Poker Star Sued by Ex-Husband Over Designer Shoe Collection

Will Beth Shak's ex-husband get "sole" custody of her 1,200 pair designer shoe collection?

Daniel Shak, himself a well-heeled hedge fund exec, has sued his poker star ex-wife over the collection, which he estimates to be worth $1 million, claiming he is entitled to several hundred thousand more in their divorce settlement.

Although the couple divorced three years ago, he claims he only became aware of the treasure trove of footwear last year.

Really?

Beth Shak is almost as well known for her shoe collection as for her poker skills. Her shoe stash, which includes 700 red-bottomed pairs by French designer Christian Louboutin, has been featured on MTV and in New York celebrity pages; Shak also authors a blog called "shoes r forever" where she dispenses shoe advice; she even has a designer stiletto tattooed on her private parts.

The girl clearly has a thing for heels.

But leaving her taste in men aside, does her ex-hubby have a case?

It's very rare to reopen a divorce settlement, especially in a state like New York where there is mandatory disclosure of assets by each spouse, said Lori Bovee, a New York divorce attorney.

Daniel may have a difficult time proving that he didn't know about the shoe collection, which resided in a closet next to their bedroom in their shared Manhattan apartment.

"It's hard for me to believe he never looked at this. There are 1,200 pairs at $400 a pop. Then again, she did have a security code to the closet, so maybe he did know about them, but didn't know how much," commented Bovee.

If a judge finds that a divorcing spouse lied about or failed to disclose assets, the judge has discretion to award more, or all, of the hidden assets to the other spouse.

Who Paid for the Pumps?

The judge will consider various angles in deciding whether to liquidate and divide Beth's swank inventory of shoes.

In New York, which follows equitable distribution rules in divorce cases, property is split according to "what's fair."

The longer the marriage, the more likely property is to be split 50-50 because of shared contributions during a long-term union.

Therefore, the shoe collection would generally be considered marital property, even if Beth bought them with her gambling earnings or if Daniel gave them as gifts to her.

“That’s marital property and he’s entitled to his share of it,” said Bovee.

However, there are three exceptions to marital property that would make the shoe collection separate property: gifts, lawsuit winnings, and inheritance.

So if Monsieur Louboutin gave his high-priced heels to Madame Shak as a gift or as a freebie for her to wear at the World Series of Poker, they would be considered Beth’s separate property and Daniel won’t get any of them.

Or, if she won the shoes in a lawsuit (unlikely) or purchased the shoes with inheritance money left to her, Daniel can’t touch them.

If the couple were in a community property state like California, the rules are slightly different.

According to Marlo Van Oorschot, a Los Angeles divorce lawyer, while each spouse’s earnings are community property during the marriage, a judge would look at how the shoes came to be for purposes of a divorce.

“Did he buy them for her for her birthdays and anniversaries? Or did she take community property and buy this stuff? If she bought them with community property, there’s a good argument it’s community property,” said Van Oosrchot.

If her husband gave her the shoes, even though he used community money, they could be considered separate property if they are for personal adornment.

However, Van Oorschot noted, a key exception to personal adornment that would make the shoes community property is whether the shoes are of “substantial value,” and would depend on the context of the marriage.

“You have to look at the whole estate and their lifestyle. A $1 million shoe collection may not be ‘substantial’ given their marital standard of living and given that he is a hedge fund manager,” said Van Oorschot.

Another factor that would help Daniel’s case is if his ex-wife viewed the shoes more as an investment than something to walk down the sidewalk in.

“If she viewed this as a collection, that’s a real asset. A lot of women like shoes, but 1,200 pairs is quite the collection,” said Bovee.

In California as well, if you’re buying something for investment purposes, it’s counted as community property, said Van Oorschot, who added that things like loose gem stones or furs would also fall under this category.

A Lesson to Divorcing Couples

The case gives an important lesson to divorcing couples of all walks of life: don’t waive disclosure rules.

In some cases, divorcing spouses agree on the assets to be split under their agreement. A typical waiver will say something like “Neither spouse requires information from the other and they waive the rest of the disclosures.”

But waiving your right to an accounting of your spouse’s assets could mean forfeiting your right to your share of an asset you discover later on.

“I make all my clients do a statement of net worth, even if they say ‘It’s settled, it’s agreed.’ I want to make sure all the assets are there and they are not waiving it,” said Bovee.

One of the biggest sources of surprise income a spouse can discover is retirement money.

“You don’t always look at [your spouse]‘s pay stub, so it’s very easy not to realize someone has a pension or has a 401(k) with this bank or that bank,” said Bovee.

If you waive disclosures, a judge is not likely to reopen a settlement based on newly-found assets. On the other hand, a judge can choose to throw the book at a spouse who fails to disclose an asset.

In one infamous California case, a wife filed for divorce without revealing that she had won the lottery 11 days before she filed. When the judge discovered she violated disclosure rules, he gave every penny of her $1.3 million jackpot to her ex-husband.

That’s why divorce lawyers advise their clients to disclose any high-value collectibles such as jewelry, cars, art or vintage wine.

“Are you going to disclose every fork in the kitchen? No. But I always tell my clients, it’s better to be safe than sorry,” said Van Oorschot.