



Should I Sell My Business Before Filing For Bankruptcy?

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Business owners who are thinking about filing for personal bankruptcy may think about closing down their business before doing so - either by sale or merely by shutting the doors altogether.

It's important to always keep one thing in mind when you're in financial difficulty, and that is this simple rule:

In the months leading up to [filing for bankruptcy](#), any change in your asset ownership will be viewed through the lens of potential fraud. Period.

So if your business is on the edge and someone offers you a fire sale price that won't solve your overall financial problem, it's best not to sell. If you do, the bankruptcy trustee may consider such a "sweetheart deal" a fraudulent one.

This goes the same for the (ahem) innocent transfer of a business to your spouse or someone else in the hopes of keeping it out of the bankruptcy. The trustee WILL find out about it, and the transferee WILL be sued to recover the property and/or money. Moreover, you MAY find yourself on the losing end of legal action for fraud.

Simple answer. Don't do it.

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