

[In re Spitko, \(Bkrtcy.E.D.Pa.\)](#)

February 9, 2007: Bankruptcy - Failure to maintain corporate financial records can support denial of discharge to individual debtor.

Chapter 7 debtors' failure to keep any record of the extensive prepetition transactions that they conducted on a cash-only basis, failure to prepare and file tax returns on their own behalf or on behalf of their closely-held corporations, and failure to maintain complete corporate records was such as to warrant a denial of their discharge under the "recordkeeping" discharge exception. While the debtors' closely-held corporations were not alter egos of the debtors, the fact that the debtors' income and assets derived largely from these two corporations was itself sufficient to impose on the debtors an obligation to maintain records of these corporations' financial dealings. The explanation offered by the debtors for the deficient state of their records, that it was impossible, given their strapped finances, to hire professionals to create and preserve complete financial records, was unpersuasive.