

ANTHONY O. "TONY" JONES



A
Series
of
Lucky
Occurrences

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"You know, every time I thought I was out of it, just knocked in the mouth, why, someone I knew would come along and have the answer and get me out of the jam." Anthony O. Jones, or Tony, as his friends call him, has lived a life with a series of what he calls "lucky events." Moreover, he says that he was aided in his life by his informal education that he acquired during the course of his life and professional career.

When asked to name the greatest adversity he had to overcome, he replies "learning to write shorthand and type." Without stopping, he continues, "You know, it was those skills that would aid me the rest of my life. I can't express how much I relied on those skills, skills learned in informal education, for success throughout my legal career." Tony's legal career spanned more than five decades, and, at 98, he is considered one of the state's pre-eminent bankruptcy lawyers.

Tony's career and life have been long and prosperous. His first job was running telegrams for Western Union in 1924. In 1925, he bought his first pair of long trousers and began working with the Arizona Corporation Commission (ACC) as an office boy. "They hired me because they needed a guy who was little enough to climb up and down the 10-foot-high file cabinets all day," recalls Tony. While with the ACC, Tony learned to write in shorthand, type and copy documents using a mimeograph machine. He says that he kept his job with the ACC for 12 years, largely because he was the one who could do all of these things. In fact, he adds, "I never would have gone to, and made it through, law school if I hadn't learned these skills." Luckily for him, he did.

Problem Solving

Tony says, "No one ever asked me about my education—where I went to school—or anything like that. ... They needed help solving a problem and I could do it. Most of the skills I used, I learned by living life." Tony says that his time with the ACC provided a thorough legal and political education. "Keep in mind that the Arizona Corporation Commission in the '20s and '30s was the most powerful state agency in Arizona. It had jurisdiction over almost everything. It covered three branches of government and was called 'the fourth branch of government.'"

"Every couple years, after an election, the Arizona Corporation Commission would be cleaned out and new appointments would be made. After having been there four or five years, I could step into many of the positions in a pinch until they put a new person in there." Tony says that his exposure to the many different departments at the ACC let him "learn by

osmosis." He says, "I learned about state government from participating in it." He often had to review complaints before they were filed and include the necessary regulations. In doing so, he was not only exposed to the regulations, but also had to learn why they were necessary.

Another of Tony's responsibilities at the ACC was to transcribe wax cylinders, which stored voice recordings of legal proceedings. While listening and transcribing, Tony picked up a wealth of legal knowledge. This sparked his initial interest in the law and provided him with an understanding of the overall process of the law. When asked what intrigued him about bankruptcy law practice, he replies, "It was all of the things that the Commission had jurisdiction over that got me interested in bankruptcy."

He became the sole clerk of the bankruptcy court in 1936.

"Back in those days there were no bankruptcy judges. Instead, they were called referees, and they would hold proceedings right in their offices."

He adds, "There were only about three or four attorneys practicing bankruptcy in all of Arizona at that time. None of the large firms were doing it—and by large, I mean firms that had five or six lawyers."

The practice of law in Arizona was very different in those days. The attorneys could come and go to the referees' office for business as they needed. "It was all very informal, and the most popular people in the referees' offices were their secretaries, because they were the ones that actually handled everything." Tony says that the bankruptcy attorneys brought gifts for the bankruptcy referees' secretaries. No one complained about this practice.

Politics

His interest in the law, specifically bankruptcy law, grew. He was invited to study law in the evenings with Stanley Jerman and Alan Perry, both bankruptcy referees. Jerman replaced Perry as referee in early 1937—they "officed" together. Because of his time with the ACC, Tony knew something about the law, but this study was more in-depth and gave him a greater appreciation for the nuances of the law that were just glossed over in the everyday practice. It was this experience that catapulted Tony into two things that he has spent the years of his life engaged in—politics and the law.

Aside from being a bankruptcy referee, Stanley Jerman was also heavily involved in politics. He had managed legendary Sen. Henry F. Ashurst's campaign in 1934. Jerman thought it would be a good idea for an industrious young man like Tony to work



New officers were installed at a meeting of the Bankruptcy Bar, Phoenix Division, on Tuesday, April 1. They are: seated, left to right: Anthony O. Jones, president, and Ford Dodd, vice president publications. Standing are: Amil J. Ajamie, secretary-treasurer; James S. Riggs, vice president program; and Edgar Hash, vice president publications.

Anthony Jones, President:

Local Bankruptcy Bar Installs New Officers

Anthony O. Jones was installed as the new president of the Bankruptcy Bar Association, Phoenix Division, at a meeting held last Tuesday in the Roundup Room, Y.M.C.A. He succeeds Lester L. Penterman, who served as president since the Bankruptcy Bar was formed November 19, 1937.

Serving with Jones for the ensuing year are: Ford Dodd, membership vice president; James S. Riggs, program vice president; Edgar Hash, publications vice president; and Amil J. Ajamie, secretary-treasurer.

The annual dues was set at \$2.00 per member and presentation of the gavel to Mr. Jones was made by Mr. Penterman, outgoing president. Other outgoing officers who had served since the Bar was formed are: Neal T. Roberts, who was vice president in charge of publications, and Tom Roof, secretary-treasurer.

SINCE LAST November, the lawyers have met each month at the Y.M.C.A. for regular luncheon meetings and programs covering Schedule A, Schedule B and the State of Affairs of the Bankrupts Petition. These programs are designed to help the bankrupt's lawyer in preparing the petition and pleadings.

The association also plans to provide a permanent form file in the Referee's office for the use of the entire Bar in preparing petitions and pleadings, and to continue holding monthly meetings presenting forums on bankruptcy proceedings and analysis of the latest decisions and Quarterly Referee's Journal.

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for the Senator and go back to Washington, D.C. "So, Stanley Jerman told me that Ashurst and his wife were staying at the San Carlos Hotel. He told me to wear my best white suit and white shoes, and to meet them there for lunch. [Jerman] said that he would talk to the Senator and that I should talk to his wife and tell her that I wanted a job in Washington." Tony did, and it worked. "Mrs. Ashurst told me to give her a call first thing when I got to Washington, and she would get me a job. I did, and that was that."

When Tony arrived in Washington, D.C., Franklin Delano Roosevelt had just been re-elected in 1936 and was already looking toward the 1940 election. The Democratic Party was at an apogee across the country, and that was most evident in Washington. Tony went to work for Senator Ashurst, who was the chairman of the Senate Judiciary Committee at the time. Tony was employed as one of the two Clerks of this Committee and was exposed to complex Washington politics right away.

In the prior campaign cycle, Senator Ashurst had campaigned for FDR with a message that the Supreme Court would not be "packed" to get the New Deal agenda implemented. However, the Judiciary's first consideration after FDR was elected was a bill to pack the Supreme Court (prepared by the Justice Department). Ashurst, despite having campaigned to the contrary, introduced the bill and chaired the hearings. However, the Senator was always careful not to take a definite position on the matter. Tony learned quickly that life can be full of changes and that how one responds to these changes makes all the difference in the outcome.

Another legislative landmark Tony had the opportunity to hear debated was the bankruptcy legislation known as the 1938 Chandler Act Amendments. As it turned out, his relationship with Senator Ashurst had a major impact on Tony's career. As pointed out in the Report of the Commission on the Bankruptcy Laws:

Dissatisfaction with equity receiverships and with bankruptcy in general resulted in further study. In 1932, the Senate established a special committee to investigate receivership and bankruptcy proceedings in the courts of the United States. Although initially to be chaired by Arizona's Senator Ashurst, Senator William G. McAdoo took over as chairman and the hearings became known as the McAdoo hearings.

Legislation was introduced in the Seventy-second Congress in April of 1932 based on the recommendations of the *Thacher Report*. The legislation was opposed by lawyers whose practice involved bankruptcies and reorganizations, primarily on the basis that the proposed legislation (1) changed the Bankruptcy Act of 1898, thereby losing the advantages of over 30 years of court interpretation, and (2) created a central bureau responsible for the administration of the law. At the invitation of the Senate Committee holding hearings on the proposed legislation, a group of

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these lawyers drafted new legislation; the group evolved into the National Bankruptcy Conference. The group worked on the amendments for a period of five years.

By the spring of 1936, the sixth draft of amendments was completed and introduced in the House by Congressman Chandler. The draftsmen recast section 12 of the Bankruptcy Act so as to accommodate what they referred to as arrangements, reorganizations, real property arrangements and wage earner amortizations, but this was cumbersome and these subdivisions became separate Chapters X, XI, XII, and XIII of the present Act.¹

Toward the Law

Tony recalls that he was intrigued by the implications of insolvency for the ever-increasingly complex economy that was developing in the United States, particularly because the economy was experiencing the difficulties of the Great Depression at the time. Stimulated by his study of the law with Mr. Jerman and Mr. Perry in Arizona, Tony enrolled in night classes at National Law School in Washington, D.C.

When asked about his interest in bankruptcy and how that affected his legal education, Tony says, "I was at the end of my time in law school and I decided I would take a bankruptcy class. I had studied it already. And, I had even done some work in it with Ashurst's office. You know what? That was the lowest grade I got in law school." That is truly ironic coming from the lawyer who became known as the "Dean of the Arizona Bankruptcy Bar."

Tony says, "It was a different world then. We didn't have debt when we came out of school. If we came out of law school with \$400 of debt, we were deadbeats." It is a different world now, with the average loan debt at approximately \$80,000 for law school graduates.

Just after Tony graduated from law school, Senator Ashurst sent him back to Arizona to run his 1940 campaign with Sue Murphy. But, before he sent him back, "Ashurst called me into his office and picked up the U.S. Code, which all fit in one book at that time, and told me to read the section on election law real well. That was his signal to me not to do anything funny." The

Bankruptcy Court Called Thankless But Essential

By RICK LANSING

A federal bankruptcy judge wants more retired businessmen to serve as trustees on bankruptcy cases such as Lake Havasu Estates and the Adams Hotel.

Judge Vincent Maggione praised such trustees as Charles Bellett, former president of Allison Steel, and Paul White, former vice president of Mobil Oil Co., for taking on the responsibility of administering bankrupt estates.

"THIS IS A thankless job, subject to criticism from the press and public," Maggione said. "In many cases, trustees are under paid or not paid at all."

Ed Hamblin, for example, put up \$5,000 of his own funds to keep the golf course open at Lake Mead. Maggione said.

"He's still waiting for his money," the judge added.

Even though a bankrupt estate may be worth millions of dollars, it doesn't mean that bills will be paid, he stated.

"JUST BECAUSE an estate is good doesn't mean that it will necessarily generate money," declared Maggione.

"We have to generate funds before we can do anything."

Some critics of bankruptcy proceedings have accused judges of not doing enough to file criminal charges against

persons who break the law while "milking" an estate dry.

MAGGIONE said, "We are not authorized to call on the services of the U.S. Attorney. All we can do is use the funds out of the estate to take action against wrong-doers."

"The FBI will investigate at our request, of course, but all they can do is show that a crime has been committed. Civil matters are another thing. A lot of people don't understand the difference."

He added, a bit irritably, "People think that just because we have control over millions of dollars that this is a plum. It's not so."

Maggione has been critical of Congress for giving bankruptcy judges the responsibility, but not the proper tools, to handle complex bankruptcies.

"IT SEEMS like everybody is willing to abdicate their responsibilities and leave the burden to us to sort out the mess," he said.

"We need more retired business executives, people with high ideals and community responsibility, to help us work out these cases."

He cited Phoenix attorney Anthony (Tony) Jones, who, the judge said, worked over 1,000 hours in the Legend City bankruptcy and still hasn't been paid.

"JOHN EVANS has been keeping the Adams Hotel open for the last year during a very trying period," said the judge. "He's doing a great community service, keeping 400 people employed."

Maggione says bankruptcy court is a good vehicle to salvage businesses in trouble — but only if the court is approached in time.

"Business owners who see their company going down the tubes are beset with fear," said the judge. "Fear of failure, fear of the bankruptcy court itself."

"WE WANT TO show them that they don't have anything to fear — that we're here to help them."

Maggione said he would not be in favor of moving the Lincoln Thrift and U.S. Thrift association receivership into bankruptcy court, as one Phoenix attorney has suggested.

"Lincoln Thrift is being run as well as it can be operated under Judge Walter Craig," he said. "No matter where you'd put the case, there would be administrative costs."

"Anytime you reconstruct things, you incur tremendous expenses and that's what a bankruptcy is."

Senator's wife had passed away the year before, and he was not as focused on being re-elected. Tony returned to Arizona with a campaign budget of \$26,000, which was not much, even in those days. Senator Ashurst was defeated in the primary by Ernest McFarland. Just like that, Tony's career in politics seemed over.

However, just before heading back to Washington to close out the session, he happened to get into an elevator, and his fortune changed.

I got in and was surprised to be standing there with McFarland. Well, I happened to know one of the people with him, Floyd Stahl. Floyd introduced me to him. I told him, "I didn't vote for you in the primary, but I'll be supporting you in the general election." The elevator stopped, and we went our separate ways.

Weeks later, Tony received a call from a McFarland staff member, who offered him a job with the campaign. Just like that, Tony's career in politics was resurrected.

As part of his position with the campaign, Tony returned to Arizona to promote McFarland across the state. He also took the bar during that time. He passed and was admitted to practice in October 1941. Ernest McFarland was elected to the Senate. Tony returned with him to Washington to work in his office, as he had for Senator Ashurst.

War & New Challenges

Then, Dec. 7, 1941 dawned, and with it the attack on Pearl Harbor. Tony, like much of the country, decided to serve by enlisting in the armed services. He went to the Navy first, but was denied because the initial examination doctor said he had an enlarged heart. The Army, however, did not seem to think this was the case. So Tony was about to enlist as a private. But then, as he was walking through Washington, he happened to run into a former law school classmate. Her father was a Navy doctor. She told Tony that she would talk with her father, and that Tony should go see him for another examination. Tony did so, and he passed "with flying colors" and enlisted in the Navy.

Tony was placed with the Joint Information Collection Agency, or JICA, and was assigned to serve in China. Tony's journey around the world to get to China would take him from Florida to Belize and Brazil. From Brazil, he traveled to Karachi, Pakistan and then on to India. He was stationed in New Delhi, India for one month, long enough to see the Taj Mahal. He then



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finally arrived in China, where he was stationed for the next year and a half.

While there, Tony learned Mandarin. He did so through total immersion in the language. In his spare time, he ventured out from the base to places where everyone spoke Chinese so that he could listen to them. And his Chinese counterparts tutored him from time to time. After awhile, he was able to go to the homes of local residents and hold conversations. Tony recalls that the Chinese thought very poorly of Navy enlisted men, and that the Chinese were the best bridge players he had ever encountered. He laughs, "I played bridge with them one night, for money. That was the last time I did that. They won every time."

When the war ended, Tony returned to Washington, D.C., to become Senator McFarland's

Administrative Assistant, or what is now known as the Chief of Staff. Just after taking the position, Tony's pay was increased substantially from \$3,900 a year to \$10,000. Tony knew that, making that much money, if he didn't leave Washington soon, he would never return to Arizona. So he expressed to Senator McFarland his desire to return to Arizona. McFarland didn't want to see him go, but Tony was adamant, and the Senator acceded.

The year was 1946, and automobiles were in short supply. Senator McFarland knew Tony needed to get his family from Washington back to Arizona, and he decided to help. He ordered two vehicles—one Chevrolet and one Ford. When the vehicles were ready, the Senator took the Ford and gave Tony the Chevy. Tony drove all the way across the country in that Chevy with his mother-in-law, his wife, their 8-year-old son and infant daughter. They arrived in Arizona in January 1947.

Upon arrival, Tony was appointed a Deputy County Attorney by Maricopa County Attorney Francis J. Donofrio. During the next election cycle in 1948, Tony was elected a precinct committeeperson and a member of the County Executive Committee. He also managed Donofrio's successful reelection campaign for Maricopa County Attorney. Donofrio was appointed to the superior court bench shortly after the election, and Warren McCarthy replaced him. Tony was then appointed by McCarthy as civil deputy.

He had some impressive company: The deputies included John Flynn, Haze Burch, Bob Renaud and Jack Anderson. Tony

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Tony Jones in 2008.



Colleagues Recall

Joseph McGarry recalls that Tony was a well-known member of the Democratic Party. In fact, Tony worked for and supported the party from the late 1920s until the 1990s. Moreover, Tony was inducted into the Arizona Democratic Hall of Fame in 1998. McGarry, a partner at Lewis and Roca, also recalls that Tony was regarded by his fellow practitioners as a solid legal representative and knowledgeable practitioner who always gave his clients a great likelihood of having their goals met. McGarry's recollections are echoed by several other practitioners who happened to practice in the era when Tony was the "Dean."

Ronald Cooley, who also practiced bankruptcy law and officed with him from 1967 until his retirement in 1992, recalls that Tony was always willing to help others. Tony was a mentor to Cooley and to Joe

Brinig. The three officed together for 25 and 30 years, respectively. Tony served as a colleague and tutor who took an active role in Cooley and Brinig's development as skilled practitioners of the law. Cooley was a litigator, and Brinig practiced bankruptcy law.

Marilyn Schoenike, who has known Tony for more than 40 years, beginning when she was a clerk at the bankruptcy court and later working for Tony, remembers that Tony was always in a positive mood. "In all those years, I cannot remember Tony ever being cross or having a bad day," she says. He "always has a smile and a willingness to help." She recalls that Tony was always very well dressed and went out of his way to be cordial to others during the course of his business. In turn, people were always professional and courteous towards him.

I myself am a bankruptcy

attorney who has been in Arizona for some time, and I have several memories of Tony and his exceptional legal career. I had the good fortune to pick up where Tony left off as far as the Bankruptcy Act. In 1972 and 1973 I served as Deputy Director of the Commission on the Bankruptcy Laws of the United States. Just as Tony was present at the birth of the Chandler Act Amendments, I participated in the drafting of the first draft of the 1978 Bankruptcy Code and sat through the deliberations of the Commission on the Bankruptcy Laws.

Although I got much more involved in bankruptcy and got to know Tony much better after my return to Phoenix in the fall of 1973, I had the good fortune to participate in several cases handled by Tony in the 1960s. Perhaps the most well-known case was the attempted reorganization of Legend City. I assisted Joe McGarry in the representation of the secured creditor group. Tony represented the Chapter 10 Trustee, Walter Fulford, and won every battle before the Referee and District Court but lost in the Ninth Circuit. *Adams v. Fulford*, No. 21069 (9th Cir. July 1966) (case and citation unavailable). Brief of Petitioner–Appellant, *In re Legend City*, No. 21069 (9th Cir. July 1966), on file with Lewis and Roca, LLP). The Legend City representation was a financial disaster for Tony, but he never complained.

After my return to Arizona, I gave up my construction and suretyship litigation practice to focus on insolvency matters. I continually had contact with Tony Jones, since he truly was the dean of the bankruptcy bar and represented the trustees in the Arizona cases. I often have

observed that Arizona has an excellent bankruptcy bar. Tony was in large part responsible for the collegiality and professionalism of that bar. He set a high standard, and his friendly and congenial approach set the tone for those who practiced bankruptcy in Arizona. But I must add that I never had any idea of Tony's remarkable background. Tony was a very modest person. It was only in the last several years that I got to know Tony on a more personal basis, and it has been a pleasure meeting with him to gather relevant biographical material for this article. Tony, who just turned 98, has a remarkable memory. As evidenced by his recollections included here, Tony has helped many people throughout his life.

Tony believes that his good fortune in life was caused mostly by the help he received from others. He says, "This is most important: I was helped along by many people in my life. I tried to sit down and just write out the names of all of the people that helped me in my life. And I filled out two sheets of a legal pad just writing the names one after the other in small font."

Tony's kindness and cordial nature allowed him to cultivate relationships with others that he came into contact with in the practice of law. He also served as a mentor and aid to many people throughout his life and career. In turn, people were more than willing to reciprocate and help him out of trying times. He says that everything in life just seemed to luckily work out well for him. However, his keen ability to pick up and remember things and put them into practice in his life and his willingness to help others likely caused things turning out so "lucky" for him.

—Gerald K. Smith



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also was offered a judgeship by Ernest McFarland, who had been elected Governor. But Tony turned it down because the pay—\$21,000—was too low for him to support his family. Tony remained the Deputy County Attorney until 1951. He left and became District Counsel for the Office of Price Stabilization. But his time there was short-lived.

In 1952, Dwight D. Eisenhower was elected President, and many other Republican lawmakers also were elected throughout the country. Arizona was no different. Barry Goldwater took over Ernest McFarland’s Senate seat in the same election cycle. Shortly after the 1952 election, the Office of Price Stabilization was shuttered by President Eisenhower. Tony then decided to enter private practice.

Private Practice

He occupied an office in the Fleming building, which was located at the northwest corner of First Avenue and Washington. This was where most of the attorneys in Phoenix officed at the time. Tony’s previous experience with the ACC had spurred his interest in bankruptcy. His studies with Perry and Jerman and having been clerk of the bankruptcy court had also helped him down this road. Moreover, his work on the Amendments to the Chandler Act made him more knowledgeable about the bankruptcy code than most bankruptcy referees. Through having been helped along by others, Tony had fortunately been directed into a field of law that needed practitioners and interested him a great deal.

When Tony began private practice in 1952, his overhead was about \$300 per month. He did not charge clients hourly fees. Instead, he charged them a flat fee for his service. He recalls that he would “charge \$200 for a straight bankruptcy, whether they were voluntary or involuntary petitions.” However, he did have rates for consultations and office work. He charged \$150 a day or \$25 per hour for consultations. If a consultation was under 30 minutes, he charged only \$10.

In Arizona, Bankruptcy Law became a State Bar Section in 1959. The Section grew and became better organized year to year. During that time, Tony became known in Arizona’s legal circles as a solid bankruptcy practitioner. Moreover, he became the second President of the Phoenix Division of the Bankruptcy Bar Association in 1958, succeeding Lester L. Penterman. In 1959, Tony was elected Secretary–Treasurer of the State Section on Bankruptcy.

In 1958, there were fewer than 10 attorneys representing debtors in Arizona. In that year, only six Chapter 13’s were filed in Arizona. By 1963, there were 2,984 bankruptcy cases filed. And, by 1987, there were 10,437. Tony’s records show that in August 1989 alone, there were 1,559 cases filed. Tony analogizes the growth in the amount of cases filed, and particularly cases filed in bankruptcy courts, to Daniel Defoe’s story of Robinson Crusoe. He says:

Robinson Crusoe had no rules until Friday came along. Then, rules had to be laid down. They had to allocate the work between them and provide for their joint efforts toward subsistence. This is just like life. The more people that come

At the County Attorney’s Office, Tony had some impressive company: The deputies included John Flynn, Haze Burch, Bob Renaud and Jack Anderson. Tony also was offered a judgeship by Ernest McFarland. But he turned it down because the pay—\$21,000—was too low for him to support his family.

into an area, the more rules and regulations you must have to keep things orderly.

Tony says he learned this simple lesson as a boy and it continues to ring true today. He also observed this phenomenon as the practice of bankruptcy law evolved.

Tony represented debtors, creditors and trustees during his career, and he handled several interesting cases. However, none were as well known as “the Legend City case.” Legend City was a theme park that was built on east Van Buren in Phoenix. It was designed to be the Disneyland of Arizona. It thrived for a time but eventually ran into economic troubles. The case was a Chapter 10 corporate reorganization. Tony represented Walter Fulford, the Trustee in the case. While the case made headlines in the state, it would not turn out well for Tony.

Tony worked tirelessly on the case, trying to work the park out of bankruptcy. However, try as they might, the Trustee, Tony and everyone else that was expending their efforts could not make it work. Tony made a decision that he could get paid out of the equipment that was on the ground. But before he could execute on the equipment, a friend of Tony’s, who was representing a group of investors in the park, talked him out of it. In the end, Tony worked more than 8,000 hours on the case and was never paid.

“They bamboozled me on that one,” he says. “But I guess I got something out of it. Another firm in town that was above my offices said I could have access to their extensive library for all of the work I had done.”

Small consolation for a lawyer in his own practice. But use of a library, along with education and experience, can be remarkable tools for a man such as Tony Jones, who has always viewed the positive side, and who continues to give greatly of himself. ¹¹

endnote

1. H.R. Rep. No. 93-137, pt. 1, at 239-240 (1973).