

Bankruptcy Secrets “They” Don’t Want You to Know

Lawrence “D” Pew, Esq.

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For information, please contact:

Lawrence “D” Pew, Esq.
Pew Law Center, PLLC
1811 S. Alma School Rd., Suite 260
Mesa, Arizona 85210
Tel. 480-745-1544
www.PewLaw.com

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If you are interested in having us represent you, you should call us so we can determine whether the matter is one, for which we are willing or able to accept professional responsibility.

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Foreword

Hello, my name is Lawrence “D” Pew, but all my friends call me “D”. Yes, just the letter “D.” How did I get that name? I asked my parents the same thing. I’m a Bankruptcy attorney in Phoenix, Arizona, and in this book, I’m going to share some information that has the potential to change your life. Especially if you are like many of my clients who are caught in a vicious cycle of debt, overdue bills, and harassment by creditors.

Over the last several years, I have focused my law practice on helping people eliminate debt by filing for Bankruptcy protection and tax relief. During that time, I have helped over 2,000 people eliminate over \$100 Million in debt. I think we can all agree that’s a lot. I am a member of the National Association of Consumer Bankruptcy Attorneys and the State Bar of Arizona. In other words, I know what I’m doing! To maintain my expertise, I continue to educate myself on the latest trends and developments in Bankruptcy and tax law so I can provide exceptional service to all of my clients.

I worked in the largest Bankruptcy firm in Arizona, so I know what it is like to provide service to many clients. At my old firm, however there was a mentality of “just push as many people through the door as fast as possible.” I didn’t like it, because it didn’t allow me to get to personally know my clients. So, a few years ago, I decided to open up my own firm to provide a much higher level of customer service. I thoroughly enjoy getting to know my clients and personally work with them because I am able to make a significant and sustainable impact on their lives and futures.

Did you know over 90 percent of Bankruptcies are due to a long-term or severe illness, a job loss, or a divorce? That is an amazing statistic! In fact, I don’t believe I have ever met a person who really wanted to file Bankruptcy. It is often done as a last resort. They have encountered the perfect financial storm, and it has left their lives in a state of disaster. Many of the situations that led them down this path were not under their control. Can you relate?

You cannot control whether you develop a chronic or severe medical condition. You cannot control whether your spouse or significant other leaves you. You don’t have control over whether or not the economy tanks and you lose your job. The vast majority of people who file for Bankruptcy really, really don’t want to file! They are good, honest, hard-working people who have fallen on bad times. They would much rather have their lives return to normal than go through a Bankruptcy. However, Bankruptcy was set up to give people an opportunity for a fresh start.

But over the years, many myths and misconceptions about bankruptcy have emerged. Most of these myths are propagated by credit card companies, banks, mortgage companies, credit counseling agencies, debt collectors, the mainstream media, and even the IRS. You will soon realize that the system is stacked against you, the little guy!

In this book, I will expose the truth once hidden behind the dirty little secrets they don't want you to know. They know the longer the American public remains ignorant of the truth, the more people will pay their exorbitant interest fees, late payments, and overdue bills, even if people can't afford to put food on their table, just lost their job, or were diagnosed with terminal cancer.

If you are struggling financially, this book is for you. It's the result of a personal interview I did about bankruptcy secrets. I hope you will walk away feeling empowered with the knowledge you'll gain as you read through it.

At the end of this book, I'm going to invite you to pick up the phone and call us to set up an appointment. There is absolutely no charge for our Bankruptcy consultations. As soon as you know you need to speak with one of our Bankruptcy specialists, I invite you to stop reading and pick up the phone. I look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "L D P", with a long horizontal flourish extending to the right.

Lawrence "D" Pew, Esq.
Managing Partner
Pew Law Center, PLLC

Secrets about Bankruptcy Trends

Interviewer: Today we’re talking with Arizona Bankruptcy attorney Lawrence “D” Pew about *Bankruptcy Secrets “They” Don’t Want You to Know*. Mr. Pew, please tell us a little about the trends in Bankruptcy and identify who the “they” are you mention in the title.

Mr. Pew: I first want to say thank you to everyone who is reading this. I ask that you pay special attention, because I’m going to share some very critical information that you absolutely need to know before you file for Bankruptcy.

Let me start out by talking about the current trends in Bankruptcy. As many people who are considering Bankruptcy know, the laws significantly changed in 2005. Specifically, Congress passed a bill called the *Bankruptcy Abuse Prevention and Consumer Protection Act of 2005* (BAPCPA). Many attorneys believe this is one of the most deceptive and egregious consumer financial bills to have passed in the last few decades. This bill was *bought and paid for* by lobbyists for the credit card and banking industry. The whole goal of this bill was to make it significantly more difficult for average consumers to file Bankruptcy and to create new ways to punish Bankruptcy attorneys.

The underlying principles of this terrible bill is the misconception that only losers and deadbeats file for Bankruptcy and only low-life attorneys represent people who file for Bankruptcy protection. While you and I know that’s a lie, it had the desired effect. The year before the bill went into effect, over two million people (2,039,214 to be precise) filed for Bankruptcy, but in the year after the bill passed, that number plummeted to only 582,042 Bankruptcies! Thousands of attorneys left the practice of Bankruptcy altogether because they were very concerned about how the bill would be interpreted by the courts and how they would be held financially accountable if their clients lied to them. For a few years, it was a little scary to be a Bankruptcy attorney. However, we have come a long way since then. Every year the number of Bankruptcies has steadily increased. Nationwide, 1,412,838 people filed for Bankruptcy in 2009, that’s 1.4 million people! Here in Arizona, 33,022 people filed in 2009, this was a 77 percent increase from the previous year! In 2010, Arizona Bankruptcy filings increased to 41,193, about a 25 percent increase over the previous year.

The “they” I mention in the title represents the big credit cards companies, the banks, the loan mortgage companies, and even the IRS. These are all people who benefit from you—the consumer—remaining in the dark, staying in debt, and owing them money. They make money by charging you exorbitant interest rates, fees, and penalties for everything from account inactivity to using a different ATM. It’s truly incredible how creative the banks are at coming up with new ways

to charge us fees and penalties. I remember a few years ago, one bank in Chicago started charging customers just to speak to a live person at the bank! Consumers keep on paying these high interest rates, fees, and penalties, because they don't know what else to do.

Secret reasons why people file bankruptcy

Interviewer: *Research says over 90 percent of all Bankruptcies are filed because of medical bills, a divorce, or a job loss. In your experience, dealing with over 2,000 clients who filed for Bankruptcy protection, is that accurate?*

Mr. Pew: I have definitely seen that for many people who file for Bankruptcy, it’s due to circumstances largely outside of their control. We had a nice couple who came in and were considering filing for Bankruptcy. He was a high school coach and she was a high school teacher. They were living on teachers’ salaries, trying to do everything right. Putting a little money away in their retirement account, trying to help their children move out of the house and prepare for college. But she was suddenly diagnosed with a brain tumor. It was tragic! How do you deal with that?

She was able to get the medical help she needed, and her life was spared. However, they ended up having over \$100,000 in medical bills that insurance would not cover. How can a middle-class family deal with that kind of debt on a teacher’s salary? How would you ever pay those debts off? We met with them, and their story touched my heart. Fortunately, we were able to help them through filing for Bankruptcy protection, which wiped away their medical debts. They were able to keep their retirement accounts and their jobs. This was an opportunity for them to get a fresh start now that her illness was behind them. Today, she is doing well, she is healthy, and they are debt free. What more can you ask for?

We recently had another family come in. He owned a small construction company. During the real estate boom, the company was very successful and employed a lot of people here in Phoenix. However, the economic downturn and decline in the real estate market killed much of his business. To keep the company afloat and pay his employees, he had to take out loans so he could pay their salaries at close to full-time work, but his efforts to land more business failed. He stopped taking a regular paycheck, he cut back everyone’s hours, and by the time he came to our office, he had over \$3 million in personally guaranteed loans.

Here was a man who was about to lose everything he had worked almost his whole life for. This company was everything he owned. He had poured his sweat, blood, and tears into it. It was a respected company that provided jobs for people, something he was proud of.

During our conversation, we examined all the possible options. We decided filing a Chapter 7 Bankruptcy was the best way to get rid of all their debts. He had very little personal consumer debt, it was all business debt. This was a guy who played by all the rules, who tried to do everything

right, but encountered the perfect storm. I recently spoke to him and, now that he is back on his feet, he is considering starting another company. But only after the economy turns around.

I could give you story, after story, after story of similar circumstances. Families who made the best decisions they could, given the information they had, and suddenly encountered the perfect economic storm, which devastated them financially. They had nowhere to turn, no place to go. Their best and often only choice was to file for Bankruptcy protection. I'm here to help the people who can't help themselves -- people who look up and find themselves in a financial disaster and desperately need a way out.

Secrets about Chapters 7 and 13

Interviewer: *Please explain the differences between a Chapter 7 and a Chapter 13.*

Mr. Pew: A Chapter 7 Bankruptcy is also known as a straight liquidation Bankruptcy. Consumers often confuse this and falsely believe it means they have to liquidate or get rid of all their assets, like their house or car. In fact, it really means that it liquidates or wipes out all your debts! It's almost as if those debts never existed. In most cases, you are allowed to keep certain assets in exchange for wiping away those debts. This is the preferred type of Bankruptcy for most people. That's your fresh-start Bankruptcy! It lets you start over, move on, and get a fresh start after discharging your debts.

Chapter 13 is also known as reorganization Bankruptcy. It includes creating a three- to five-year plan whereby you make payments on your debts to your court-appointed trustee. Your trustee collects the money you agreed to pay and gives a percentage of it to your creditors. Here's the secret they don't want you to know: you don't have to pay all your creditors back! And the ones you do pay back only receive a small percentage of what you owed them! The credit card companies, the banks, the mortgage companies, and the medical institutions only get a small portion of what you pay, depending on how much you can afford to pay each month.

There are advantages to each kind of Bankruptcy, but one size does not fit everyone. That's why, here at the Pew Law Center, we sit down with you and find out exactly what's going on. We explain your options regarding what's going to be best for you, your family, and your future.

Let me give you an example. We had a client come in a few months ago; she qualified for a Chapter 7 Bankruptcy. She didn't make very much money and had a lot of debt. Why did we recommend she file for Chapter 13? Here's why: she owed a lot on her car, so she went and took out a title loan from one of those terrible fast cash loan companies. Come to find out, they were charging her over a 100 percent a year in interest! Instead of her car payment being just a few hundred dollars per month, which she could barely afford, her car payment was now over \$1,000 every month! She simply couldn't come close to affording that. Had she filed a Chapter 7, she would have discharged most of her debt, but she still would have had to deal with the title loan if she wanted to keep her car. So, instead, we helped her file a Chapter 13. One of the secrets they don't want you to know is, with a Chapter 13 Bankruptcy, you can change interest rates on car loans! Yes, that's right—you can change interest rates on a car loan, but only in Chapter 13. So we stuck it to

the title loan company and helped her lower her interest rate to 4.25 percent, then we spread the term on her title loan to three years. That gives her plenty of cushion and keeps her car payments very small, something that she can afford. Now, in her Chapter 13, we only paid \$50 to loan-security creditors, so we removed most of her car debt just like a Chapter 7 would have, but we allowed her to keep her car.

Interviewer: *Do you have to pay back 100 percent of all your debts if you file a Chapter 13?*

Mr. Pew: That’s one of those little secrets they don’t want you to know. People believe that by filing for Chapter 13, they will have to pay back all their credit card debts or all their medical bills. That’s not true. But most people think, “There’s no sense in filing for Bankruptcy unless I can file for Chapter 7, because if I have to file for Chapter 13, then I’ll still have to repay all my bills and debts.” People give up and go on believing they can’t get help filing for Bankruptcy.

Chapter 13 is what I call a “best efforts” plan. You pay what you can afford, your *best efforts*, for three to five years. What’s not paid back is automatically discharged so long as you stick with the payment plan. There are certain debts you have to pay in a Chapter 13. If you want to keep your car, for example, you have to continue paying for it; you just can’t wipe out an auto loan. However, there are certain things we can do to make your car payment more affordable and reduce your monthly payment amount.

If you want to save your house, you have to continue paying the mortgage. If you have missed payments in the past, you must make them current. But under the right circumstances, we can “strip off” your second mortgage. If you meet certain criteria, we are allowed to completely remove, or strip off, your second mortgage so that you only have your first, or primary, mortgage remaining. The Chapter 13 plan really does depend on your specific situation.

Chapter 13 Bankruptcy is based on a model of only paying what you can afford; it’s based on your best efforts. Once you go through the process, and so long as you stay current with the agreed-upon payment plan, you walk away debt free! Your car is paid for. Your home is current, and you are out of debt. What more can you ask for?

Secrets about Filing for Bankruptcy on Your Own

Interviewer: *A lot of people believe they don’t need to hire an attorney to file for Bankruptcy or that attorneys simply cost too much so they should go it alone. Can you address this issue?*

Mr. Pew: Yes, I recognize many people believe attorneys are too expensive. Quite frankly, many of them are. Here at the Pew Law Center, all Bankruptcy services are charged on a flat-fee basis. You will know exactly how much this is going to cost before you ever sign up. If you hire an attorney who charges by the hour for a Bankruptcy filing, you could end up spending thousands and thousands of dollars. If you have a complicated case, maybe you own a small business; the fee could easily be over \$10,000 if you are charged hourly. I highly recommend you look for a qualified Bankruptcy attorney who charges on a flat fee. You should know exactly how much their legal service will cost you before you leave their office.

There are many factors to consider when filing for Bankruptcy. Did you know there are over 25 different criteria we need to analyze just to decide whether a Chapter 7 or a Chapter 13 will be best for you? For average consumers, it’s a very difficult process to go through. There are dozens of deadlines, massive amounts of paperwork, and lengthy financial reports to submit. You have to appear before a judge and a court-appointed Bankruptcy trustee and defend your every decision in court. This can be very intimidating for many people, but we do this every day. We are Bankruptcy professionals. We know exactly what to look for and what questions to ask to determine the specifics of your case. We will give you all the pros and cons of each option and help you make the best decision for you, your family, and your future.

Interviewer: *Many people have heard or read that new Bankruptcy laws have taken away their right or ability to file for Bankruptcy. Others are under the misconception that they don’t qualify or they have to repay all their debts prior to filing for Bankruptcy.*

Mr. Pew: Every day we have people come in and say: “I want to file Bankruptcy, but I’ve heard I can’t discharge my credit card debts,” and “I’ve heard I can’t file a Chapter 7 anymore because I have to repay all my credit card debts first.” Right before the laws changed in 2005, hundreds of law firms spread the false message of “File Bankruptcy now because you might not be able to file a

Chapter 7 in the future.” That was not true then and it definitely is not true today! We help our clients file Chapter 7 Bankruptcy relief every day of the week.

However, it is important to know the new law changes made it much tougher on non-attorneys to file for Bankruptcy. It significantly increased the amount of paperwork, the various deadlines; there's more financial analysis that must be done and more rules and regulations that are very difficult to understand.

It introduced the *Means Test*, which is a convoluted formula for determining if you qualify for Chapter 7 or Chapter 13. At first glance, many people see the *Means Test* and determine, because of this factor or that factor that they simply can't qualify for a Chapter 7. But, if you study the law and understand precisely how to apply certain qualifications and exemptions like we do, you can find ways to still qualify. In fact, we are able to find creative ways to help up to 95 percent of our clients - who want or need to file a Chapter 7 - fit within those criteria.

One of the dirty little secrets they don't want you to know is the new changes in the law were driven by huge, multibillion-dollar credit card companies. A primary goal of the new law was simply to make it much harder for ordinary, everyday consumers to file for Bankruptcy protection. They wanted to scare you away from filing and, if you filed, they came up with many different ways for you to lose your assets and your rights, especially if you tried to file on your own.

Consumers need to understand that filing for Bankruptcy is not designed to be simple. The lobbyists intentionally made it complicated, and that is one of the reasons why you should hire us to file Bankruptcy for you. I spend close to 60 to 80 hours every week serving my clients, studying the laws, going to Bankruptcy seminars, and reading case studies because I want to make sure I know everything there is to know about Bankruptcy. Many people file on their own, known as filing *pro se*, and they believe they are saving money. Yet these are the same individuals I see break down at the Bankruptcy hearing and even cry in front of the Bankruptcy trustee!

You need an attorney to protect your assets and your interests. The people who file on their own try to save a little bit of money, but spend countless nights trying to figure out how to file the petition, making sure they meet all the deadlines and schedules, learning how to fill out all the forms, and doing their best to fulfill all the requirements. Yet they still get slammed by the trustee at the court hearing; far too often they lose some of their assets, which didn't have to happen.

I've spent four years in college, three years in law school, and several years focusing on Bankruptcy law, and I continue to learn about the nuances of the Bankruptcy Code. This is also one reason why we don't quote fees over the phone, because if your situation is easy, then you will be

charged less, but if your situation is very complex, it could be a higher rate. The best way is to set up a free appointment, come in, and talk with us about your specific situation.

Interviewer: *Aren't there websites and self-help books that will help you file for Bankruptcy on your own?*

Mr. Pew: If filing for Bankruptcy is so easy, why is the leading self-help book over 550 pages long? You don’t have to believe me. I can point you to dozens of people who have tried to do it on their own and failed. This means they filed all the paperwork and the court dismissed their Bankruptcy case. As a result, they have to start the whole process all over again and during this time, they are not protected. They can lose their house, their car, and all their possessions. I see those people all the time in my office, and guess what—it makes my job much more difficult after a case has been dismissed. These people often end up paying more than if they would have just come to me in the first place. Not to mention the lost sleep and the stress they endured in the process.

You have many responsibilities, including your family, work, church, community activities, and school programs for your children. Add to this the stress of not being able to answer your door because you don’t want to be served a lawsuit by your creditor or answer your phone because you are getting dozens of creditors harassing you and calling every hour. When will you have time to make sure you are meeting with all the compliance issues, filling out all the forms correctly, and meeting all the deadlines?

At the Pew Law Center, all we do is Bankruptcy. We focus on it all day long, every day, every week, and every year. We’re here at the law firm helping clients, studying Bankruptcy, and learning every little nuance of that behemoth to make sure we can maximize everything that Bankruptcy can do for you.

I enjoy practicing Bankruptcy law because I have the pleasure of helping hundreds of people at a time of crisis in their lives; giving them a sense of hope—hope that things can get better and that brighter days are ahead for them.

Some of the results we achieve for our clients happen the same week they meet with us. For instance, when we are retained to help file someone’s Bankruptcy, we provide a phone number for all creditors to call. When they do, they are informed that, since the person is filing for Bankruptcy and is represented by an attorney, the creditors can no longer call or contact the client. You can forward all of your creditor contacts immediately to my office, and we will handle them for you. Our clients feel an immediate sense of relief when the harassing phone calls stop!

Secrets about Credit Counseling Agencies

Interviewer: *People see advertisements all the time for credit counseling companies. What are your thoughts as a Bankruptcy and tax attorney about credit counseling companies? How helpful are they really to people?*

Mr. Pew: From my experience, credit-counseling companies, also known as debt consolidation companies, really can't offer much help to people. The ads sound great—“If you owe over \$10,000 in credit card debts, call us and we will help you reduce your debts.” Then they show you a bunch of people they supposedly helped go from \$50,000 in credit card debts down to \$5,000 in debts. It all sounds really easy. You think they must have some secret negotiating strategy that makes the credit card companies listen to them and lower your debts and payments.

Here's the little secret they don't want you to know—legally, they don't have any more power to help negotiate your debts than you do. Every credit counseling company I've come across works basically the same way. They charge exorbitant fees of \$5,000 to \$9,000 up front. They make sure they get *their* money first. Once you have signed on, they instruct you to immediately stop making payments on all your credit cards and bills and start paying their company. After they have collected all their fees, then they tell you to put that “extra” money each month into an account. Once you have built up several thousand dollars, they call the credit card companies and tell them you have a certain amount of money and you want to settle one account for pennies on the dollar. If that's successful, then they wait until you have several thousand dollars more in that account and then repeat the process.

Here are the seven secrets credit counseling companies don't want you to know:

1. **Credit counseling agencies are not your friend!** They work on behalf of the credit card companies to pull as much money out of you as possible. The federal government has even shut some of them down because they were actually owned by the credit card companies!
2. **Legally, neither the credit card companies nor the banks have any obligation to listen to them or decrease your debt.** Yes, you heard me right. The credit card companies do not have to listen to them. There is no law that says they must. Essentially, they are using the exact same negotiating strategy that you could use with the banks. Only they are charging a large fee of several thousand dollars, which is a multiple of how much an attorney charges to

file Bankruptcy for you. With Bankruptcy, the banks and credit card companies are legally obligated to follow the rules. There are certain things they can and cannot do once an attorney is involved.

3. **There is at least one major problem with the kind of strategy used by debt-settlement companies.** If you stop making payments on your car, there is a good chance it will be repossessed before you build up enough cash reserves to try and negotiate a lower amount. Most people I know simply can't afford to lose their car, especially if they need it to get to and from work.
4. **There are tax ramifications for settling debts using that strategy.** For example, if you owe \$20,000 on your credit card and the company settles for \$5,000, they will issue you a 1099 income form, and you will end up paying taxes on the \$15,000 they *forgave* you. What you have done is jump out of the frying pan directly into the fire. You now owe the IRS taxes on all that debt the credit card companies forgave. Trust me when I say, I would much rather owe a credit card company money than the IRS. When you owe the IRS money, they want it and they want it now. When you file Bankruptcy with an attorney, you will not owe any taxes on the amount of debt that was forgiven.
5. **Using a debt settlement or credit counseling company usually costs three to ten times as much as using an attorney to file for Bankruptcy.** It's fascinating to me that many of the ads used by these companies talk negatively about attorneys and attorneys' fees. But credit counseling companies often charge a multiple of what the average attorney charges to file bankruptcy, and the results from credit counseling companies are often far less satisfying
6. **Even after you hire the credit counseling company, you will still get all the harassing phone calls from creditors.** You will still get the nasty letters, you can still lose your car, you can still lose your house, and you can still be sued by credit card companies for lack of payment!
7. **Debt settlement companies take a long time to have any effect at all.** Many of our clients come to us from credit counseling companies after they've been struggling with them for six months to two years. They are still getting creditor phone calls. Often they have only paid off one or two credit cards. They still owe thousands of dollars that the debt

consolidation company was supposed to take care of, only now they have lost even more money because they paid the credit consolidation company their fee of several thousand dollars up front.

Now, I'm sure there are few good companies out there that truly help people, but from my experience, that is the exception, not the rule. When you meet with us, we will go over all your options. If you qualify for debt settlement, then a Chapter 13 would be better for you, because it's legally guaranteed debt relief.

Within three to five years you will be completely out of debt one way or another. You will not have any negative tax consequences; you will not have creditors calling you during that time period. It's a federal plan that legally forces all your creditors to work with you to remove all of your debt by the end of the Bankruptcy process.

Secrets to Knowing if Bankruptcy Is Right for You

Interviewer: *I've heard a lot of celebrities have filed for Bankruptcy. Is that true?*

Mr. Pew: A lot of famous people have filed for Bankruptcy, starting with Walt Disney, actors Burt Reynolds and Randy Quaid, star athletes Michael Vick and Mike Tyson, and singers Toni Braxton and Tom Petty. It doesn't really matter if you are a celebrity or not. We all encounter financial storms at some point in our lives. As the saying goes, it's not how many times you get knocked down that counts; it's how many times you get back up.

Interviewer: *If I am an average consumer and not a celebrity, how do I know if Bankruptcy is right for me? I have some debts, but I certainly don't have hundreds of thousands or millions of dollars in debts like some of the celebrities you mentioned.*

Mr. Pew: That is a common problem. Many people don't know if Bankruptcy is right for them; sometimes they don't even know if Bankruptcy is a viable option. What I want everyone to hear is, if you are considering Bankruptcy, give us a call today. We will sit down with you at no charge, and explore your options, and how Bankruptcy can help you. One little secret out there is often people don't believe they have enough debts to file for Bankruptcy. They think they need at least \$10,000 or \$20,000 or \$50,000 in debts to file Bankruptcy. Thankfully, there are no debt requirements; there are no debt limits. If you have credit card debt or overdue medical bills and you just can't seem to consistently make your payments, or you are living paycheck to paycheck because of your debts and you just want out, then there is a good chance Bankruptcy might be right for you.

Here's a checklist of indicators that you are in financial trouble and should look at your legal options:

- Do you feel like you are living paycheck to paycheck?
- Are you stressed out by the amount of debt you owe and feel uncertain as to how you will pay for it?
- Do you find yourself feeling afraid to open your mail because of overdue bills?
- Do you ever ignore your answering machine because of the nasty voice mails that bill collectors are leaving?
- Do you have to pay most of your bills late because you don't have the money?

- Do you have more than three credit cards with balances on them?
- Are most of your credit cards maxed out?
- Are your credit card interest rates in the double digits?
- Do you use one credit card to pay off another credit card?
- Do you regularly have to pay late fees for bills that are paid late?
- Are you one month or more behind on your mortgage payment?
- Are you one month or more behind on your credit card payments?
- Have you recently taken out a payday loan or title loan on your car?
- Are you using your retirement savings just to pay living expenses?
- Are you using credit cards to pay for everyday necessities like groceries or gas?
- Have you only made minimum payments on your credit cards for more than three months in a row?
- Is your car in danger of being repossessed?
- Is your home in pre-foreclosure?
- Are you receiving harassing phone calls from creditors looking for money?
- Is your home worth 30 to 50 percent less than what you owe on it, but your mortgage lender is unwilling to negotiate?

If your answer was *yes* to any of these questions, it's time to pick up the phone and set up a time to come speak with us. We will help you explore all your legal options. There is no charge for this. We will not force you to file Bankruptcy. We will help you move forward in your best interests.

Secrets, Lies, and Credit Card Companies

Interviewer: *There are a lot of myths and misconceptions about Bankruptcy, and I'd like you to address a common one today. Many people believe they will never be able to get a car loan or a credit card again if they file for Bankruptcy. Why is that a myth?*

Mr. Pew: My clients usually are inundated with offers soon after they file for Bankruptcy. Within a few weeks, they typically start receiving dozens of credit card applications and information about automobile loans. Why? Because you are a prime candidate for an extension of credit after you file Bankruptcy! Lenders know that you cannot file Bankruptcy again for several years and, since you just discharged all your debts in Bankruptcy, you have no other debts to interfere with new payments. That makes you the perfect candidate to get credit right after filing for Bankruptcy!

Did you know almost 50 percent of houses sold in Arizona this year will be sold because of a foreclosure? The Phoenix economy took a huge hit in this recession. But here's the good news: if you are facing foreclosure, you can often save your house if you file for Bankruptcy protection. To answer your question directly, you will definitely be able to buy a house after you file for Bankruptcy, but not immediately. If you go to the Federal Housing Administration's website (FHA) it says you can be approved for a home loan two years after filing for Bankruptcy. While you are waiting, you want to start showing lenders you are responsible in handling your money. Don't get into credit card debt again, and wisely start to rebuild your credit score.

Interviewer: *Realistically, will your neighbors, family members, and work colleagues know if you file Bankruptcy?*

Mr. Pew: No, most people will never know if you file Bankruptcy unless you tell them. While Bankruptcy records are public information, hardly anyone looks at them (except lenders looking to send you another credit card offer). As long as you don't tell people, it is highly unlikely anyone will ever know. Not to mention, Bankruptcy filings here in Arizona are on the rise. In 2009, almost 34,000 people filed Bankruptcy here in Arizona. That was up 77 percent from the previous year. In 2010, Bankruptcy filings continue to climb, so you are not alone. In fact, if you're in a room with 10 people, chances are very good at least one or two of them filed for Bankruptcy sometime in the past.

You also need to keep in mind the attorney-client privilege -- which means whatever you confide in me as an attorney, legally I am not allowed to tell anyone outside of my staff without your authorization or a court order.

Interviewer: *You sometimes hear horror stories about when people file for Bankruptcy, such as creditors coming directly to their homes. Is this true?*

Mr. Pew: That’s one of those dirty little secrets they don’t want you to know. It’s extremely rare to have anyone show up at your house after you file for Bankruptcy. It almost never happens.

At the Pew Law Center, where we've helped over 2,000 people file for Bankruptcy, I rarely hear about something like this happening. In fact, once we’ve been retained to file a Bankruptcy, creditors are not allowed to contact our client directly. As soon as creditors are notified of our legal representation, they stop showing at the client’s home.

Remember, we are not here to judge you; we are here to help you. Many people have apprehensions or feel ashamed to speak with an attorney. I understand how you feel. I often tell my clients that simply coming in my office for the first time is probably one of the hardest things they have ever had to do.

We offer a *free* consultation to anyone interested in Bankruptcy. We are highly qualified and are going to look out for your best interest. We will help you explore all your options, so there is nothing to be afraid of. This step can make a major difference in your own life and returning you to the road of financial freedom. So if you are considering Bankruptcy, don’t be afraid or ashamed to schedule an appointment.

Interviewer: *I have heard that everyone who files for Bankruptcy loses their house. True?*

Mr. Pew: You do *not* automatically lose your house if you file Bankruptcy. That’s one of those dirty little secrets they don’t want you to know. As long as you are current on your mortgage payments and you meet other criteria, you get to keep your house. The government has an interest in you keeping your house. That’s part of the American dream.

In fact, even if you are behind on payments, you can file for Bankruptcy protection under Chapter 13 and possibly save your house. If you are considering Bankruptcy, I strongly recommend

you pick up the phone and call us for a free consultation. We will assess what we need to do to keep your house and integrate that into your custom Pew Bankruptcy Blueprint™.

Interviewer: *People who are behind on their payments often get several calls a day from the same company. Can these creditors continue to call you after you file for Bankruptcy protection?*

Mr. Pew: No they cannot! Once you have filed for Bankruptcy protection, creditors cannot continue to call you. Legally, the moment you file for Bankruptcy, an automatic stay is put into place to protect you from creditors. This automatic stay stops all collection activities, all lawsuits, and all phone calls. This is a federal law that says when you file, no creditor can take any action to collect a debt. This means it stops foreclosure! It stops someone from repossessing your car! The creditor cannot take the property back without the court’s permission once we file Bankruptcy.

It gives you a little bit of breathing room and allows you to make some real financial decisions. Occasionally, a creditor will call you after you’ve filed for Bankruptcy, but the law states that if they “knowingly violate” the Bankruptcy’s automatic stay, we can go to the Bankruptcy court judge and ask for sanctions against that company. We can tell the judge, “They have violated the federal Bankruptcy rules. Please compensate our client for the harm they’ve done to our client.” The judge can sanction the credit card company and even make them pay you money for violating this federal law! The Bankruptcy Code is not something to be trifled with, and creditors are very leery of violating it because they know there are stiff penalties for doing so. The Bankruptcy automatic stay will stop all judgments, all garnishments, all bank levies, and all collection actions.

Interviewer: *Can credit card companies or banks take away your right to file for Bankruptcy?*

Mr. Pew: Absolutely not! Did you know Bankruptcy is a federal right? That’s correct. Filing for Bankruptcy protection is a constitutional right. You cannot give that right away. I have heard from clients that some payday loans and title loan companies, even credit card companies, have tried to make people sign an agreement stating you “agree not to file for Bankruptcy under any condition” or “you agree not to file Bankruptcy if you take our loan” or even a waiver stating that you are “giving up your right to file Bankruptcy.” That’s one of those secrets they don’t want you to know. You can file Bankruptcy at any time and you can’t give that right away. It is protected by the federal

government. This is your opportunity for a fresh start, and this is one journey you don't want to travel alone.

Secrets about Bankruptcy, Taxes, and the IRS

Interviewer: *I’ve heard if you owe taxes to the IRS, you can’t discharge them in Bankruptcy. Is that true?*

Mr. Pew: Many people don’t know that you can often discharge overdue taxes with a Bankruptcy. That’s the dirty little secret the IRS doesn’t want you to know! Now, the taxes have to meet certain qualifications to be discharged, but here at the Pew Law Center we also practice tax relief and tax resolution. Many of our clients come in owing \$20,000, \$30,000, even \$100,000 or more in taxes to the IRS. We will contact the IRS, gather all the information regarding the extent of the taxes owed, what years are unpaid, and when the last tax return was filed. We will conduct a complete analysis and, if your back taxes meet specific qualifications, we will first negotiate with the IRS to try to get them reduced. If that’s not possible or we don’t get the outcome our clients desire, then we can discharge them using the Bankruptcy rules and regulations.

We have helped our clients eliminate over \$100 million in debts and IRS taxes! Many times, filing Bankruptcy is the best way to deal with a massive tax debt. It’s guaranteed tax relief. On the chance that you have more recent taxes that cannot be discharged and the IRS tries to levy your bank account or garnish your wages, then, a Bankruptcy can also help there. We can file a Chapter 13, which stops the IRS.

Interviewer: *Are you telling me that filing for Bankruptcy can actually stop the IRS in its tracks?*

Mr. Pew: Yes, that’s absolutely 100 percent true! Filing for Bankruptcy will stop the IRS from collection efforts. Bankruptcy also stops the IRS from contacting your work or putting a levy on your wages. Imagine that—Bankruptcy even stops the government! Bankruptcy also gives you three to five years to pay your taxes to the IRS — that is, according to the payment terms you and the Bankruptcy court agree you can afford. Notice, these payments are on your terms, not on IRS terms. We determine what will work for you and your family financially and how much you can afford to pay the IRS, and so long as the court and the Bankruptcy trustee agree, the IRS must accept the payment terms! You have to admit, it’s a beautiful thing when you can tell the IRS how much you will agree to pay them. There are so many options that filing for Bankruptcy brings. However, it is not “one size fits all,” which is why you need a Bankruptcy and tax attorney to help you through this process.

Secrets about the History of Bankruptcy

Interviewer: *I have heard many people say that Bankruptcy represents a personal, even a moral, failure. That only bad people file for Bankruptcy. Have you heard that before?*

Mr. Pew: I hear that all the time. You are not a bad person if you have to file for Bankruptcy. Bankruptcy was set up to give people an opportunity for a fresh start. Over one hundred years ago in Europe, and even in the formative years of the United States, if you owed someone money and couldn’t pay, then you and your family could be thrown into the debtors’ prison. How would you ever pay someone back if you were in prison?

Thankfully, our society has moved past this barbaric treatment. Years ago the federal government stepped in and said, “That’s not right. Let’s find a way so people can get out of debt.” However, it’s important to recognize the federal government did not give us this right; they simply acknowledged this right that had been practiced for thousands of years. Many people do not know that the forgiveness of debt, which is where the concept of Bankruptcy came from, was first taught in the Bible. In Deuteronomy, the Jewish people were instructed to forgive each other of their debts every seven years. This evolved into the practice known as the *Year of Jubilee*. In Hebrew society, this *Year of Jubilee* was practiced for hundreds of years.

Now it does not matter if you’re religious or not, and you certainly don’t have to be Jewish to file for Bankruptcy, but the concept of financial forgiveness is one that’s been around for thousands of years, and everyone is entitled to a little bit of mercy every now and then. Everyone is entitled to a fresh start. That same principle runs throughout our American society. When I was growing up, I loved to play Monopoly. One of the cards everyone wanted was the “Get out of Jail Free” card, because you never knew when you could randomly fall into trouble. Bankruptcy is kind of like that card—it’s your ability to get out of the emotional and psychological jail that your debts have put you in.

After working with over 2,000 people, I clearly understand that no one wants to file Bankruptcy. But we all fall down at times and, every once in a while, we need a little help getting back up on our feet again. That’s what Bankruptcy allows you to do, and that’s what we mean by getting a fresh start. You deserve it, and your family deserves it.

Interviewer: *Some people believe that people who filed for Bankruptcy have actually caused the financial depression that we are in right now. Is that true?*

Mr. Pew: That is simply not true! Our economic and financial problems were caused mostly by the “too big to fail” banks and mortgage companies. They created tricky financial products to make even more money than they were already making, and it ended very badly. That’s what really caused the real estate bubble. Filing Bankruptcy has nothing whatsoever to do with where our economy is! The credit card companies have already taken into account that a certain percentage of their borrowers will file for Bankruptcy. That’s why they charge 20 percent or even 30 percent interest rates, plus late fees, plus over-the-limit fees. Even with the rise in Bankruptcy filings, these companies are still making lots of money and are still very profitable.

Unbelievably, it's actually the filing of Bankruptcies that keeps the economy going. Filing for Bankruptcy here in Arizona allows people to start over, obtain credit again, and start paying their new debts back. I know some people say Bankruptcy is causing our economic problems, but the economic problems happened first, followed by Bankruptcy. The significant increases in Bankruptcy are actually a result of the economy going downhill, not the other way around.

Let's talk about what happens when you and I get into a financial problem. We have to deal with it. We have to borrow money, work harder, take a second job, work overtime, sell off some of our personal items and, as a last resort, look to file for Bankruptcy protection. What happens when corporate America gets into a financial problem? We have all watched the news. We’ve seen how these multi-billion dollar companies got themselves into a financial pickle, and what do they do? They go crying to the federal government begging for money—a bailout—using our hard-earned money! We, the taxpayers, have invested billions of dollars to save them from their financial problems. They took money from the federal government. Where did the federal government get that money? That’s our money, taxpayer money—from your pocket and from my pocket! The companies that have been hit by these financial problems took our money to escape their financial crisis. They are CEOs and executives making millions of dollars. These companies got a financial bailout. Where is your bailout? I'll tell you where—Bankruptcy is your bailout!

Secrets about the Pew Law Center

Interviewer: *Why should somebody hire the Pew Law Center? What's different about your Bankruptcy law firms over others here in Arizona?*

Mr. Pew: At the Pew Law Center, our passion is helping good people get a fresh start by protecting their assets and eliminating their debts. There are 10 major reasons why you should strongly consider hiring the Pew Law Center to handle your Bankruptcy or tax issue. If you live outside Arizona, you should look for these qualities in a Bankruptcy law firm in your state, too:

1. **We have helped over 2,000 people file for Bankruptcy.** We have the experience to help you through any situation, no matter how complicated. Many attorneys are just getting into Bankruptcy, and often they have not learned all the intricacies of helping someone take maximum advantage of the protection offered by Bankruptcy.
2. **We have helped our clients eliminate over \$100 Million in debt.** We have worked with clients who only have several thousand of debt and small-business owners and executives who are millions of dollars in debt. When it comes to complicated situations, we have seen it all.
3. **We will create a customized Pew Law Center (PLC) Bankruptcy Blueprint™ just for you!** We are the only Bankruptcy law firm in Arizona that provides this service.
4. **We offer a free consultation to every person who wants to discuss his or her financial options.** There is no cost to setting up an appointment and coming in to our office.
5. **We offer convenient night and evening appointments.** Many people work during the day, so we are as flexible as possible. We are open late every day of the week and also open on Saturdays.
6. **All of our Bankruptcy fees are flat rate.** Some of the well-known Bankruptcy attorneys in Arizona charge hourly fees. We think that's old-fashioned. You don't want to be charged every time your attorney answers the phone or sends you an e-mail. All of our fees for Bankruptcy are set at flat amounts.
7. **We offer flexible payment schedules for any budget.** While some of our clients decide to pay up front, most of our clients are on payment plans. We offer a variety of flexible payment plans designed to fit any budget.
8. **We have a trusted Bankruptcy legal team.** At the Pew Law Center, we have an excellent staff filled with people who are very knowledgeable about Bankruptcy and tax laws. They love to answer all your questions and come up with creative solutions to your toughest problems.
9. **We focus exclusively on Bankruptcy and tax.** We understand more than just Bankruptcy. Many who file for Bankruptcy also have tax problems. We have the tools available to address

most of your financial worries. In addition, we can avoid or minimize tax liabilities that may occur during pre-bankruptcy planning. We are not a Jack-Of-All-Trades. We are amazing at what we do!

10. **We focus on exceptional customer service.** While many law firms give lip service to this important principle, we actually live it! One of the biggest complaints about attorneys is that they don’t return client’s phone calls. At the Pew Law Center, our commitment is to answer every client’s phone call or return every voice mail within 24 to 48 hours. If an attorney cannot call you right back, we will have one of our trusted staff members call you to assist. Test us out—call our office right now and, if we don’t pick up, leave a message and see how fast we get back to you!

We are exceptionally good at Bankruptcy and tax relief. I strongly recommend you pick up the phone and call us today at the number listed in this book. We will set up a free consultation for you to meet with our trusted Bankruptcy advisors. They will answer all your Bankruptcy questions and create a customized Bankruptcy Blueprint™ just for you.

Call today, and get your fresh start tomorrow!

About the Author

Lawrence “D” Pew is managing attorney for the Pew Law Center, one of the leading Bankruptcy and tax law firms in Arizona. He and his colleagues have worked with over 2,000 clients to help them file Bankruptcy and eliminate over \$100 million dollars in taxes and debt.

An experienced Bankruptcy, tax, and transactional attorney, Mr. Pew is a native Arizonan. He graduated as part of Barrett, The Honors College at Arizona State University, with a major in finance and a minor in sociology. He was nominated by his professors and peers to receive the title of Outstanding Graduating Senior. Upon graduation, IBM recruited Mr. Pew and he relocated to Silicon Valley, California. He left his hometown and his banking career at Bank One for a new adventure. Working as a financial analyst, Mr. Pew controlled a Billion Dollar budget and was instrumental in saving IBM over \$90 million dollars in one year.

Looking for the next challenge, Mr. Pew then went to law school in San Diego. He focused his education on business planning, tax, contracts, real estate, and estate planning. During law school, Mr. Pew served as president of the J. Reuben Clark Law Society and the Federalist Society. One of his presidential highlights during his term was being invited to Washington DC as part of a Federalist Leadership Conference where he met Supreme Court Justice Clarence Thomas. While approaching graduation, Mr. Pew was selected for a highly competitive internship with Fisher Thurber in La Jolla, California.

After law school, Mr. Pew returned to Arizona and began working at a prestigious boutique law firm in the Camelback area. His legal practice consisted of estate planning, asset protection, and assisting small businesses in transactional matters. He then joined Phoenix’s largest consumer law firm, where he helped hundreds of people file for Bankruptcy. The firm soon recognized his deep understanding of Bankruptcy law and his creative solutions to the most complicated cases. As a result, they started assigning him the firm’s most difficult cases. Within a few years, Mr. Pew became a partner in an East Valley law firm in Mesa, where he built a thriving Bankruptcy practice coupled with aggressive tax representation.

Mr. Pew’s vision when founding the Pew Law Center was to create a premier, client-oriented law firm designed to consistently exceed client expectations and achieve stellar legal representation. Mr. Pew’s concern and compassion for his clients adds to the excellent service and standards at the Pew Law Center. He has worked tirelessly to produce fantastic results for the firm’s clients. Mr. Pew is a member of the State Bar of Arizona and the National Association of Consumer Bankruptcy

Attorneys (NACBA). He continually educates himself on the latest trends and developments in the areas of Bankruptcy and tax policies to ensure the highest service possible for his clients. Given his diverse background and experience, Mr. Pew provides practical solutions to complicated problems. He continues to practice law because of the difference he can make in people’s lives, especially during their most trying hours.

To get your Free Consultation, call 480-745-1544

or visit

www.PewLaw.com

Leading Arizona Bankruptcy attorney, Lawrence "D" Pew, explains Bankruptcy in a no-holds-barred interview. Mr. Pew discloses the industry secrets, dispelling myths from the propaganda publicized by the credit card companies. The ominous "they" are the creditors—the credit card companies, payday loan lenders, auto lenders, mortgage lenders, and banks. *They* benefit by what you don't know. *They* want to keep you in debt, paying interest, penalties, over-limit fees, and late fees.

There is hope! These "Secrets" can help you make an informed decision about Bankruptcy or other debt relief options. Don't wait. Discover these truths today!