

Rosen Seymour Shapss Martin & Company LLP
 Certified Public Accountants & Profitability Consultants

The Watchful Eye

*A Publication of the Business Investigative and Insolvency Service Group
 of Rosen Seymour Shapss Martin & Company LLP*

Volume 1

August 2007

Contact Us



**Rosen Seymour
 Shapss Martin &
 Company LLP**
 757 Third Avenue
 New York, NY 10017

Telephone
 212-303-1800

Fax
 212-755-5600

E-mail
info@rssmcpa.com

Visit our website at
www.rssmcpa.com

*An Independent Member of
 Polaris International*



Join Our Mailing List!

Greetings!

Welcome to *The Watchful Eye* - a publication of the Business Investigative and Insolvency Services Group of Rosen Seymour Shapss Martin & Company.

RSSM's Business Investigative and Insolvency Services Group is comprised of five specialty units that work both independently and in support of each other.

- Bankruptcy and Insolvency
- Forensic Accounting
- Litigation Support
- Business Valuation
- Mergers and Acquisitions

We welcome your questions or comments about the topics discussed or related ones. Please feel free to contact me at 212-303-9027 or by e-mail at rmodansky@rssmcpa.com or my partner and co-chair, Martin Leventhal at 212-303-9030 or by e-mail at mleventhal@rssmcpa.com. and let us know how we can be of assistance.

Sincerely,

Robert A. Modansky, CPA
 Martin Leventhal, CPA

Partners and Co-Champions of the Business Investigative and Insolvency Services Group

Facts About Bankruptcy

What Is Bankruptcy?

Bankruptcy is a legal proceeding in federal court designed to assist individuals and businesses in obtaining financial relief for creditors. The right to file for bankruptcy is provided by

federal law, and all bankruptcy cases are handled in federal court. In most cases, filing bankruptcy immediately stops all of your creditors seeking to collect debts, at least until the debts are sorted out according to those that are dischargeable and those that must be repaid pursuant to a plan, submitted to, and approved by the court.

What Types of Bankruptcy Cases Are There?

There are four types of bankruptcy cases provided under the law:

- Chapter 7 is known as "straight" bankruptcy or "liquidation." It requires a debtor to give up property which exceeds certain limits called "exceptions," so the property can be sold to pay creditors.
- Chapter 11, known as "reorganization," is used by businesses and a few individual debtors whose debts are very large.
- Chapter 12 is reserved for family farmers.
- Chapter 13 is called "debt adjustment." It requires a debtor to file a plan to pay debts (or parts if debts) from current income.

What Can Bankruptcy Do?

Bankruptcy may make it possible for you to:

- Eliminate the legal duty to pay many or all of your debts. This is called a "discharge" of debts. It is designed to give you a fresh financial start.
- Stop foreclosure or repossession of a car or other property so you can catch up on missed payments. However, in most cases, you will need to choose between continuing to make payments or giving the property back. Bankruptcy will not eliminate a lease, mortgage, or car loan, and let you keep the property at the same time.
- Stop wage attachments, debt collection harassment, and similar creditor actions to collect a debt.
- Restore or prevent termination of utility service.
- Allow you to challenge creditors who have committed fraud or who are otherwise trying to collect more money than you really owe.

What Bankruptcy Cannot Do

Bankruptcy cannot cure every financial problem, nor is it the right step for everyone. In bankruptcy it is usually not

possible to:

- Eliminate certain obligations to "secured" creditors. A "secured" creditor is a creditor that can take something (called "collateral") if the debt is not paid as agreed. Common examples are car loans and home mortgages. You can force secured creditors to take payments over time in the bankruptcy process; a bankruptcy can eliminate your obligation to pay more money if your property has been taken. You generally cannot keep the collateral unless you keep making payments on the debt.
- Discharge certain debts singled out by the bankruptcy law for special treatment such as child support, alimony, certain other debts related to divorce, court restitution orders, criminal fines, and most income tax debts.
- Protect co-signers on your debts. If a relative or friend has co-signed a loan and you discharge the loan in bankruptcy, the co-signer may still have to repay part of the loan.
- Discharge debts that arise after bankruptcy has been filed.

**KEEP AN EYE OPEN FOR THE NEW RSSM
WEBSITE IN THE UPCOMING MONTHS**

[Forward email](#)

 **SafeUnsubscribe®**

This email was sent to amorris@rsmcpa.com, by amorris@rsmcpa.com
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Rosen Seymour Shapss Martin & Company LLP | 757 Third Avenue | New York | NY | 10017