

That's right, I said hate you. As in, you are never invited to Thanksgiving dinner kind of hate you. And by the way, you can substitute "mom" for any other family member of your choosing. Ok, so do you want to know how to get your family members to hate you? Here is how.

First, borrow a substantial amount of money from a family member and promise to pay them back. Then, when you are financially able, begin to pay back that loan to mom. Next, declare chapter 7 bankruptcy ([Wondering if you qualify for chapter 7 relief in Virginia?](#)). And finally, tell your bankruptcy lawyer that yes, as a matter of fact, you did pay a family member of yours a sum of say \$10,000 in the past 12 months. Then, sit back and watch your mom/brother/uncle Joe get sued by the bankruptcy trustee who will demand that the money you paid your family member be turned over in order to be distributed amongst your unsecured creditors. Now at this point, you may be wondering, does the bankruptcy trustee have that much power? Can he really file a lawsuit against dear old mom? Well, in this kind of scenario, the answer is a definitive yes. There, you did it. Congratulations! You just got your mom sued.

So how did it go so wrong? How did you become persona non grata (that's just me showing off my Latin here)? Well, though it certainly was not your fault, you became a victim to a very counter-intuitive bankruptcy rule. The bankruptcy laws seek to be fair to all creditors. In that vein, the law states that the bankruptcy trustee has the power to undo "preferential payments." One such preference that can be undone by the trustee is a payment to an "insider." What is considered a payment to an insider? That would be any payment on a debt to a family member made within the 12 months preceding the filing of your bankruptcy case.

So, if you owe 25K to five different credit card companies, and you owe your mom 10K, it is considered unjust for you to prefer your mom and pay her back in the 12 months leading up to your bankruptcy filing. The bankruptcy court's logic is why should mom be entitled to get her money back while the credit card companies don't get a penny? That is a preferential payment...you are favoring one creditor over another.

So, how can you avoid this unintended consequence? How do you avoid your mom disowning you? Well, the easiest way to deal with this issue is to simply know this rule in advance. Immediately stop paying any more money to your family member and wait 12 months before filing your bankruptcy case. The other thing to keep in mind is the amount of money that you have paid back to your family member in the months leading to your bankruptcy filing. If the sum is only a few thousand dollars, the bankruptcy trustee is not very likely to go after your family member for this fairly insignificant amount of money. And what if he does? Well, mom can attempt to settle out of court and offer the bankruptcy trustee an amount that is smaller than the one that she received from you. And in order to get back in to your mom's good graces, you can still pay her back after your bankruptcy case concludes. You have the right to pay back any of your creditors AFTER your bankruptcy case concludes.

One thing you should absolutely positively not do is inadvertently not mention or "forget" to inform your bankruptcy attorney of these payments to your family members. Why (I can't believe you are actually asking me that)? Well, because your case can be dismissed by the court, leaving you with a filing of a bankruptcy on your credit report without the benefits of wiping out

your debts. Plus, you may be brought up on criminal charges of perjury which may lead to possible jail time. And then, mom would really be upset with you.

And for those who are thinking, “this ain’t fair...I was just trying to do the right thing, “ remember, “The road to hell is paved with good intentions.”