.

Today the average taxpayer  
 spends 13 Hours preparing the return.

TO BE FILLED IN BY COLLECTOR. Form 1040. TO BE FILLED IN BY INTERNAL REVENUE BUREAU.

**INCOME TAX.**

**THE PENALTY FOR FAILURE TO HAVE THIS RETURN IN THE HANDS OF THE COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 1 IS \$20 TO \$4,000.**  
(SEE INSTRUCTIONS ON PAGE 4.)

UNITED STATES INTERNAL REVENUE.

**RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.**  
(As provided by Act of Congress, approved October 3, 1913.)

RETURN OF NET INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 191....  
(FOR THE YEAR 1913, FROM MARCH 1, TO DECEMBER 31.)

Filed by (or for) \_\_\_\_\_ of \_\_\_\_\_  
(Full name of individual.) (Street and No.)

in the City, Town, or Post Office of \_\_\_\_\_ State of \_\_\_\_\_  
(Fill in page 2 and 3 before making out the below.)

1. GROSS INCOME (see page 2, line 12) .....	\$	
2. GENERAL DEDUCTIONS (see page 3, line 7) .....	\$	
3. NET INCOME .....	\$	
Deductions and exemptions allowed in computing income subject to the normal tax of 1 per cent.		
4. Dividends and net earnings received or accrued, of corporations, etc., subject to like tax. (See page 2, line 11) .....	\$	
5. Amount of income on which the normal tax has been deducted and withheld at the source. (See page 2, line 9, column A) .....	\$	
6. Specific exemption of \$3,000 or \$4,000, as the case may be. (See Instructions 3 and 19) .....	\$	
Total deductions and exemptions. (Items 4, 5, and 6) .....	\$	
7. TAXABLE INCOME on which the normal tax of 1 per cent is to be calculated. (See Instruction 3). .....	\$	
8. When the net income shown above on line 3 exceeds \$20,000, the additional tax thereon must be calculated as per schedule below:		
	INCOME	TAX.
1 per cent on amount over \$20,000 and not exceeding \$50,000 .....	\$	\$
2 " " 50,000 " " 75,000 .....		
3 " " 75,000 " " 100,000 .....		
4 " " 100,000 " " 250,000 .....		
5 " " 250,000 " " 500,000 .....		
6 " " 500,000 .....		
Total additional or super tax .....	\$	\$
Total normal tax (1 per cent of amount entered on line 7) .....	\$	\$
Total tax liability .....	\$	\$

# SOME INCOME TAX DEBTS CAN BE DISCHARGED IN BANKRUPTCY

Tax returns are due this month and many people are filing their returns. A number of our clients are also filing their bankruptcy cases this month. They have been waiting to file until after April 15, so that some or all of their tax debts will be dischargeable.

Most taxes are not dischargeable in bankruptcy. An exception exists, however, for income taxes. Those taxes might become dischargeable 3 years after the due date for the return.

This means that the 2013 income taxes just became dischargeable this month. The returns were due April 15, 2014, and 3 years have passed as of this month.

If an extension is requested by the taxpayer, the discharge date will be delayed. The extension due date for 2013 returns was October 2014. Taxpayers with such an extension will have to wait until October of this year to discharge the 2013 income taxes.



**And file your tax returns!  
Income taxes, no matter  
how old they may be,  
are not dischargeable  
unless the returns are filed.**

This 3-year rule is just one of several tests which must be met in order for income taxes to be discharged. These rules are complex, so be sure you consult a lawyer or accountant experienced in these matters.



Have a question? Idea for a future article?

If you ask for it – we will write it!

Contact Deanna at

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to Request, Share, or Unsubscribe.

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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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