

KREKELER LAW REPORT



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Give Thanks (but keep your money in your wallet)

The Mayflower brought the Pilgrims to Plymouth, Massachusetts 400 years ago on November 21, 1620, where they set up a colony. The following autumn, they hosted a three-day harvest celebration that ninety members of the Wampanoag tribe attended.



Photo credit: Pixabay

Modern Thanksgivings have changed quite a bit from that rustic feast so many years ago. Up until this year (which will be unique, to say the least),

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the holiday has remained a day to celebrate feasting and gathering, but it has picked up some quirks along the way. Now when we think about Thanksgiving, along with turkey, pie, cranberry sauce, sweet potatoes with marshmallows on top, green bean casseroles, and lots of other foods that would probably make a Pilgrim gag, we also think about football, the Macy's Thanksgiving Day Parade, and Black Friday shopping, which in years past has started as early as four o'clock (or even noon!) on Thanksgiving Day.

Remember: Money can't pie happiness.

According to CNBC and Adobe Analytics, U.S. consumers spent \$7.4 billion last year on Black Friday, about \$7.6 billion on the Saturday to Sunday after Thanksgiving, and \$9.4 billion on Cyber Monday.

While COVID-19 will likely keep many people out of the shopping malls, it's creating consumers who are more and more reliant on online shopping. If anything, it's becoming easier than ever to overspend.

As a business devoted to solving financial problems, we'd like to remind you that one of the best ways to solve a problem is to avoid it in the first place, if possible. Stay safe and healthy this Thanksgiving and focus on all the wonderful things money can't buy.

Tough Times for Two Local Landmarks

The owner of East Towne and West Towne Malls filed bankruptcy last week. The malls have been closed for nearly two months due to stay-at-home orders and had lost multiple tenants this year.

The owner, CBL & Associates Properties, Inc., promised that the malls will remain open, but we expect this will be a challenge. Mall operators across the country are seeking bankruptcy protection or converting their space to other uses*.

By 1960, there were 4,500 malls in North America**

Earlier this month [we wrote about how the pandemic presents business acquisition opportunities](#). It presents real estate opportunities as well. Retail space across the country is being converted to other uses.

Space conversion has always been around. Consider how warehouses have been converted into loft apartments. But the size and scope of the vacant or underused space at present likely exceeds anything we have ever seen.

By 1975, there were 16,400 shopping malls in North America**

Department stores are being converted into warehouse distribution centers or offices. Offices are being downsized, and hotels may be converted into retirement housing. Senior Care Development chief executive officer David Reis explains why. "If you a buy a space for the equivalent of fifty cents on the dollar less than new construction, then clearly you're going to be fine when you do a conversion."

The Economics 101 principals of supply-and-demand will dictate that space is and will continue to become less expensive until the demand returns. For now, space is abundant and exceeding demand. More than 10,000 retail stores closed in 2019, and that pace has accelerated this year.

Many of these closures were due to retail struggles before the pandemic. Online shopping,

telecommuting and general shifts in work habits were driving these retailer's problems.

The pandemic has heightened these problems, and the critical holiday season is at risk as malls and retailers will be forced by government orders to limit the number of patrons permitted in their establishments.

2007 was the first time since the 1950s that a new mall wasn't built in the US***



Image source: pixabay.com

These economic conditions will offer opportunities for some. We are advising a number of our clients to look to relocate now.

For example, a restaurant's rent should generally be no more than 10% of sales. The current situation will likely afford opportunities to reduce these costs substantially, perhaps by as much as 50%. For an industry like restaurants, which is also being battered by social distancing requirements, that savings can be the difference between staying open or shutting the doors.

25% of U.S. malls are expected to shut down within 3-5 years****

These are the kinds of opportunities and decisions that can enable a struggling business to successfully reorganize to stay in business. One of our goals is to help our clients look for these opportunities, and perhaps you should be doing so too.

**The American Bankruptcy Institute reported this week that "mall-owner bankruptcy filings weren't a surprise. Mall closings are also picking up."*

***Source: <https://www.crfashionbook.com/culture/a33405314/shopping-mall-history-southdale-mall-of-america/>*

****Source: <https://www.smithsonianmag.com/arts-culture/death-and-rebirth-american-mall-180953444>*

*****Source: <https://www.cnn.com/2020/08/27/25percent-of-us-malls-are-set-to-shut-within-5-years-what-comes-next.html>*

Spotlight on our law clerk Mason Higgins



Our law firm clerk, Mason Higgins (left) and two friends, celebrating their graduation from the Infantry Basic Officer Leader Course at Ft. Benning GA. May, 2019.

Our law clerk **Mason Higgins** is a commissioned infantry lieutenant assigned to the Wisconsin Army National Guard. He is currently serving as a platoon leader with Co. C of the 2-127 Infantry Battalion.

The woman pictured here with Mason was one of the first 30 women to finish Infantry Basic Officer Leader Course (IBOLC). Having completed his required courses just after the Army opened the combat branches to women, Mason got to meet and witness some incredibly strong people. Over 100 women have graduated now, and he's had the honor of helping train an extraordinary cadet who plans to choose Infantry when she commissions.

"It's an incredible time to be alive and in the Army of the free (and equal)." – *Mason Higgins*

Thank you for your service to our country, Mason, and for all your hard here at Krekeler Strother.

AND THANK YOU TO ALL OUR VETERANS!

Don't forget to thank a veteran this month

Veterans Day, originally called Armistice Day, is celebrated every November 11th and is meant to honor both living and dead Veterans.

Since we're in the business of solving financial problems for people, we'd like to take a moment to share some sobering statistics about our nation's veterans and their debt problems. Despite the great sacrifice they make to our country, members of the military historically do not come out ahead financially.

Military families and credit cards*:

Percent of military families with at least four credit cards: 36%, compared to 26% of civilians.

Percent of military families with \$5,000 or more in credit card debt: 41%, compared to only 28% of civilians.

Percent of military families with \$10,000 or more in credit card debt: 27%, compared to 16% of civilians.

Percent of military families with \$20,000 or more in credit card debt: 10%, compared to 7% of civilians.

Percent of enlisted personnel having at least one credit card in the last 12 months who always paid their card in full: 25%, compared with 41% of civilians.

Military families and home ownership*:

57% of civilians own a home, whereas only 51% of military families do.

Of all homeowners, 36% of civilians own their home outright and are mortgage-free, whereas only 7% of military homeowners are mortgage-free.

Those hardest hit tend to be female, younger, married, divorced, separated, or those with financial dependents. In other words, most veterans other than single males.

"Similar to the general population, female veterans have higher levels of financial stress and anxiety than male veterans. Female veterans suffer 25% higher financial stress and 16% higher financial anxiety."**

While imbalances like these cannot be changed simply or quickly, there are small things we can all do to make a difference. For instance, let the military members in your life know how much you appreciate what they've done for our country. Support veteran-owned businesses and donate to organizations and programs that support veterans if you're able to do so.

And if you're a veteran, please accept our sincere gratitude for your service! We salute you!

Thank you to Chad Koplien, Chief Legal Counsel at the Department of Veterans' Affairs, for providing the following recommended resources:

For general information on your federal or Wisconsin state Veterans benefits, programs and services, access and register at <https://applications.dva.wisconsin.gov/myWisVets>, or contact the Wisconsin Department of Veterans Affairs at: email: wisvets@dva.wisconsin.gov; and phone: 1-800-WIS-VETS (947-8387).

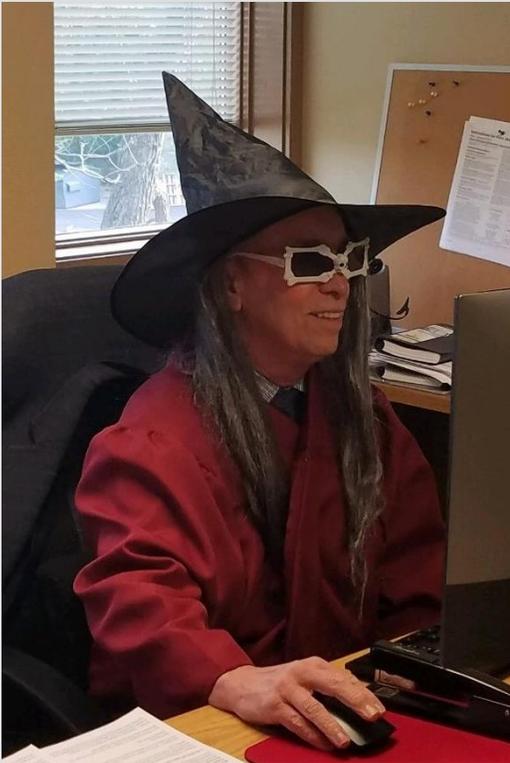
For assistance in filing a Veterans disability claim or exploring questions of whether you are eligible, contact your County Veterans Service Officer, Veterans Service Organization (can be located here: <https://dva.wi.gov/Pages/benefitsClaims/VSO.aspx>) or the Wisconsin Department of Veterans Affairs Claims Office at: email: WDVA_ClaimsOffice; phone: (414) 902-5757; website: <https://dva.wi.gov/Pages/benefitsClaims/WDVAClaimsAssistance.aspx>; and [WDVA Claims Assistance Brochure](#).

*Source: www.consumercredit.com

**Source: www.uspotus.com

WHERE'S KREKELER?

Warlock David kicked off another great Wisconsin Solo and Small Firm Conference!



David had a little trouble deciding "witch" persona to go with, but ultimately chose the ghoulish look you see here.

After welcoming guests to the **Substantive Law at Sunset** Plenary session along with Kathleen A. Brost of Legacy Private Trust Co, Johanna R. Kirk of Kirk Law Office LLC, Alexander Pendleton of Pendleton Legal, S.C., and Troy R. Schneider of Twohig Rietbrock Schneider & Halbach, S.C., David had a great time serving as the master of ceremonies for the conference's virtual cocktail party. He also enjoyed teaching non-bankruptcy lawyers about the new form of Chapter 11 called Subchapter V (or Sub V) that will enable many Wisconsin businesses to survive and become solvent as the pandemic ebbs.

This new law just went into effect earlier this year and fourteen of these reorganization cases have been filed in Wisconsin. Our firm has filed over half of these reorganization cases, making Krekeler Strother the leader in Chapter 11 Sub V case management in Wisconsin.

Along with Lori Dorn of Stafford Rosenbaum and Jeffrey Krause of Affinity Consulting Group, David discussed **Lessons Learned from COVID-19** during day two's plenary session of the seminar, and also led a session called **Keeping Main Street Open: Four Ways the Small Business Reorganization Act Can Help Your Business Clients Stay in Business**.

A big thank you to the Wisconsin State Bar for putting together another excellent, valuable conference, and special thanks to (besides those named above) Nancy Trueblood, Nerino J. Petro Jr., Sarah Ruffi, Chris Shattuck, Sara Drescher, Kate Knowlton, Brent Hoeft, Paul Angel, Tim Clark, Erin Everett, Barbara Moddes, Megan Meyer, Toni Wood, and many others.

LOVE YOUR LAWYER DAY

November 6 was Love Your Lawyer Day! To celebrate, we paid it forward by giving away gift cards for free subs to randomly chosen newsletter subscribers and Twitter followers. Congratulations to our winners Donna J. of Madison, Tiffany T. of Albany, and Andrew S. of Middleton!

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