

Hey guys, thanks for joining us.

Okay, today everybody, we're gonna be talking about debts that are not released by order of discharge. So there's a classification of debts. We call them one section 178 debts, their debts that if you get discharged from your bankruptcy or on the completion of your proposal, these debts will still survive. So they get included in your proposal or bankruptcy as far as they can receive payments or dividends is what we call them. But at the end of the bankruptcy process or proposal process, they don't get written off.

So there is a special type of debt that survives the entire insolvency proceeding. So over the next two Schuss sessions, we're going to talk a little bit about what are these debts? What do they look like and how they apply? Exactly. So as Nick described, we'll be covering some important topics in this session and becoming one to convert the debts that are not covered. Well, please keep in mind, these podcasts are for information purposes only.

This is not legal advice. If you are dealing with debts, or in a similar nature, please consult a professional, whether it's seeking legal advice or contacting a license of the trustee in your area, you can always contact us, in regards to your specific situation, can reach us at 403-232-6220. So let's get into it. So one of the debts that are not released, when you get your order of discharge from bankruptcy, for example, it has to do with if you had a fine penalty, restitution order, or any other water that are in similar in nature that was imposed by the court. So if the court grants an order that falls in this section under this category, then what it does is that a specific claim gets to a special status where filing for bankruptcy or even a proposal will typically not eliminate it, so it will survive. So you got to be careful when you're talking about your debts with your lessons a trustee on what those debts are, and what the nature of the essentially the claims are, because that way, you're able to determine if any of those will be impacted. And some of them as indicated by the act can very well survive, even though you have gone through the formal insolvency process.

So some of those might include under this category would be like fines for a speeding ticket, if you got one of those like, you know, photo radar things that came through and you got a bunch of those speeding tickets. Again, we include them as a creditor, but ultimately, they aren't discharged from your bankruptcy, you'll be responsible for paying those. So when you go to register your new vehicle or your vehicle, when your new registration comes up, you're going to have to pay those debts to get your registration.

Other types of tickets or penalties could be you know, driving without insurance restitution orders is another one. So if let's say you committed a crime, and you have to pay restitution back towards the other person, then restitution orders aren't included. Maybe you damaged property or something along those lines. Another special category is awards of damages that the court might have given again if you were involved in a legal proceeding, and the court has a judgment against you for anything that caused bodily harm or assault. Those things also are not

dischargeable in a bankruptcy or proposal. So those will mean they'll survive and they'll, you know, need to be continued to be paid.

So next we would like to talk about another one of the sections here that would result in any debt or liability that arises out of fraud, embezzlement or misappropriation? Yes, so any debt or liability fraud embezzlement misappropriation, there's been situations where maybe someone worked for an employer, they have the ability to you know, transfer money from the employers account to their own, that's called embezzlement misappropriation means that you didn't properly take care of funds that were in your own trust, like you, you it was funding that was entrusted to you, and you didn't take care of them very well. So if there are orders or judgments against you for those particular items, again, those can't be bankrupted out of or completed in a consumer proposal. So there has to be a judgment in place.

If there's no judgment in place then what we would call it a contingent debt, meaning it, it is something that could come on to you and will likely survive your bankruptcy or consumer proposal. So you want to make sure that you explain all of the potential debts that could come to you as well to your licensed insolvency trustee

So they can properly advise you about how those debts will be treated in the insolvency process. Exactly. So sometimes these debts may not be in existence yet, but you may be in the process where you know, you're going through the legal process, and it's in the works, right. So it's still prudent, you must advise your trustee if it's something that's in the works, even if there has been no judgment issued on it because your trustee will need to be aware if anything is coming down the pipeline.

So another similar nature is, or one of the things that can survive bankruptcy is, for example, if there was a creditor, that you, for example, led to you didn't disclose maybe just out of spite, and you thought, I don't want this person to get any money, and you never told the trustee bought. So, therefore, that person never got, you know, the information they should have in order to participate in the dividends. And they come to realize that okay, you know, there was this bankruptcy filed, for example, and I was never told, so, you know, any money given to the dividends other creditor received, that this creditor would have got, if you had disclosed, they will need to be paid, so that that can survive again, as well, because that's there, right. So, you know, you want to make sure that it's sometimes the situation whether the creditors, you may not have them all on the same row, and may not like them the same, but they all need to be disclosed. And then the trustee has to do their due diligence to make sure that they get their notifications in regards to the filing process.

So make sure again, that all of your creditors are listed to the trustee to the best of your abilities, because it's only to help you in the long run, to deal with those financial distress scenarios. And given the information, again, it would be important that you make a list of them typically, even before going into the trustee's office, so you know what sort of scenario you're going to be

walking in with. And as a trustee firm, it always helps the trustee guide you through the process much easier if you know what the potential liabilities that exist are out there.

Yeah. And ultimately, again, there are these debts that could be due to fraud or misrepresentation, those also may not be discharged in a bankruptcy or proposal process. So if they've been accumulated as a result of fraud. So if I were to give you an example, it might be like, right before filing for bankruptcy, you took out the credit card and went on a shopping spree and bought a bunch of stuff, the creditor could claim that this was a fraudulent activity that knowingly going into bankruptcy, or what we call knowingly being in a solvent, you took the credit used it inappropriately so the creditors could oppose your discharge one thing. And the second thing that they could do is that they could say that these debts should be excluded because they're fraudulent transactions. So the creditors are within their rights to object. And too because of these excessive transactions. They could say that these were fraud and misrepresentation.

So if you're dealing with any of these debts, or even if in the ordinary course of business, you've got other debts that you may be dealing with, please seek help, called a local licensed county trustee in your area, you can always reach out to us at BNA here at 403-232-6220. So it is important to make sure you view these with a professional.

As indicated earlier these sessions are for information purposes only. They are not to be meant in replacement for any sort of legal advice. So once again, we appreciate you joining us in the coming sections. We will talk about one of the other special ones that we often see. It's in regards to your student loans. So a lot of the time we get questioned about how student loans are going to be treated if somebody falls for a bankruptcy proposal any insolvency process. So in the next episode, we will try to cover that for you. Until then, take care. Hope you have a great day. Have a great week, everybody