

Hiding Assets/Asset Dissipation

'A dishonest husband is as much a fraudster as Bernard Madoff.'

- Martin Kenney. Asset Recovery Specialist

(A 10 minute read, scroll down for lists)

Economic barriers to leaving can mean women* stay with abusive partners, or under their control, for longer than they want to. One of the common ways that economic abuse is perpetrated is via threatening to withhold, or actually preventing, access to marital funds, especially post-separation.

Virtually every day in Family Courts across the land you will find women who are having to attend hearings to try to get their ex-spouse to pay up what the court has already ordered he must pay. Or, you will find men who find some way to keep their partner tied up in the divorce process, to purposefully delay a final financial settlement. Often you'll find both.

This endless game of 'moving the goalposts' where a controlling spouse comes up with excuse after excuse as to why he cannot pay, or cannot liquidate his assets in order to pay a Financial Order, is almost farcical. The Judge listens, makes a ruling, then he/she or another Judge then has to sit through further appeal hearings - which might result in them having to schedule even more additional hearings (often for many months hence).

In many respects it is true to say that 'money is power'. Without independent sources of income, if you (and maybe your family) rely on household and personal allowances dictated and distributed by your partner, these funds can suddenly be cut off or stripped back, upon separation, as a form of control. Your lifestyle may change overnight and he might even taunt you by saying 'get used to it, this is your future' in order to coerce you into staying or into accepting less than you deserve. You may struggle with money for bills, for transport, for communication (phone and internet bills) school fees and sometimes even food and housing. The anxiety and stress can be enormous. There are legal remedies available to deal with this behaviour and freezing orders to prevent asset dissipation but the nightmare can continue if the spouse is wily enough and/or simply refuses to co-operate and pay whatever is eventually ordered.

Many women can find they are still caught up in the divorce process 3-7 years after filing for a Divorce. For some women the wrangling persists ad infinitum.

You will probably never even have considered any of this at the outset of your relationship. Indeed, if your partner suggested that you give up your own career to look after the children, or to relocate for his job (or perhaps he suggested you invest all of your savings into your property in a "what's yours is mine and vice versa" verbal agreement) it's highly likely that at the time you took him at his word, trusting he would never let you down.

Now though your future may look very bleak under the control of this 'charming partner' who has turned into a ruthless manipulator and initiated endless legal manoeuvrings.

As I say, just the fear of dramatically changed circumstances and even poverty, can cause some women to settle too early. It's a common tactic. On top of all that some women will be having to contend with character assassination and accusations of gold-digging. Smearing your motivations for simply seeking what you are due is another common controlling tactic and is often used as a way to try and justify this behaviour to others, so here's a great article (download the PDF): [In defence of the Gold-digger trope](#) which puts that myth to rest once and for all.

Even women who move on to another partner or remarry can find themselves caught up in endless litigation – especially if children are involved (see section on UK Family Courts).

Economic abuse is nothing short of an outrage and in years to come I am sure we will look back on the time when women had to suffer this type of treatment in much the same way that we now look back at the days when, prior to the *White v White* case in 1996, divorces continued to favour men.

Back then the award and maintenance for the less-wealthy spouse – usually the woman – was calculated based on needs as opposed to how it's calculated today, on a fair division of wealth.

There have been a number of landmark cases since *White v White*. For example '*Sharland v Sharland* and *Gohil v Gohil* were examples of the court allowing financial settlements within divorce proceedings to be revisited, where it subsequently came to light that one spouse had failed to make full financial disclosure. However, all any changes which show greater equality for women appear to have achieved is an increase in the clever ways some controlling men will exploit loopholes, to try and deprive women of the financial settlements that they are entitled to.

One thing to always bear in mind is, it's not greed and it's not you causing them to behave in this way. **It's control.**

It wouldn't make any difference even if you agreed to everything your partner wants, if he* is a controlling partner he will still try and find a way to keep you disadvantaged and/or in his power.

It is also important to recognise that often an abusive partner will first start controlling funds when he suspects his partner may be about to leave him (or he intends to leave her). A two or three year period prior to a divorce filing is a critical period.

You may have announced your intention to leave and believe that you are automatically entitled to 50% of everything, so presume that despite any threats he might make that you will be okay, especially if your husband's net worth is exceedingly high, or the equity in your house has rocketed with rising prices. However, as you will read in the section on divorce (see website menu), this presumption is a myth. A fair division does not necessarily mean 50%.

50% is a starting point but not a certainty. It would be foolhardy to believe that you have some automatic right to half of everything – especially if what you hadn't reckoned on was that he may know some ways to hide his true net worth and legally divest himself of assets.

One thing that you must always be aware of though is that, **if you look for evidence of non-disclosure in the wrong way, it is you who may end up in criminal court facing a fine, or even a prison sentence.** Therefore, you must get legal advice if you intend to do any form of photocopying or snooping through bank statements, files or whatever.

Even if you think you are being careful you may put yourself at risk of a separate civil lawsuit from your controlling partner – most will happily use the law to punish you. Never underestimate that possibility.

HOW DO THEY HIDE WEALTH?

There are many ways that a controlling partner will seek to hide income and assets or dissipate wealth. For example:

- 1) Underreporting income on tax returns and financial statements.
- 2) Using complicated tax structures here and offshore, sometimes deliberately overpaying tax to deplete income and then delay reclaiming it.
- 3) Spending more time abroad - he may be depositing money or buying himself goods or even renting accommodation to hide assets.
- 4) Prepaying insurance policies (especially ones that pay interest).
- 5) Claiming debt repayment for a phony debt (probably to a friend).
- 6) Undervaluing marital assets such as artwork, antiques, guns, wine, tools.
- 7) Allowing a business, rental property or second home to run down or run into disrepair or remain empty so as to lower its value.
- 8) He may secretly transfer his funds and assets and remove himself from obvious ownership of them. A nominee trust is an arrangement whereby one or more persons appoint a "trustee" to be listed on legal title, or other documents, on their behalf. ... One use of the nominee trust is to avoid reporting the ownership of property on the public record. (see Beneficial Ownership Report in Resources). Trusts are the main way that men will seek to tie up larger sums of money, out of the reach of the court. (There is more transparency coming but it's not in place yet).

There are some assets that are virtually impenetrable. It is common to see offshore family trusts with a trust agreement that provides that the trustee is not obligated to follow the instructions of the beneficiary. [One of the keys to making a trust impenetrable is to have a trust with a trustee that is not obligated to follow the beneficiary's instructions.] So there's no way to touch it.

- 9) He may deliberately leave his job or remove himself from streams of income so that he can claim he is unable to pay spousal maintenance.
- 10) He may feign a gambling problem.
- 11) He may start to pocket cash payments from customers so that his income appears to be dwindling rather than growing or staying the same.
- 12) He may ask his company to delay the payment of bonuses, stock options or pay rises until after the divorce is complete. Likewise, he may wait to charge/bill clients until after the divorce is finalised.
- 13) He may use cryptocurrencies.
- 14) He may have set up an account in your child's name and be hiding money there.
- 15) He may claim illiquidity of assets: An illiquid asset is one that is difficult to sell because of its expense, lack of interested buyers, or some other reason. Examples of illiquid assets include real estate, stocks with low trading volume, or collectibles. Illiquid assets still have value and, in many cases, very high value, but are simply difficult to sell.
- 16) He may move to a different jurisdiction or move to a part of the country far from you to cause maximum expense and difficulty.
- 17) He may put your joint funds, pre-or after divorce, into wine, antiques, artwork or watches and under-report their value. You then readily agree to him having those when reaching an amicable out of court agreement about division of assets, only to discover that the wine or art was of exceedingly high value. Also, if an asset is not declared it cannot be split but when its value is discovered it may already have been sold and the money dissipated.
- 18) He may arrange to be paid in cash, therefore making it difficult to track his true expenditure.
- 19) He may find a store card system or points system that allow him to accrue points to spend without your knowledge, so that his actual expenditure through bank accounts looks less than it is. For example, if he is a business owner he can legitimately buy computers or other high value office equipment and the thousands of pounds spent give him points on a card which he can then use to purchase hotel rooms, holidays, clothes and so on (and get tax relief from the tax man). This way when you see the joint bank account it looks like he's not spending much at all on himself.
- 20) He may be looking for every deduction he can make – anywhere. For example by paying for a new girlfriend's expenses (petrol, car tax etc.) and then claiming a portion back from the tax man.
- 21) He may divest himself of assets, selling them to a friend with the express intention that he will buy them back once the divorce is finalised or say that he owed his friend money or loaned him money, whereas really it's just there for safekeeping until after your financial settlement.
- 22) He may persuade you to invest in a scheme, promising you a watertight return but knowing that the scheme will collapse then stating that you knew the risk.
- 23) He may put high value items like watches into the repairers and conveniently forget to pick them up for a long while.

- 24) He may get important documents (he does not want you to see) sent to the house of a girlfriend or friend, or use their address for transactions or her house, or his office, to store goods he does not want you to see he has purchased (with cash).
- 25) He may try to control who the marital property is sold to and what price it is marketed at or is accepted in order to delay the sale and keep you captive and in limbo. (Again there are legal remedies available to force a sale but consult a solicitor).

Watch out too in case he has forged a less than honest relationship with an estate agent. Remember the commission on the sale of an expensive house, even if only a small percentage, is a lot of money. Some agents can be corrupted by the offer of a backhand, or for the promise of other business sent their way. It's illegal but people take the risk, especially if it's difficult to prove.

Also be cautious in case the property is being sold to 'a friend' when really your ex is involved and using someone else to front the transaction. (Be alert too for properties are sold to buyers without a mortgage, who then rent them out. Although under money laundering rules there is a duty for estate agents to report any suspicious activity, 'washing' money through the purchase of expensive properties, and someone getting a backhand for having facilitated that, is more common than might be supposed).

There are numerous tricks in the book. All underhand but some legal (usually a legal loophole) many are illegal but so cleverly orchestrated and executed that it's hard to prove, or no one is likely to ever find out.

It depends what level of wealth you are dealing with and how many properties and assets there are. Often a spouse may try and tie his wife up in proceedings that span many countries and many courts. Some really shallow individuals will target and remarry someone who is independently wealthy, or likely to become so via inheritance, purely to offset what he loses in divorce! There is often no apparent conscience.

OTHER CONSIDERATIONS

One common thing which a partner may do is to try to delay or eke out the divorce proceedings, thus giving him time to restructure his finances. Some may even feign getting back together with you, after you have expressed your intention to leave him, or feign a very friendly demeanour to regain your trust, simply to buy time to start moving funds with a view to enriching himself and disempowering you.

In some cases they will want to wait until their child or children reach 18 as at that age they are no longer considered a dependant, which alters the amount of maintenance the man has to pay you.

Some may be waiting to reach an age when different tax codes or pension rules apply. There may also be some clause in the mortgage or other loan which is advantageous for them if they can delay divorcing.

What is important to note is that the concealment, removal or fraudulent conveyancing of assets, is called non-disclosure. The rules about how you can obtain the information for non-disclosure to be admissible in court though are strict. Do not go snooping. Instead talk to a lawyer or forensic accountant about what you can and cannot do to locate hidden funds/assets or expose these tricks.

WHAT DOES A FORENSIC ACCOUNTANT DO

- Trace the paper-trail of funds through the family accounts
- Determine the actual income of the family
- Uncover hidden assets including those offshore
- Disprove under valuation of businesses and assets including property and land
- Consider the mismatch of lifestyle with declared income
- Identify non-disclosed business interests here and in the UK
- Analyse how much of the marital pot relates to pre and post marriage periods
- Help to identify how to fund settlements where the assets are 'illiquid'

If the behaviour has happened during or shortly before the divorce then it is mostly considered suspect (there are some things which are morally wrong but which are actually legal, so again please seek advice). If, however, as is fairly common, your partner had an inkling that divorce might be looming he may have slowly started transferring ownership of assets and moving funds (offshore) **way before** you ever suspected he was.

If you have a pre-nup again you need to seek the advice of a legal professional as in some cases, it may not be valid.

The key points are ALWAYS use a solicitor and do not, (even if your ex is a solicitor or legally qualified), enter into any financial agreement that he claims is being fair to you both, without having it scrutinised. Your ex may try and convince you that it is saving you money in the long term by not involving solicitors, but if you believe he is seeking to control you, you should not believe that he is suddenly putting your interests first. Whatever he says and however convincing he may sound.

Preferably way before deciding to break free and ask for a divorce – before even letting him suspect you are thinking of leaving – you should consult a really clued-up solicitor and if you cannot afford one then a Citizens Advice Bureau is your very best bet as they will put you in touch with lawyers who can offer you free advice. Often lawyers from very prestigious firms offer their services to CAB, as they have a social conscience, so don't hesitate to use them. Perhaps visit several solicitors to see if they all offer the same information. There is also a pro-bono unit for open access barristers [here](#).

Read all you can (books and articles – resources section) about the ways in which people can legally and illegally hide money/assets.

SUPER-SLEUTHING

SEARCHES

This is not an exhaustive list but here are a number of ways you can legally search for information. It is legal because it is information out in the public domain:

Look at:

- 1) Companies House
- 2) Land Registry
- 3) Open Corporates
- 4) Offshore leaks database (This includes data from the Panama/Paradise papers and other leaks). [See Tutorial here](#)

Always you should search in multiple ways. The reason for this is that many people trying to evade detection know that these are publicly accessible records. However, often in their arrogance some men/partners will believe that women are “too stupid” to know where to look or to even think they may have been hiding anything, so they won't have tried to disguise details. So start like this:

- Search their real name/real address
- Move to searching for transposed names i.e., second name first. So, John David XXXX (surname) might become David John XXXX or there may be a deliberate misspelling, like Jon or even a foreign version like Jean. If there are two letter like in the word Telling try Teling or initials only etc., etc.
- Try searching by any address that you think they may use. Something might pop up that sets you on a new trail.
- Try searching for your children's names or his parents or siblings.
- On the Companies House website click on all the available tabs, i.e. Filings and People and read everything, looking for anomalies. It is wrong to expect that if documents are filed on a website like this that they will always be truthful. Almost

700,000 companies are created each year in the UK. A recent report from Transparency International flagged that Companies House currently has only six members of staff responsible for policing the 4m UK companies currently registered, while Global Witness claims that almost a tenth of registered companies had broken UK rules by failing to name their controlling shareholders. Additionally, many companies were found to have been registered by people who list their age as between 0 and 2 years of age!

You might discover a change of director or a change of address or accounts that just don't reflect what you have been told, or find companies you have never heard of that he is involved with. Often people will set up what are known as shell companies – watch a video about shell companies in the links below.

- Google addresses and other people involved in the company information, see if you find something of interest that way. You are not doing anything illegal by accessing **publicly available** information with the intention of uncovering a fraud or conspiracy to mislead a court.

If the money in dispute in your divorce is high enough you can also look at Litigation Funding or see if your firm of solicitors offers what is called a Sears Tooth Agreement. Basically these agreements mean that your divorce can be handled for no fee, but on the agreement that they will take their payment from the final settlement that they obtain for you.

Read about Sears Tooth Agreements [here](#) and [here](#).

IN CONCLUSION

So, how do you deal with all this? With extreme difficulty is the honest answer. The best use of your spare time in between conducting your own fight might be to help campaign for stricter laws and for the FPRC (Family Procedure Rules Committee) to tighten the enforcement procedure rules as recommended by The Law Commission.

You can also support calls by [this charity](#) for Economic Abuse to be criminalised.

When I first realised what was going on out there (coincidentally about a year or two before the Panama Papers expose) I was naively sure that all one had to do was report this behaviour and or tell a Judge, and they'd deal with the men who do this (and enable it) and sanction them or even throw them into prison.

I cannot tell you how wrong I was. I started talking to Barristers who would tell me (off the record) about how disadvantaged women still were by the system.

It is an absolute travesty that in this day and age anyone is able to manipulate the law to deliberately try and defeat their partner's claim to a fair division of wealth ... and get away with it.

Please consider writing to your MP and/or campaigning for legal reform as a matter of urgency.

You may like to watch and read these too:

[How The Wealthy Hide Billions](#) (US video)

[Anonymous Companies](#)

[The Devastating Effect of Non-Disclosure](#)

“Non- disclosure has a devastating effect. It prevents the court from considering all of the evidence that could have been available and forces the court into the unsatisfactory position of having to make assumptions as to the existence of certain assets and other relevant facts.” – District Judge Nichols

[How To Hide \\$400 Million](#)

[Important Divorce Cases - Vardags -Young vs Young](#)

Please note: There are legitimate reasons for having offshore accounts and companies. I do not suggest or imply that anyone who has one is doing anything illegal. Tax avoidance is legal, tax evasion is a crime. Non-disclosure may be a crime, check your individual case with a lawyer.

*** This entire document could relate to women. Women can also be abusive and they can hide or dissipate assets. The statistics show however that Domestic Abuse, including Coercive Control and post-separation abuse is mainly perpetrated by men and this website is focused on that dynamic.**

Nothing on these pages should be construed as professional legal advice. Always consult a lawyer regulated by the SRA or Bar Council/BSB or the regulatory authority in your own country.

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