

# **Tell the Whole Truth When You File For Bankruptcy**

**Don't get clever and try to hide property. It will come back to haunt you.**

You must sign your bankruptcy papers under penalty of perjury, swearing that everything in them is true. One of the things you're swearing to is that your forms are complete, because the forms ask you to list "all" property, income, and debts. Filing incomplete or inaccurate bankruptcy forms can lead to your case being dismissed -- or worse, if the court thinks you omitted information or made false statements intentionally.

The law is not supposed to punish those who make one or two honest mistakes. If you accidentally leave something off your papers or misstate something on your forms, you can usually correct your papers or explain the mistake to the trustee. But if you leave out so much that it appears that you were careless, the court can find that your actions demonstrate an indifference to the truth and can dismiss your case on that basis.

If you deliberately attempt to hide assets or use a false Social Security number, it will probably come back to haunt you more profoundly than your current debt crisis.

## **List Every Creditor**

Bankruptcy can't help you if you hide information. If you fail to list creditors, the debts you owe them may not be wiped out by your bankruptcy discharge. So, be sure to list every person who claims that you owe them money -- even if you don't think you owe them a cent. In this situation, you can indicate that the debt is "disputed." If the debt is already the subject of a pending lawsuit, the debt can be listed as "contingent" -- that is, it depends on how the lawsuit comes out.

When your bankruptcy is finished, you will no longer owe any debts that have been discharged. If a disputed debt is discharged, the entire dispute will be irrelevant. The creditor will be legally barred from collecting anything more from you regardless of who is right.

## **Don't Omit Creditors Just Because You Like Them**

Some filers consider omitting creditors whom they like -- such as a relative or a friendly local business person -- to avoid having that debt wiped out. This is a bad idea, no matter how honorable your intentions.

Bankruptcy doesn't allow you to play favorites. In fact, a central purpose of bankruptcy is to make sure that all of your creditors get their fair share of what you have, and that certain obligations (like child support) are not shortchanged. If the bankruptcy trustee learns that you've omitted creditors from your list, you'll have to add them, and it will raise suspicion about other statements on your forms.

## **Include Money You May Have Coming to You**

When you list your property on the bankruptcy forms, you must include not only property you have when you file, but also property that you may have coming to you. Here are some examples:

- an inheritance from a recently deceased relative that you have not yet received
- stock options, trust funds, or tax refunds
- pensions, retirement funds, annuities, and life insurance, and
- judgments from lawsuits you've filed or could file, arising from a personal injury or other matter.

All of these are examples of property that you must list on your forms. You may get to keep some or all of this property by claiming it as exempt, but you must list it so that the trustee has a complete picture of all of your finances.

### **Don't Deliberately Hide Assets or Other Financial Details**

If you deliberately fail to disclose property, omit material information about your financial affairs, or use a false Social Security number to hide your identity as a prior filer, and the court discovers your action, your case will be dismissed and you may be prosecuted for fraud. The punishment for fraud is serious: Jail time is not unusual for those who try to hide property from the court and get caught.