Type of fraud

General Overview For bankruptcy professionals and divorce lawyers and attorneys to be in a better situation to handle these frauds, there are certain things that they must be happy with and those things are the theme of this article. Both bankruptcy fraud and divorce fraud can both be either Criminal or Civil offense. When bankruptcy and divorce cases are criminal, it is usually handled by the FBI or other law enforcement agencies. But, when bankruptcy fraud and divorce fraud are civil in nature, they can be investigated by; Fraud examiners, trustees, creditors, creditor's committee appointed by a court of competent jurisdiction (receivers).

Chartered Accountants (CPAs, ACCAs, etc.) and fraud examiners can be fully active in investigating and testifying in bankruptcy cases. (Though, it is now common practice for these professionals to equip themselves with expert witness certification so as to be well equipped for the ever changing rigorous legal horizon). Fraudulent Divorce Most divorces involve irreconcilable differences between two people who have tried to make the relationship work. In rare cases, however, one person enters into a marriage simply so that he or she can gain a settlement from the divorce.

In this case, the marriage and divorce may be fraudulent, and we may be a victim of someone's intricate crime. Importance term in a divorce case was : * Alimony: A legal obligation to provide financial support to one's spouse from the other spouse after marital separation or from the ex-spouse upon divorce * Child support: One parent is required to contribute to the support of their children by paying money to the child's other parent or guardian. Types of Divorce Fraud One of types of divorce fraud are Marrying to Get a Divorce. It means marrying someone for financial gain or personal gain.

For example if you can marry a U. S. citizen or legal permanent resident (a ‘ green card’ holder), you’re guaranteed permanent access to the USA. This type of fraud is difficult to discover or pursue. Only 1% of marriage-based immigration cases were investigated by Homeland Security. Second is Hiding Assets During Divorce. Anywhere in this world, there are no legal ways to hide assets! For example, when married peoples want to divorce, they contact business’ customers to defer payments of accounts receivable until after the divorce is finalized.

Then when the accounts are finally paid, the managing spouse gets the benefit of the cash, and also the increased value of the business now with current accounts. If the court does not find out about the money during proceedings so the assets is declared as voided. Third is Understating Asset Value During Divorce. Its mean that, devalue property over time so that when it comes to allocate the value of the asset, the managing spouse gets the benefit of the lower value. This may include allowing rental property to remain vacant or in disrepair. Fourth is Economic Misconduct During Divorce.

Spending money excessively just so that your partner can’t have it. Example of case economic misconduct divorce, John Dewey is the majority owner of a large public relations firm. His wife, Mary, recently filed for divorce and is asking for half John’s assets. Prior to being served, John took some trips to the Cayman Islands and Switzerland. During the divorce proceedings, Mary was shocked to learn that the value of the firms is $50, 00. Prior to the divorce, John had given her $200, 00 a year to cover their personal expenses. Fifth is Hiding Earning/Wages. The purpose of this fraud is to reduce child support or alimony payments.

The way people do this fraud is getting fired and collect unemployment, but continued to work for your company through a back door method. Last but not least is Paternity Fraud. It can define as, a mother names a man being the biological father of a child, particularly for self-interest, when she knows or suspects that he is not the biological father, If married, the husband is presumed to be the father of all children during the marriage. Most states require a man to pay child support whether or not he has shown that he is not his biological father. According to paternity fraud ase-Sixteen month after his divorce, Richard Parker, a Florida resident, discovered via DNA testing that the child he was paying support for was not his. Florida justices ruled 7-0 against him, stating that Parker must continue to pay $ 1. 200 a month in child support, because he had missed the one-year post divorce deadline for filing his lawsuit. His court-ordered payments total $216, 00 over the next fifteen years. Bankruptcy Fraud A person is declared bankrupt when a court determines the person to be legally insolvent, or broke, in response to a petition filed by the debtor or his creditors.

Then, following the bankruptcy law, the person's property is liquidated and divided among his creditors to pay his bills. Types of Bankruptcy Fraud A person commits bankruptcy fraud -- a federal offense -- when he falsely claims he is bankrupt. The most common types of bankruptcy fraud are the following: 1) Hiding Assests Almost 70% of bankruptcy fraud cases filed by individuals involve someone trying to hide personal assets or business assets. This type of fraud in bankruptcy occurs when a person intentionally does not list all of his personal or business assets in the bankruptcy petition he files with the court.

By omitting some assets, the debtor hopes creditors will liquidate and sell only the property he lists, and never discover that he has other assets he didn't list. Likewise, business owners often hide assets when filing for bankruptcy by transferring money or property to relatives so these assets won't be seized and then liquidated by sale or auction to pay off creditors. 2) Operating a Petition Mill A petition mill is a dishonest scheme that purports to help teens avoid being evicted. These mills are commonly found in areas with a large number of immigrants or poor populations.

The illegal scheme usually goes like this: A renter answers a newspaper ad for a ‘ typing service,’ which offers to tell tenants how to avoid getting evicted. Then, without the tenant’s knowledge, the typing service files bankruptcy in the tenant’s name. During this time, the typing service charges huge fees and drags out the case for months. The tenant believes he’s getting the help he needs and will keep the roof over his head. But instead, the typing service empties his saving account, destroy his credit rating, and does nothing to prevent his home eviction, which is simply delayed.) Simultaneous Filings This is when one or more persons file for bankruptcy in more than one state at the same time. In the claims, they may use their real names and information, fake names and information, or a combination of the two. The fraudulent bankruptcy filers often list the same personal assets on each false bankruptcy claim but do not include every asset. These simultaneous frauds protect their valuables from being sold, while their other assets are liquidated to pay their debts.