

How To Avoid Messing Up Your Bankruptcy

by [Brette Sember](#) July 12, 2016

23 SHARES



A bankruptcy court judge in March of 2016 called out rapper 50 Cent for posting pics of himself on Instagram with stacks of cash after [filing for bankruptcy](#). Since the whole idea of bankruptcy is that you don't have enough cash to pay your bills, this looked rather fishy—but it didn't stop 50 Cent from posing multiple times alongside wads of dough.

The back story

A little additional context: In July of 2015, a Florida woman named [Lastonia Leviston won a judgment](#) against 50 Cent for \$7 million over a sex tape dispute. 50 Cent filed bankruptcy soon after to wipe out that debt as well as some major business losses. It was Leviston, seeking payment in the week of that judgment, who called the court's attention to the [Instagram photos](#) the rapper had posted, questioning how he could have so much money if he was supposedly bankrupt.

The court has questions

After the photos were shown to the bankruptcy court, Judge Ann Nevins indicated she was concerned as to whether 50 Cent had fully disclosed all of his assets. [50 Cent filed](#) this response to the judge's trepidations: "Just because I am photographed in or next to a certain vehicle, wearing an article of clothing, holding a product, sitting next to what appears to be large sums of money or modeling expensive pieces of jewelry does not mean that I own everything in those photos." His lawyers also claimed the money in the photos wasn't real—that it was just a prop. The parties came to an agreement after the court posed its questions, removing the issue from media scrutiny, but the case offers a reminder for the rest of us on how the bankruptcy process is not something to be taken lightly.

Dismissal of a bankruptcy case

Just because you file for and are approved for bankruptcy does not mean you will be permitted to actually complete the process. Your case can be dismissed for any number of reasons, including failure to complete credit counseling classes, not filing everything required or paying filing fees, not being honest in completing all of the [paperwork](#) and financial disclosures, failing to make payments under a Chapter 13 bankruptcy, or not going to your creditors' meeting.

Most bankruptcy dismissals involve procedural mistakes, in which case the court dismisses the case without prejudice. But if you've knowingly abused the bankruptcy system, the case can be dismissed with prejudice. The distinction matters: If the case is dismissed without prejudice, you can refile right away, and an automatic stay will go into effect, stopping collection efforts. If the case is dismissed with prejudice, you cannot immediately refile and your creditors can take action against you to collect your debts. 50 Cent's creditors most likely were alleging that he did not disclose all of his assets, which would constitute bankruptcy fraud and be grounds for a dismissal with prejudice.

The lesson

While posing with stacks of cash that isn't yours probably doesn't establish bankruptcy fraud, it's definitely something that would make the bankruptcy court take another look at your case—as would any over-the-top displays of wealth after filing. If the assets aren't actually yours, it is unlikely your case could be dismissed. But in general, avoiding additional scrutiny is the safest route in a bankruptcy situation, so try to keep a low profile—and keep your bling photos to yourself—until the process plays out.

Image courtesy of [news.hiphopearly.com](#)