



Local Bankruptcy Attorney is Busy, and Expects to Stay That Way

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Written by Joe Ascenzi

Attorney Mark C. Schnitzer remembers a moment in bankruptcy court at least four years ago that ended up being prophetic.

“The judge looked at us [bankruptcy attorneys] and said ‘all of you are going to be very busy a few years from now,’” said Schnitzer, a bankruptcy attorney with Reid & Hellyer in Riverside. “I shouldn’t say who it was, but he was the only person I can remember who predicted what happened. It turned out he knew what he was talking about. Our caseload started going up about a year and half ago.”

A native of Suffolk, Va., Schnitzer graduated from the University of North Carolina, and then completed law school at the University of Richmond in Virginia. He began his law career with the Judge Advocate General Corp. processing administrative discharges and handling court martial cases, the latter on behalf of defendants.

Schnitzer served four and a half years with the Judge Advocate General, including a year in Vietnam, before leaving as a captain in the Air Force.

A bankruptcy attorney since the 1970s, Schnitzer has been handling bankruptcy cases - mostly Chapter 7 and Chapter 13, and some Chapter 11 cases. He spoke with Inland Empire Real Estate Insider recently about the current state of bankruptcies and foreclosures in the Inland Empire and how it has affected his practice, and how long he believes the current state of affairs is likely to last.

Q: I’m sure you’ve been busy during the last year or two. Are you as busy with cases now as you’ve ever been?

A: I’ve been busy, but I wouldn’t say it’s the busiest I’ve ever been. I’d have to go back and look - I don’t have exact numbers for you - but I think I’ve been as busy before. There was a lull in cases back in 2005 after they made a lot of changes to the bankruptcy code*, and then the case load really picked up. I was busy then, too.

Q: What kind of bankruptcies are you handling now?

A: It’s really been a mix. Chapter 7, Chapter 11, Chapter 13. There are plenty to go around.

Q: How did you get into bankruptcy law?

A: When I left the military, in 1971, I started practicing with someone who I eventually partnered with for awhile, and that’s when I started doing it. We were doing civil cases, and he started doing bankruptcies so I started handling them. Eventually I decided I liked bankruptcy cases more than I liked family law, which is what I had been doing.

Q: What was the problem with family law?

A: Family law is very emotional and very stressful. There's a winner and a loser, but when it's over no one goes home happy. In bankruptcy cases I felt like I could help people get their lives back in order. I found bankruptcy cases more interesting.

Q: Were the people who got into trouble in the current real estate downturn professionals who misread the market, or were they amateurs who got in over their heads?

A: That's a hard question to answer, but probably a combination of both. I can tell you that a lot of people got on the real estate bandwagon because they thought it was an easy way to get rich. They took on second properties - second houses, usually - and were using them like ATM machines. That didn't usually happen with the house a person lived in. It was usually with a second house.

Q: Everyone has heard the horror stories of people running up huge bills on their credit cards that in some cases can never be paid off. How does that happen?

A: There are people who don't understand debt. They honestly believe that all they have to do is make a minimum payment on a credit card and they'll be OK, which of course isn't true. So they end up like an ostrich with their head buried in the sand. There was a lot of that in the Inland Empire, which is why I think the bankruptcies and foreclosures are going to go on here for about another year at least.

Q: Is there any advice you can give people to avoid bankruptcy?

A: Just that they need to be more disciplined, and understand that you can't go on a shopping spree with someone else's money. If someone hands you a big check you're going to have to pay it back.

Q: Is there fewer stigmas associated with filing bankruptcy than there used to be? It doesn't seem like people are as embarrassed by it as perhaps they used to be.

A: I think that might be true, yes. For a while credit was so easy to get that two years after someone filed bankruptcy they would be back to where they were before. It was like it had never happened, but it's not like that now.

* The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 intended to make it more difficult for some consumers and businesses to file for bankruptcy.