

While you are thinking over your bankruptcy options and trying to decide what to do, it is important that you avoid some pitfalls that might make your situation worse. Over the years we have seen potential clients make some mistakes that you can avoid. Here is a big one:

Transferring assets. Don't sell (or worse "give") things of value to relatives or friends. There is a natural tendency to want to protect your assets and some people think the thing to do is to "put the car into my cousin's name" or sell it to him at 50% discount off the fair value. Resist the temptation! These activities are pure poison for your bankruptcy. While it *is* technically possible to sell something to a relative for fair value before you file bankruptcy, the activity is so suspicious that it is usually best to avoid it altogether. Even worse, making such a sale or gift, and then failing to report it on your bankruptcy papers (yes, they ask these things) would be a bankruptcy crime. Stay away! If there is something dear to you that you desperately want to keep, ask us about it. There are often perfectly legal ways of handling the situation.

2. Repaying relatives and friends. Don't repay debts to relatives or friends until *after* your case is filed. This might sound strange, but paying back legitimate debts to friends and relatives can cause problems *for the person who gets repaid*. Without going into the technical reasons for this, our advice is to just suspend repayments to relatives or friends until after you have a bankruptcy case number. Don't repay them with either money *or* property. (This advice assumes you are on good terms with the friend or relative and that they will not take action against you due to the suspension of payments).