

**Presentation of Lifetime Achievement Award  
from  
Association of Insolvency Restructuring Advisors  
to  
Charles C. Crumley  
October 17, 2007  
Cherokee Town and Country Club, Atlanta, Georgia**

**Remarks by Paul W. Bonapfel, U.S. Bankruptcy Judge<sup>1</sup>**

**I. Introduction**

I know that the purpose of this evening's gathering is to honor Charlie Crumley and Bill Hays, but I must say that I am honored to be on the same program with them and with Bob Hicks.

All of them have been important to my career and professional development. Bob Hicks is one of the best lawyers I have ever known, has always demonstrated the highest level of professionalism, and, most important, is one of the finest persons I have ever met.

I am particularly indebted to Charlie and Bill. I could go on and on about both of them, as I know Bob Hicks could do also. But Charlie drew the short straw and got me, so it is my pleasure to tell you about the person who is known to us as Charlie Crumley, accountant at law, and affectionately to his staff as the "fossil."

**II. The Early Years**

Since this is a lifetime achievement award, I suppose we should start at the beginning.

Charlie actually started life as a child in 1924 in the Columbus, Ohio, area, where he, more or less, grew up.<sup>2</sup> Of critical importance to Charlie's development in his early – some would say pre-historic – years was the location of his high school locker next to that of the lovely and charming Betty Louise Dutro, his high school sweetheart who later would become his first, and only, wife. It may actually be Betty who deserves a lifetime achievement award for putting up with Charlie all of these years.

After graduating from high school, Charlie enrolled at Ohio State University. Then, as it

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<sup>1</sup>Material in footnotes has been added.

<sup>2</sup>Charlie's business acumen began developing in 1936 when, at the age of 12 and in the middle of the Great Depression, he acquired Paper Route B-3 which, as he notes on his personal web site, taught him the importance of steady cash flow.

often does, life happened.

As happened to most of his generation – the greatest, by the way – World War II interrupted his college and career plans. He was drafted at the end of his freshman year and sent to Florida to become part of a newly organized Field Artillery Unit.

### **III. Charlie in the Army**

Charlie had always wanted to fly, and Charlie noticed that the Field Artillery Unit had no airplanes. But in those days, the Air Corps was part of the Army. So Charlie realized that he was in the right military branch and just needed to find a way into the Air Corps.

About a month after Charlie reported, the new recruits were asked at mail call if anyone could type. Displaying his usual confidence in himself, Charlie immediately put up his hand. Charlie was told to report to the company clerk's office on Monday.

Charlie had never typed a word in his life.

But he went to the library, got a book on typing, and pounded on the replica keyboard over the weekend until, by Monday, he could function passably as a clerk typist.

Now in the office, he had access to information about what was going on and saw a memo asking for volunteers to be tested to train as pilots for the Air Corps. The captain wasn't interested in losing any of his men, and so he didn't announce the opportunity or post it, but this didn't stop Charlie. He made a direct application and was accepted.<sup>3</sup>

After many adventures too lengthy to report here, our Charlie ultimately ended up as a Second Lieutenant flying B-24 and B-25 bombers. He did so with his usual flair and ability to improvise to find solutions to seemingly impossible problems.

The story goes that, on one occasion, Charlie was in the middle of a tight formation when he realized he was about to rear end the plane in front of him. Slowing down would result in his being rear-ended, veering to the right or left was not an option due to the presence of planes in both places, and a dive meant a certain crash. So Charlie looped his bomber – he took it up, over on its back side, and back down around, and then right back into the space he was supposed to be in. Nobody had ever looped that aircraft before. If he hadn't done it, we would be honoring someone else this evening.

Charlie and his crew were trained and ready to go overseas when the atom bombs were dropped on Japan and the war was over, together with Charlie's professional flying career.

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<sup>3</sup>The captain was not happy about this and made Charlie's life miserable during the 30 days he had to wait to report to flight school.

### **III. Return to College and Initial Job With Arthur Young**

Charlie returned to Ohio State and received his accounting degree.

Charlie's first accounting professor must have been amazed. Charlie admits he struggled in his freshman course with concepts like "accrual accounting" and "prepaid expenses." And he had a hard time understanding why, if generally accepted accounting principles called for a "reserve for doubtful accounts receivable," they did not similarly require a "reserve for doubtful accounts payable."

I am not making this up. Perhaps this type of thinking foreshadowed his ultimate involvement in bankruptcy, where most payables are indeed doubtful.

In 1947, he went to New York as a new accountant with Arthur Young, one of the "big eight" national accounting firms, as they were then known.<sup>4</sup>

At the time, Arthur Young had 7 offices nationwide and 21 partners.

### **IV. Life With Arthur Young**

After five years in New York, Charlie moved on to help open a new office in Cleveland. Five years later, he moved to Chicago.

Arthur Young had a venerable history in Chicago and had largely dominated the accounting practice there for many years, but by the time Charlie arrived it was losing market share to Arthur Andersen. Many of the partners in Chicago were old-timers who were just "hanging on" with no vision of the future.

This changed when Charlie came on the scene.

A key event in Charlie's career was his study, during his Chicago years, at the Advanced Management Program at Harvard. As he puts it, before he went, he knew everything. After he went, he knew nothing. He learned that there were a lot of angles to consider in attacking any problem.

To shorten another fascinating story, Charlie revitalized the Chicago office, in large part by realizing that Arthur Young could provide management consulting services to its audit and tax clients that would both benefit the clients and grow the firm's practice.

This was a novel idea at the time. Most accountants and accounting firms saw their role as limited to crunching numbers – doing audits and providing tax analysis. But Charlie recognized

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<sup>4</sup>In addition to Arthur Young, the "big eight" were: Arthur Andersen; Coopers & Lybrand; Deloitte, Haskins & Sells; Ernst & Whinney; Peat Marwick; Price Waterhouse; and Touche, Ross.

the unique opportunity that accountants had to go beyond just reporting the numbers to using and analyzing them to help clients improve their business.

So Charlie began developing his consulting expertise and his guiding philosophy about it:

- if the company is the best at what it does, learn from it.
- if the company is not the best at what it does, figure out how to improve it.

Not surprisingly, Charlie made partner while in Chicago.

And his work in developing the management consulting practice returned him to the firm's home office in New York in the early 60's where he became the firm's National Director of Management Consulting.

When his five year term in New York ended, he had the choice of moving to Kansas City – where Arthur Young had its third oldest office and an established practice – or Atlanta, the regional office for the Southeastern area which was quite small and had not grown because the firm anticipated a merger with a regional firm known as A.M. Pullin & Company. Charlie, of course, chose Atlanta – fortunately for him and for all of us.

When Charlie arrived, the Atlanta office had three partners and 11 staff.

The traditional view of an accounting firm at that time was that it had two practice areas – audit and tax – and that management consulting was a part of the audit practice. Charlie's vision was that the firm could provide consulting services more effectively if the firm recognized consulting services as a third area of practice that could provide services directly to clients rather than through the audit partner.

Although Charlie had not been able to convince the firm to adopt his vision while he was in New York, he was able to do things his way in the Atlanta office. He developed the consulting practice the way he knew was the best way to do it, and the practice in the Atlanta office began to grow, aided by a number of mergers that Charlie arranged with local and regional firms.

Arthur Young had been the first major accounting firm to move into the then new Portman office complex, Peachtree Center, but it quickly outgrew its space in what was then known as the Gas Light Tower and needed to expand. Charlie wanted everyone on the same floor, but the firm already had a full floor. So Charlie found, as usual, an innovative solution – a bridge connecting the existing office to the corresponding floor on the Cain Tower 90 feet away. The Charlie Crumley memorial bridge exists to this day.

By 1980, the firm's Atlanta office had 7 partners and approximately 125 staff.

## **V. A Lifetime Achievement With Arthur Young**

From 1947 to 1980, Charles C. Crumley, CPA, had a tremendous impact on the growth and development of Arthur Young. He helped open a new office in Cleveland, revitalized the firm's Chicago office, was in the forefront of the development of its management consulting business, and significantly expanded its presence in Atlanta and the southeast. For those 33 years of work, it would be fitting to recognize Charlie with a lifetime achievement award.

**BUT WAIT! THERE'S MORE!**

## **VI. Charlie Gets Into the Bankruptcy Practice**

As I mentioned earlier, when Charlie came to Atlanta there were discussions about a merger with a regional accounting firm, A.M. Pullin and Company. The Pullin firm was run by a fellow named George Perrin who had a son, Bob, who was a management consultant but not a CPA. The merger never happened, but Charlie got to know Bob and his work as a management consultant. Indeed, they became fast friends – something that many of us have experienced after working with Charlie.

In the mid 1970's, Bob was appointed trustee for a company<sup>5</sup> in bankruptcy in North Carolina under Chapter Roman Numeral Ten, one of the reorganization chapters of the old Bankruptcy Act. Bob asked Charlie to serve as the Trustee's accountant.

Charlie knew nothing about bankruptcy. But this didn't stop him from taking the job any more that not knowing how to type had stopped him from taking a job as company clerk in the Army.

Charlie's flying hadn't stopped with his Army Air Corps days, and by now he had a Piper Twin Comanche. He regularly flew it to North Carolina, spending days and nights with Bob, as he puts it, grilling steaks, drinking martinis, and studying Collier's on Bankruptcy.

The case had a successful conclusion, naturally, which led to a second Chapter X case for Bob and Charlie that was likewise successful, and Charlie was on his way to being a bankruptcy accountant.

As Charlie was working on the Chapter X cases, and learning bankruptcy law with Bob, Congress was working on what would become the Bankruptcy Reform Act of 1978. As eventually enacted, this new law consolidated all of the old reorganization provisions into one chapter Arabic 11 and added a new player to the process – the examiner. Charlie saw the need in the new law for accountants who could combine business consulting experience and accounting background with an understanding of the bankruptcy process, and became intrigued as to the possibility of getting involved.

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<sup>5</sup>The company was Roberts Manufacturing Company, a dyeing and finishing operation.

So Charlie continued his bankruptcy studies. He went to a seminar in New Orleans; to Washington, D.C., to discuss the new examiner role with officials there; and to New York to meet with Jim King, the “King” of bankruptcy at New York University law school.

At about the same time, Judge Drake started the Southeastern Bankruptcy Law Institute to provide quality education about bankruptcy law and practice. And Charlie became a regular customer.

In the beginning, Charlie often had no clue what the programs were about or the unusual bankruptcy terms the lawyers used. For example, the new Code introduced the concept of “bifurcation” of a secured claim, which divides it into a secured claim to the extent of the value of the collateral securing it and an unsecured claim for the balance. In typical Charlie Crumley fashion, he made it his business to learn. He talked to lawyers, asked questions, and got answers.

He was quite relieved to learn that bifurcation was not a felony.

And so, in 1980, after 33 years with Arthur Young, Charlie decided to take early retirement and begin a new business providing bankruptcy accounting and consulting services. Bankruptcy Examiners, Inc. – later to become Crumley Consulting Services – was born.

A sad note here. Charlie had wanted to do this with his buddy, Bob Perrin. But Bob had contracted cancer and died. So Charlie had to persevere on his own. Charlie misses Bob to this day.

Back then, bankruptcy judges appointed trustees and examiners. Charlie knew no one with the bankruptcy court, but his friend of many years, Bob Hicks, walked him around to introduce him to the bankruptcy judges.

Judge Hugh Robinson appointed him as the examiner in the Colordyne case in Rome. It just so happened that a future judge, Stacey Cotton, represented the committee of unsecured creditors. And Stacey, as he was then known, had hired a new associate, another future bankruptcy judge named Paul Bonapfel, who was assigned to do some clean-up work in the case. Charlie and I thus got our introductions to each other and to the bankruptcy practice in the Northern District of Georgia at about the same time.

## **VII. Charlie’s Bankruptcy Practice**

I was fortunate to be in dozens of cases with Charlie. We were often on the same side. Other times we were on different sides. And sometimes one of us was the other’s client. I as trustee frequently hired him; he as trustee often hired me.

I wasn’t the only lawyer in this situation. Everyone knew what Charlie could do and wanted him on his or her side. If Charlie couldn’t be on our side, we wanted him on the other side. And if the case needed a fresh face and an independent fiduciary to tackle a problem, everyone wanted

Charlie.

Why?

It wasn't just because Charlie is a "good guy," though he certainly is.

It wasn't just because Charlie would call me on his mobile phone – yes, Charlie was one of the first to have one –, pick me up in his Cadillac (he still drives one), and take me to lunch at the Capitol City Club to talk about a case and munch on their homemade buttered soda crackers – a real treat for this young lawyer in a small firm – though all that made working with him enjoyable.

So, what was it?

In preparing this presentation, I asked a number of my friends – Charlie would interject here that he was unaware I had any – to enlist their assistance in providing material for me. One of my former partners noted that this was a clever way of getting them to do my work.

Charlie, perhaps it is our ages, but none of us can remember anything you did. As one lawyer wrote:

"I guess it's quite a remarkable skill, in and of itself, to be able to give everyone the impression that you are an incorrigible rogue without giving anyone anything damning that they can hold against you. It must have something to do with that 'twinkle' in his eye."

But we can all remember how Charlie did his work and we all agreed on why we wanted Charlie in our cases: he brought unique and valuable skills to any case he was in.

Charlie could promptly and accurately evaluate the real situation of a business. He learned what information clients, lawyers, and judges needed and supplied it in a way they could understand and use. And he invariably focused on what was important. Charlie did not make mountains out of molehills, and he did not mistake a mountain for a molehill.

He took the time to understand the legal principles involved, how they related to the business, and what the alternatives and solutions might be. His study and experience qualified him, as he puts it, to be an "accountant at law."

Here are someone else's words that put it better than I can:

"It is surprisingly rare in both business and law to find someone like Charlie who brings both brains and personality to the table in ample measures of each. Add to that the fact that he has an amazing skill to combine the skills of a bean counter with the ability to see and analyze the big picture. We seldom see the accountant who can count the leaves on the trees and see the forest at the same time."

Charlie didn't need a battalion of accountants to audit a company's books, and he didn't need to rely on a multi-part request for documents to get the information he needed to quickly and accurately evaluate a business situation. Charlie was ably assisted by staff such as Jerry Cox, Jim Barker, Elaine Berry Thompson, and Mary Harris, but he was not reluctant, as we sometimes say, to "get his hands dirty" by doing the work himself. Perhaps this is why he refers to his type of accounting as "roto-rooter" accounting.

Some how, some way, Charlie could go out to a company's office, look at the books, talk to the people there, and figure out what the problem was, how the company had gotten into the mess, whether there was any reasonable solution to the problem through cooperative efforts, and if so, how to fix it, or if not, whether to shut it down sooner or later and how.

Undoubtedly, the "twinkle" in Charlie's eye helped him do this. With his good humor, his graciousness, his friendly and common sense approach, he could establish instant rapport and confidence, even with people on the other side of a case.

To borrow – okay, to steal – from another of my sources who worked closely with Charlie:

"From the way he treated everyone in the office, or elsewhere, one never would have known the depth of his intellect, or the extent of his accomplishments. Sort of the uncommon man who had the common touch."<sup>6</sup>

We knew that Charlie brought much more to the table than his considerable analytical skills and accounting, business and legal knowledge. Far more important, he brought integrity, fairness, and good judgment.

When Charlie was in the case, you knew that you would get the straight story and that everyone would get the same story. Charlie invariably told the parties, the lawyers, and the court what they needed to hear and what was right – not what someone wanted him to say.

Before and after his service as a bankruptcy judge, Ezra Cohen has been, and is, one of the finest bankruptcy lawyers in the country and one of the best persons and friend you could ever want to have. Here is what Ezra has to say about Charlie:

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<sup>6</sup>Charlie and I used to joke that a business truly did not qualify for chapter 11 relief unless the case involved an airplane or yacht. We were representing a debtor on one occasion and Charlie had gone to the business to figure out exactly what was going on – something that is critical for the debtor's lawyer to know, of course – and to work on the preparation of schedules to file with the court. As he was going through the books with one of the bookkeepers, he asked in his own charming way where they booked the payments on the plane – mostly in jest because he had no idea there was one. Without batting any eye, the bookkeeper directed him to the "shareholder loan" account.

“In my earliest meetings with Charles Crumley, I saw a person with great business talent, great integrity, great cheer and fellowship, and great commitment to doing what was right. There are plenty of people who have some of these qualities. But Charles had them all – and they were indissolubly melded into one harmonious whole. From the start, I admired him greatly and trusted whatever he had to say.”

True to his consulting credo – if it’s the best, learn from it, if it’s not, improve it – Charlie always looked for new ways to do things better. He developed innovative ways of organizing and presenting information in useable ways<sup>7</sup> and was in the forefront of the digital revolution and the use of computers and technology, developing software to make claims review, preference analysis, and distributions to creditors easier and more accurate.<sup>8</sup>

Charlie’s contributions go beyond the work he did in bankruptcy cases. Time does not permit a recitation of his work in teaching accounting principles to lawyers and accountants alike, and to his role as mentor and guide to many.<sup>9</sup>

### **VIII. What Charlie Has Done**

No story of the bankruptcy practice in Atlanta is complete without a reference to Morris Macey. Morris, who has practiced bankruptcy law for over 50 years, is an icon – a legend – – known and respected not only in Atlanta, but across the country.

Morris will tell you that he was doing bankruptcy when bankruptcy wasn’t cool.

Well, Charlie was doing bankruptcy accounting when bankruptcy accounting wasn’t cool. Charlie introduced the bench, the bar, and the accounting profession to what a knowledgeable

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<sup>7</sup>Charlie learned that lawyers and clients sometimes had trouble following financial statements or making comparisons from one period to another when they were presented in traditional vertical format. So he started presenting financial information horizontally – across the page – to make them understandable to his users.

<sup>8</sup>Review of claims of creditors filed in a bankruptcy case and analysis of whether there are rights to recover preferential payments made to some creditors require the compilation of a lot of data and updating to keep up with the status of matters as they move through the court. This is a particular problem with regard to payment of claims and making distributions to pay them – what claims have been filed, are there duplicates, what objections are there, have they been filed and resolved by the court, and what is the proper amount payable. Charlie’s software could track these things accurately and easily, and made administration of a case and the lives of lawyers much easier.

<sup>9</sup>When the merger of Arthur Young and Ernst and Whinney resulted in some accountants with those firms wanting to establish their own practices, Charlie opened the doors of his office to give them a place to get started – creating what became known as the "AY orphanage."

bankruptcy accountant could contribute to bankruptcy cases.

I got this report from another source that sums up how Charlie helped change the role of bankruptcy accountants:

“A number of folks have caught up with Charlie over the years, but I remember when he seemed to be the only accountant who could even carry on a conversation in bankruptcy. Before there were consulting practices locally, all accountants were either tax or audit. The tax guys didn’t know where to start and the audit guys didn’t know where to stop. It was difficult to say which was more useless in a bankruptcy.”

Charlie knew where to start, where to stop, and how to get from one place to the other.

It is, therefore, not surprising that, when the American College of Bankruptcy was formed to recognize excellence in bankruptcy practitioners, Charlie was asked to be a charter member – the only non-lawyer to be invited to join this prestigious group at its inception.

Bankruptcy is about debts. Our debts to Charlie are nondischargeable.

I am personally indebted to Charlie, not because he hired me from time to time, but because he taught me accounting, taught me business, taught me judgment.

Other lawyers are likewise indebted to Charlie – I am not the only beneficiary of his work.

Accountants and other restructuring professionals are also indebted to Charlie. He showed the critical role that accountants and financial consultants could play in a bankruptcy case.

Bankruptcy judges are indebted to him as well. A court is only as good as its bar and the other professionals who practice before it. It is of the utmost importance to have knowledgeable, trustworthy, sensible, diligent, and qualified professionals who act with unquestioned integrity, have fair and reasonable judgment, and are able to bring order out of the chaos that often accompanies a bankruptcy case.

One consequence of Charlie’s second lifetime of work as a bankruptcy professional is that he is a defined term of art in the bankruptcy practice. To this day, lawyers, litigants, and judges will say that a case needs “a Charlie Crumley type.”

One of my former partners described what we mean by a “Charlie Crumley type” this way:

“Charlie always conducts himself as a man of character. He knows how to disagree, but he is not disagreeable. He demonstrates interest in solving problems, rather than creating them. If you worked with Charlie, you knew you had a valuable member on your team. If you were representing an interest adverse to the side on which Charlie was working, you

knew you had a very competent and fair minded person on the other side. Charlie is not one of those people you dread to see in a case or matter. He is one that you like to see because you know that he will do his part to solve the problems. He has vision – he can see beyond the problem at hand. He does not just find band aids – he finds fixes. We need more Charlie Crumleys.”

And that is why, this evening, we honor the original Charlie Crumley type with a Lifetime Achievement Award.

On behalf of the Association of Insolvency and Restructuring Advisors, everyone here, and countless others, thank you, Charlie, for all you have done.