

In unusual deal, one local law firm sells part of practice to another

The Litchney Law Firm in Roseville has sold its bankruptcy division to the Citrus Heights-based Hernandez Legal Group Inc. in an unusual deal that promotes a long-term relationship between the two firms.

The sale took effect April 1. No employees lost their jobs. Litchney Law's bankruptcy attorney [Ron Holland](#) moved to Hernandez Law with the firm's clients.

The deal allows Litchney Law to focus on growing practice areas in real estate, along estate planning and probate. Hernandez Law is getting out of real estate to plunge more deeply into bankruptcy work.

The payoff to Litchney will be a percentage of the money Hernandez makes off the bankruptcy clients over time.

"Sarah (Litchney) has been a competitor," said [Kristy Hernandez](#), managing attorney at the Hernandez law Group. "My passion is bankruptcy: how do we help someone start over? I knew the cases would be in good shape and this allows me to grow the practice."

Hernandez law focuses on getting families out of debt by providing a range of legal services that include bankruptcy, loan modification, debt negotiation and settlement, tax mediation and credit repair. The firm also offers landlord/tenant and uncontested divorce services.

The firm now has five attorneys and about 10 staff in offices in Citrus Heights, Tracy, Yuba City and Newark, Calif.

"I'm getting out of real estate and going into bankruptcy (more heavily)," Hernandez said. "But she's not taking any of my clients. The goal is to get referrals."

It was an unusual sale for another reason: it started with a Craigslist ad posted by Sarah Litchney. Hernandez learned of it from a friend.

Litchney Law has two attorneys and six staff members.

Sale of the bankruptcy practice was a business decision that allows the firm to focus on real estate practice areas that include short sales, foreclosures and settlement of mortgage-related debts, as well as estate planning and probate, Litchney said. About a third of Sacramento-area property owners remain upside down on their mortgages, she added.

"We are enjoying being able to focus and develop strategic business plans around our real estate practice area," said Litchney, who is a licensed real estate broker and co-founder of StoneCrest Realty.

“Our real estate clients particularly enjoy the unique benefit of being able to receive legal and real estate services for their real estate purchase or sales transaction at no additional cost to them,” she said.

Holland is the attorney of record on the bankruptcy cases, but they are not strictly his clients, Holland said. He got a job offer at Hernandez Law and moved with there with them. A bankruptcy lawyer since 1982, Holland managed the San Francisco office of Jacoby & Meyers from 1985 to 1995 and ran his own firm in Sacramento before joining Litchney Law.