

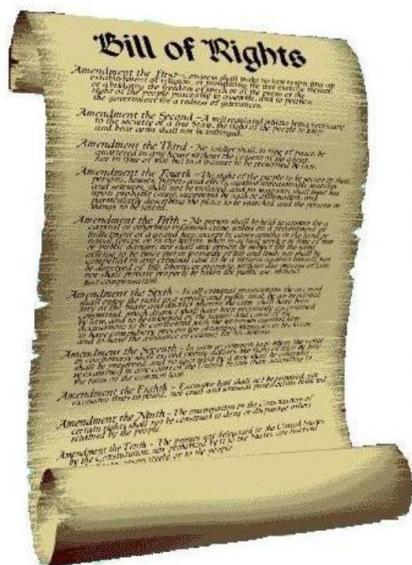
KREKELER LAW REPORT



December 2020

VOL. 6 NO. 12

National Bill of Rights Day



December 15 was the anniversary of the Bill of Rights. The Bill of Rights is the first ten amendments to the constitution.

The Constitution is also what gives us our bankruptcy protections. Congress put the bankruptcy clause in Article I of our constitution, authorizing Congress to establish uniform laws on the subject of Bankruptcies throughout the United States.

Thanks to that foresight, we do not have debtor's prisons in this country, nor are children sold into indentured servitude to pay debts of the family. Instead, we have a society which provides honest debtors with a fresh start.

Consider that as you reflect on National Bill of Rights Day.

Bob Dylan says, "Don't Think Twice (about Capital Gains), It's All Right."

Earlier this month Bob Dylan sold his entire music catalog of about six hundred songs. Sale of the rights to these songs is reported as bringing about \$300 million.

A good deal of speculation has since ensued about the timing of the sale. Specifically, did Dylan

sell now to be taxed at current capital gains rate of approximately 20%. President-elect Biden has proposed taxing capital gains as ordinary income, which would have a rate of 37%. Biden has proposed raising this rate to 39.6%. Thus, if Dylan is betting that these Biden tax increases will actually take effect, he is reducing his taxes by nearly 50%.

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Tax planning is always important, even in bankruptcy scenarios. A bankruptcy discharge can have serious tax consequences for the debtor. Even settling debts without bankruptcy can result in substantial tax liabilities. These are critical factors which we try always to consider both before and after filing bankruptcy cases.

Be Thoughtful About Holiday Spending

With the support of his relentlessly understanding wife and the help of his workshopping elves, Santa Claus has been providing the children of the world with gifts for centuries, even though he has no known source of income. It's no surprise that his gingerbread house of cards finally came tumbling down five years ago.

After thirty years in business, Dianordia, the company that owns Santa Claus Village, went through bankruptcy in 2015. According to Dianordia's managing director Jarmo Kariniemi, the weight of the \$230,000 in back taxes they owed became too heavy a load for even Santa's sleigh to carry.

Prior to filing, the popular Arctic Circle tourist destination in Rovaniemi in Finnish Lapland provided around 300,000 tourists per year with the opportunity to meet Santa Claus, Mrs. Claus, their famous reindeer, and to visit their home.



Photo by Daniel Reche from Pexels

At the time of the bankruptcy, the future of Santa Claus Village was questionable, but today, even in the heart of a worldwide pandemic, Santa and his team are back up and running, working to carry on their tradition of spreading cheer and magic.

The bankruptcy gave them the fresh start they needed to restructure and begin again. Thanks to the option of bankruptcy, people are once again flocking to the merriest place in the world.

It's not uncommon for the holiday season to take a financial toll. Even the big jolly man himself can find himself in over his head. In fact, it's estimated that Americans overspend by almost \$7,500 throughout the course of a year*, with over twenty

percent of people going over their holiday budgets by more than \$500. **

Santa says, "Ho Ho Hold Back on Spending!"

So... What steps can you take to save money?

Review your subscription services.

The odds are, right now, you are enrolled in some monthly autopay services for things like music, television programming apps you've forgotten about, or other memberships that you are not using. An \$8.50/month charge equates to over \$100/year. Cancel any of these that you can do without.

Stock up on holiday gifts after the holidays

The time to buy gift wrap, gift bags, gift tags, ornaments, scented candles, festive mugs, and any other non-perishable holiday items and décor is in January. This is a good time to buy gifts to save for the next holiday season.

Think about the "future you."

When tempted to overspend on yourself, think about the future you. Wouldn't the you-of-tomorrow like to be debt-free and no longer worrying? If you spend less today, the future you will thank you.

Teach your children the value of money.

If you're tempted to overspend on your children, remember that even if they are very young, they can still pick up on your emotions and the mood of a household. No gift is worth stress or financial ruin. There's nothing wrong with handmade gifts or with kids not getting everything on their list.

Call us.

Finally, if your problems seem insurmountable, contact a debt relief professional like us for help and advice. Many people experience debt problems, and there is no shame in getting help. And the sooner you reach out, the sooner you can learn new habits, get on the right track, and stop worrying about money.

* Source: <https://www.cnbc.com/2019/12/26/consumers-overspend-by-7400-a-year-here-are-weekly-trouble-spots.html>

** Source: <https://www.cnbc.com/select/millennials-overspending-during-holidays/#:~:text=This%20the%20season%20to%20shop,by%20approximately%20%24500%20or%20more.>

The Philadelphia Eagles and Bankruptcy

The Green Bay Packers defeated the Philadelphia Eagles 30-16 on December 6, 2020. The game reminded me of the connections between the Philadelphia Eagles and bankruptcy.

The most prominent connection is probably Michael Vick, quarterback. Vick signed a \$130 million dollar contract to enter the NFL and holds the record for the most career rushing yards (6,109) by a quarterback.

He was named to several Pro-Bowls. But Vick's career came to a close, at least temporarily, when he was convicted of involvement in a dog fighting ring. He spent nearly two years in Leavenworth prison, where he filed a Chapter 11 bankruptcy case in 2008.

Bankruptcy schedules disclose that Vick owed nearly \$18 million.

The Chapter 11 plan provided that Vick was to sell homes and cars and repay creditors with his future expected earnings in the NFL.

Future expected earnings are often the source of funding for a reorganization plan, but they do not always come to fruition. In Vick's case they did, and he repaid approximately 99% of his outstanding debt.



Another Philadelphia Eagles quarterback, Vince Young, also filed bankruptcy.

Young had signed a nearly \$26 million dollar contract as a rookie, and earned over \$40 million in what turned out to be a very short career. Young filed bankruptcy in 2014 following a lengthy and expensive lawsuit.

Young has another connection to the Green Bay Packers, as he tried out for them in 2012 but was cut during the pre-season.

If you're in need of a cup of sugar...

Won't you be our neighbor?

Our Facebook neighbor, that is.

That's right! Krekeler Strother is now on Facebook!

[Here's the link to connect with us:
https://www.facebook.com/KrekelerLawFirm](https://www.facebook.com/KrekelerLawFirm)

If Facebook isn't your social media of choice, there are lots of other great ways to stay connected.

[You can find us on Twitter.](#)

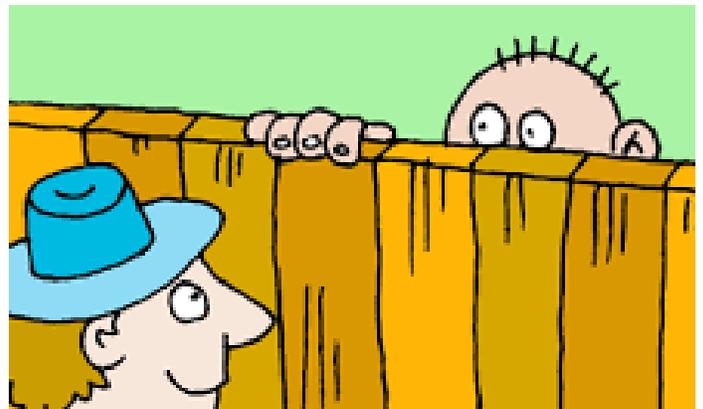
[Or connect with David on LinkedIn.](#)

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If you're interested in seeking legal counsel with Krekeler Strother, contact Attorney David Krekeler at jdkrek@ks-lawfirm.com or 608-258-8555.

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WHERE'S KREKELER?

What Every Family Business Lawyer Needs to Know About Bankruptcy

was the topic of David's presentation for Wisconsin Family Business Lawyers at their 5th Annual Update. The discussion was about the various types of bankruptcy available to keep businesses viable, especially during the pandemic. Special emphasis was placed upon the new form of Chapter 11 which took effect earlier this year under the Small Business Restructuring Act of 2019. [You can read more about it here, in this article I wrote in January of 2020 for the Wisconsin State Bar's Inside Track newsletter.](#) We are successfully using this tool to keep Wisconsin businesses in business.

Thanks to Barb Moddes, Julie Vogel, Pat Fodale, and everyone else involved for helping to make it a great seminar.

Attorneys Krekeler and Sederholm present for the Volunteer Lawyer Project

Special holiday thanks to all the volunteer lawyers who are willing to take on pro bono bankruptcy cases for low-income Wisconsin residents. These legal services are provided without charge to those who most need help. At this time of the year, we always appreciate and thank those attorneys who volunteer their time, donating thousands of hours of civil legal aid.



Attorneys Kris Sederholm and David Krekeler presented a two-day course on bankruptcy and ethics for the Volunteer Lawyers Project. Over one hundred attendees can now go forward and assist low-income Wisconsin residents with bankruptcy and debt assistance help.

The presentation provided a full overview of bankruptcy law and emphasized issues most affecting low-income consumers. A big thank you to Maggie Niebler-Brown, Director of the Volunteer Lawyers Project, for her help and involvement in the preparation of this presentation.

Hopefully, these volunteers and their services can make Christmas and the New Year brighter for many.

Krekeler Home Cooking: Our Paralegal Katherine Rose's Bourbon Vanilla Cranberry Sauce

Ingredients:

14 oz fresh cranberries
1 cup sugar
1 cup water
2 tbs bourbon
1 tbs vanilla extract



Directions:

Combine all ingredients in a large saucepot and bring to a boil. Reduce heat and simmer until cranberries burst and begin to break down, about 10-15 minutes. Stir well and remove from heat. Sauce will thicken up greatly as it cools.

Time: 20 minutes



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WE HELP QUICKLY.

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