

Don't try and cheat the system

Posted on [September 9, 2011](#) by [Aaron Nielson](#)

Doesn't that seem like that most obvious statement. Part of the reason the bankruptcy laws changed in 2005 was to stop perceived abuses that rarely ever happened but people thought were occurring in bankruptcies. I didn't think many people would actually risk cheating to save money but it has happened before and I'm sure someone will try it again. Don't try it.

When I was a prosecutor and worked close with the police we had incredible computer programs that pulled up all of your legal history, any contact or mention with police not just your convictions, your credit history, work history, taxes, any government contact, lists of items registered to you such as cars and houses and lots more. I was amazed that people would come in and lie to the judge about assets in small claims cases while the deputy sat in the court room pulling up the persons history and then giving a copy of it to the judge. The last thing you want to have happen is get caught lying to a judge. That is almost guaranteed jail time.

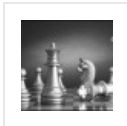
So now when I meet with bankruptcy clients I give the standard speech that bankruptcy involves a trade off. You give up your right to privacy and fully disclose your complete history in exchange for having your eligible debts wiped out. I tell the story about the police departments access to info and then point out that the trustees in bankruptcy cases are part of the US Department of Justice, the same department for agencies like the FBI. If our local police have access to all of that info imagine what info a trustee could find if they thought your were lying to them or if you are part of a random audit. If you get caught not only could you lose the bankruptcy benefits but be fined and go to prison and ruin the rest of your life. Again emphasizing be upfront and honest about everything.

Clients sign my contract that they will be honest and fully disclose everything or I might withdraw as their attorney. Debtors also sign about 12 pages that are filed with the court saying they are being honest and complete about everything. They go to the meeting of creditors and get sworn in on the record and again swear to be honest and tell everything. With this many warnings why would you still leave something out or intentionally lie?

Why bring this up today? I just started this blog this week and have lots of issues I want to mention. I also have had 2 calls this last week, one looking for representation for committing bankruptcy fraud and having the US Trustees office coming after them. The other is a state fraud case that is using the bankruptcy as proof of the fraud. (We will cover more later on including all claims in your case as assets to preserve rights or defenses later.) Bankruptcy is supposed to be your fresh start. Don't let it be the foundation for your future being at risk for not being honest in the case.

I know there are situations where you might forget something. For debtors may point is just be honest and tell your attorney everything you think of no matter how small. Attorneys have the job of deciding how to list something and to warn you if it is at risk so you can take that into consideration before filing. There are lots of other articles I've read recently trying to help attorneys probe into a clients history so they can get the complete

picture. Cathy Moran who writes Bankruptcy Mastery wrote recently about how debtors and attorneys use a different set of vocabulary during a case and helps instruct attorneys with more probing questions. If you are a bankruptcy attorney be sure to subscribe to her blog for great insights and instruction.



About Aaron Nielson

I am an attorney practicing mainly in the areas of bankruptcy and criminal defense. I handle cases in the Western half of Washington including the Seattle, Tacoma, Bellevue, Redmond, Kirkland, Everett and surrounding areas.

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[Nancy](#) says:

September 23, 2011 at 9:38 pm

Much appreciated for the information and share!

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