

Judicial Profile

MICHELLE HUGARD AND JEFFREY COZAD

Hon. Vincent Zurzolo U.S. Bankruptcy Judge, Central District of California

DURING THE 23 YEARS he has served as a U.S. bankruptcy judge for the Central District of California, the last four years as chief judge, Hon. Vincent Zurzolo has demonstrated his commitment to the community, emphasis on effective communication, and passion for efficiency.

Because he is located in Los Angeles, Judge Zurzolo is no stranger to high-profile bankruptcies. He has presided over bankruptcy cases involving everything from the Long Beach tourist staple, the *RMS Queen Mary*, and its managing company, Queen Seaport Development Inc., to Marion “Suge” Knight and his popular hardcore-rap music publishing company, Death Row Records Inc. Judge Zurzolo has presided over cases involving Ponzi schemes targeting hundreds of vulnerable investors and has overseen valuation of world-class magic artifacts owned by Carl Rheuban, the famous banker—the latter case featuring expert testimony from David Copperfield, the renowned illusionist.

However, Judge Zurzolo approaches every bankruptcy case with the same care and sense of importance that high profile, multimillion dollar actions receive. That’s an important aspect of bankruptcy: it has the potential to affect every demographic in the Central District of California’s incredibly diverse political, cultural, and socioeconomic landscape. “Bankruptcy,” notes Judge Zurzolo, “gets down to some pretty simple concepts.”

This is especially true in today’s economy. Bankruptcy filings spiked in 2005, immediately prior to the enactment of the 2005 Bankruptcy Code amendments, then dropped significantly over the next few years. Recently, however, the rate of bankruptcy filings in the Central District of California has skyrocketed. In 2006, 17,828 bankruptcy cases were filed in the Central District,¹ and the number increased to 34,040 in 2007.² By 2010, 142,802 cases were filed.³ Home foreclosures in the district remain on the rise, and the high rate of unemployment, coupled with the changing economic climate, continues to have a severe impact Southern California’s residents.

Such concerns—coupled with their effect on the overall population—are important considerations in Judge Zurzolo’s jurisprudence, activities, and policies. When asked what gives a judge meaning, Judge



Zurzolo notes, without hesitation, “the community.” His drive to encompass the diverse population of greater Los Angeles in his proceedings while also systematically increasing efficiency within the court is evident not only within his own judicial proceedings but also throughout his involvement in the legal, judicial, debtor, and creditor communities as a whole.

A 1978 graduate of the University of California at San Diego and 1982 graduate of the University of California at Davis, School of Law, Judge Zurzolo was appointed to the bench on April 18, 1988. After starting his career in commercial litigation, the judge switched to bankruptcy law because he found litigation irrational. Judge Zurzolo notes that it seems like he spent “a lot of time litigating over little discovery disputes or points that were not important, and wasting the client’s time.” He explains that he switched to bankruptcy law “because it seemed like there was a focus on doing things expeditiously, but still in the context of a regimen of fairness.”

Judge Zurzolo was nearing completion of his fourth year of law practice when he applied for one of the Central District of California’s eight openings on the bankruptcy bench. “I applied very naïvely, and doubted I would have any chance of being considered,” says Judge Zurzolo. “I didn’t consult with any judges on the court or with any senior mavens of the bankruptcy bar about my chances. I just applied.” Judge Zurzolo was offered one of the eight positions, and in 1988, a mere six years after receiving his law degree, Judge Zurzolo began his judicial career.

Judge Zurzolo's "take the reins" attitude appears to be a driving force in many of his accomplishments as a jurist. In his 23 years on the bench, Judge Zurzolo has gained a reputation as an efficient, communicative judge, who seeks to provide practical solutions to rising issues within the court. His judicial opinions have affected new laws, his procedures to increase efficiency have been adopted by the court, and his efforts to remedy issues facing self-represented litigants have turned into long-lasting pro bono programs. In addition, his professional accomplishments and leadership ability led to his appointment to a four-year term as chief bankruptcy judge of the Central District of California from Jan. 2, 2007, to the end of 2010.

With a keen sense of the practical aspects of legal concepts, Judge Zurzolo's jurisprudence has had a significant impact on bankruptcy law. A decision he made early in his career led to an amendment in the Bankruptcy Code. When he had been on the bench for little more than a year, Judge Zurzolo wrote his opinion in *In re Sanya Smith*, 105 B.R. 50 (Bankr. C.D. Cal. 1989), in which he ruled that the automatic stay did not apply to unlawful detainer actions. Despite some initial resistance, the *Smith* ruling was enacted into California law and a writ of possession is now deemed enforceable even if a bankruptcy case has been filed. In 2005, the concept of *Smith* was also added as § 362(b)(22) of the Bankruptcy Code.

Efficiency and practicality continue to be Judge Zurzolo's strengths. Soon after taking the bench, he noticed a number of pending Chapter 11 cases on his docket. Many of the cases had been around for years without any activity. To avoid such delays in the future, Judge Zurzolo used principles of case management to track the cases. He set a mandatory initial Chapter 11 status conference for all new Chapter 11 cases; these conferences were held to set deadlines and hearing dates regarding resolution of claims, filing of disclosure statements, and preparation of Chapter 11 plans of reorganization. "There was no one doing anything like that in the Chapter 11 bankruptcy proceedings. For some judges, it was a radical idea," notes Judge Zurzolo. In 1994, the U.S. Congress amended Bankruptcy Code § 105 to specifically authorize judges to conduct case management status conferences. Judge Zurzolo and another judge subsequently created a detailed form disclosure statement and plan to provide bankruptcy practitioners with the exact information needed by the court.

Clear and effective communication remains essential to Judge Zurzolo. During his tenure as chief bankruptcy judge for the Central District of California, he institutionalized interaction and cooperation between the bankruptcy bar and the bench in an effort to ensure regular communication between the two. In 2009, Judge Zurzolo formed the Bar Advisory Board, which consists of attorneys, judges, and the U.S. trustee. The board continues to meet quarterly with Judge Peter Carroll, the current chief judge, to discuss issues of mutual concern.

Beyond communicating grievances, the Bar Advisory Board plays an active role in creating solutions to current issues facing the court. Recently, Judge Zurzolo took the reigns to remedy problems arising with the emerging trend of individuals whose debts are too large to qualify for a Chapter 13 bankruptcy case and who are increasingly filing individual Chapter 11 petitions. Local lawyers raised their concerns at a Bar Advisory Board meeting, and Judge Zurzolo implemented a task force to research the issue. In June 2011, the court approved a new form disclosure statement, plan, and other forms to support the new influx of these Chapter 11 bankruptcy cases.

For Judge Zurzolo, effective communication and judicial efficiency are not limited to the bench and bar; these features extend to all who enter his courtroom. The judge has been a major influence in creating and ensuring the continuation of a widely successful program that provides advice to litigants who represent themselves in court. The Debtor Assistance Project, which has existed for 12 years, has provided legal assistance to low-income debtors confronted with various legal bankruptcy issues and concerns, including the preparation of Chapter 7 petitions, representation of debtors in adversary proceedings, and reaffirmation hearing counseling. "It started out just providing pro bono representation to debtors who were being sued for non-dischargeability in Chapter 7 bankruptcy cases—a place where self-represented petitioners were clearly at a huge disadvantage," notes the judge. Judge Zurzolo then observed that these litigants also needed advice on reaffirmation agreements and other areas of the bankruptcy process. "We saw the need to expand, so we created a panel of attorneys that would be willing to come to the hearings. The Debtor Assistance Project also assembles attorneys to advise debtors even before they file bankruptcy."

Over the years, the Debtor Assistance Project has expanded to become a source for information and education for debtors as well as a directory of consumer and financial services in Los Angeles County. Public Counsel, the largest public interest law firm in the county, now oversees the Los Angeles division. According to Judge Zurzolo, the firm has done "an amazing job administering the program, and now, what started in Los Angeles as a couple of lawyers and volunteers, has spread to every division of our Court."

Judge Zurzolo also makes an effort to make sure that self-represented litigants comprehend their bankruptcy proceedings within his courtroom. He explains terminology and rewords standard legal phrases to ensure that everyone involved understands them. In his courtroom, an "Order to Show Cause," which can be confusing to those without legal representation, has been changed to an "Order to Appear, File Missing Documents, and Explain" why certain documents are missing. The judge notes that effective communication is essential to the legal profession. "It goes to the heart of what I think all our jobs as lawyers and judges

should be,” he says. “Our livelihood, what we produce, is words. Language is our stock and trade, so we should use language to communicate clearly and effectively.”

Judge Zurzolo believes that the need to communicate clearly is especially true when it comes to litigants who represent themselves in bankruptcy proceedings.

We need to speak clearly and honestly to everyone. There are people who are not lawyers, and who are in a very stressful situation. They want to come in and try to protect their home or whatever they feel is at risk. I think it's important to be very clear about what's happening [in the courtroom]—what the court hearing affects or doesn't affect. That way, at least, they can walk away with understanding. The proceeding may not end in the result they want, but at least they understand what happened.

As a child, Judge Zurzolo remembers thinking that the judiciary played a special role in the community. “I always thought judges brought a sense of reason—a sense of doing things the right way in an orderly fashion. I thought that was something valuable to a community. It was a great thing to aspire to.” Given his focus on efficiency, effective communication, and

practical results, it appears Judge Zurzolo has not only recognized the judge's important role in society, he has fully embodied it. **TFL**

Michelle Hugard is a judicial law clerk with the Los Angeles Superior Court. She is 2010 graduate from the University of California Davis School of Law. Jeffrey Cozad served as a law clerk to Judge Zurzolo in 1990–1991 and then as a career law clerk since December 2005. He is a 1990 graduate from the Pepperdine University School of Law.

Endnotes

¹U.S. Bankruptcy Court for the Central District of California, *Statistics: 2006 Filings in the Central District*, available at www.cacb.uscourts.gov (accessed July 20, 2011).

²U.S. Bankruptcy Court for the Central District of California, *Statistics: 2007 Filings in the Central District*, available at www.cacb.uscourts.gov (accessed July 20, 2011).

³U.S. Bankruptcy Court for the Central District of California, *Statistics: 2010 Filings in the Central District*, available at www.cacb.uscourts.gov (accessed July 20, 2011).