



# 3 Common Types of Bankruptcy Fraud Can Land You in Prison

by  
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A person is declared bankrupt when a court determines the person to be legally insolvent, or broke, in response to a petition filed by the debtor or his creditors. Then, following the bankruptcy law, the person's property is liquidated and divided among his creditors to pay his bills.

A person commits bankruptcy fraud -- a federal offense -- when he falsely claims he is bankrupt. The most common types of bankruptcy fraud are the following:

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tax liens or other financial problems, please send your e-mail today to

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***Money problems solved. Peace of mind protected.***

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## -- Hiding Assets

Almost 70% of bankruptcy fraud cases filed by individuals involve someone trying to hide personal assets or business assets. This type of fraud in bankruptcy occurs when a person intentionally does not list all of his personal or business assets in the bankruptcy petition he files with the court. By omitting some assets, the debtor hopes creditors will liquidate and sell only the property he lists, and never discover that he has other assets he didn't list. Likewise, business owners often hide assets when filing for bankruptcy by transferring money or property to relatives so these assets won't be seized and then liquidated by sale or auction to pay off creditors.

## -- Operating a Petition Mill

A petition mill is a dishonest scheme that purports to help tenants avoid being evicted. These mills are commonly found in areas with a large number of immigrants or poor populations. The illegal scheme usually goes like this: A renter answers a newspaper ad for a "typing service," which offers to tell tenants how to avoid getting evicted. Then, without the tenant's knowledge, the typing service files bankruptcy in the tenant's name. During this time, the typing service charges huge fees and drags out the case for months. The tenant believes he's getting the help he needs and will keep the roof over his head. But instead, the typing service empties his savings account, destroys his credit rating, and does nothing to prevent his home eviction, which is simply delayed.

## -- Simultaneous Filings

This is when one or more persons files for bankruptcy in more than one state at the same time. In the claims, they may use their real names and information, fake names and information, or a combination of the two. The fraudulent bankruptcy filers often list the same personal assets on each false bankruptcy claim but do not include every asset. These simultaneous frauds protect their valuables from being sold, while their other assets are liquidated to pay their debts.

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## Penalties for Bankruptcy Fraud

The person who commits bankruptcy fraud -- a federal felony -- can be sentenced to a fine of up to \$250,000 and/or five years in a federal prison.

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