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## New York Divorce and Family Law Blog

### [Automatic Stays: Protecting the Financial Interests of the Parties in Divorce](#)

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In the past, many matrimonial actions got off to a particularly acrimonious start because one spouse was fearful that the other would transfer and hide assets, cancel insurance and run up debts as soon as they received notice of the divorce. As a result, one party had to go to the expense of making a motion to obtain an injunction preventing to the other spouse from acting financially irresponsibly.

Next week, [a new law](#) is goes into effect next month which makes the motion unnecessary. The law automatically enjoins parties from transferring property, relocating children, secreting assets, canceling insurance or running up debts.

The stay will become binding upon the plaintiff when the summons is filed to commence the divorce action and will become binding on the defendant upon service of the summons. The summons will now state that an order is in effect and that:

*1) Neither part shall sell, transfer, encumber, conceal, assign, remove or in any way dispose of, without the consent of the other party in writing, or by order of the court, any property (including, but not limited to, real estate, personal property, cash accounts, stocks, mutual funds, bank accounts, cars and boats) individually or jointly held by the parties, except in the usual course of business, for customary and usual household expenses or for reasonable attorney's fees in connection with this action.*

*(2) Neither party shall transfer, encumber, assign, remove, withdraw or in any way dispose of any tax deferred funds, stocks or other assets held in any individual retirement accounts, 401K accounts, profit sharing plans, Keogh accounts, or any other pension or retirement account, and the parties shall further refrain from applying for or requesting the payment of retirement benefits or annuity payments of any kind, without the consent of the other party in writing, or upon further order of the court.*

*(3) Neither party shall incur unreasonable debts hereafter, including but not limited to further borrowing against any credit line secured by the family residence, further encumbering any assets, or unreasonably using credit cards or cash advances against credit cards, except in the usual course of business or for customary or usual household expenses, or for reasonable attorney's fees in connection with this action.*

*(4) Neither party shall cause the other party or the children of the marriage to be removed from any existing medical, hospital and dental insurance coverage, and each party shall maintain the existing medical, hospital and dental insurance coverage in full force and effect.*

*(5) Neither party shall change the beneficiaries of any existing life insurance policies, and each party shall maintain the existing life insurance, automobile insurance, homeowners and renters insurance policies in full force and effect.*

Hopefully, this automatic stay will have the intended effect of eliminating motion practice at the time the divorce is commenced, lowering the costs of litigation, protecting the parties, while lowering level of animosity.