



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

COMMISSIONERS:

LESTER ASHER, CHAIRMAN
JAMES H. BANDY
GEORGE J. COTSIRILOS
STUART M. MAMER
WILLIAM P. SUTTER

ADMINISTRATOR:

CARL H. ROLEWICK

ASSISTANT

ADMINISTRATOR:

JOHN M. OSWALD

Chicago
April 30, 1981

CHIEF COUNSEL:

JOHN C. O'MALLEY

SENIOR COUNSEL:

MARY M. CONRAD

COUNSEL:

DAVID M. BECKERMAN
DANIEL A. DRAKE
JAMES J. GROGAN
JEROME LARKIN
CHARLES MORGAN

To the Honorable, the Chief Justice
and Justices of the Supreme Court
of Illinois:

The annual report of the Attorney Registration
and Disciplinary Commission for 1980 is submitted to
the Court, to the members of the Bar of Illinois, and
to the public.

The report is a statement of the activities of
the Commission and an accounting and audit of the monies
received and expended during the year. It is submitted
in accordance with Supreme Court Rule 751.

Respectfully,

Lester Asher, Chairman
James H. Bandy
George J. Cotsirilos
Stuart M. Mamer
William P. Sutter

REGISTRATION

On December 31, 1980, the number of registered attorneys in Illinois was 37,100 as compared to 35,509 at the end of 1979.

The distribution of those attorneys who reside, practice or are employed in Illinois in the state's twenty-one judicial circuits and five judicial districts is as follows:

	<u>1979</u>	<u>1980</u>
<u>First District</u>		
Cook County	21,239	22,310
<u>Second District</u>		
15th Circuit	160	169
16th Circuit	592	624
17th Circuit	389	412
18th Circuit	1,184	1,265
19th Circuit	919	970
Total	3,244	3,440
<u>Third District</u>		
9th Circuit	199	204
10th Circuit	566	581
12th Circuit	441	462
13th Circuit	241	253
14th Circuit	395	422
Total	1,842	1,922
<u>Fourth District</u>		
5th Circuit	255	258
6th Circuit	599	619
7th Circuit	727	765
8th Circuit	169	178
11th Circuit	349	364
Total	2,099	2,184
<u>Fifth District</u>		
1st Circuit	242	251
2nd Circuit	241	250
3rd Circuit	304	326
4th Circuit	220	223
20th Circuit	436	448
Total	1,443	1,498

Appendix 1 of this report is the 1980 in-state registered attorney population by county of principal office.

On December 31, 1980 the Master Roll of Attorneys contained the names of 37,100 attorneys in the following categories:

<u>Classification</u>	<u>Number of Attorneys</u>
Admitted between January 1, 1979 and December 31, 1980.....	2,821
Admitted between January 1, 1975 and December 31, 1978.....	8,079
Admitted before January 1, 1975.....	21,430
On active military duty.....	130
Born before January 1, 1905.....	1,285
Admitted more than one year but neither practicing, residing nor employed in Illinois.....	3,185
1980 registration fee excused for hardship.....	49
On inactive status.....	16
Removed from Master Roll.....	105

FISCAL

Income in 1980 was derived from three sources:

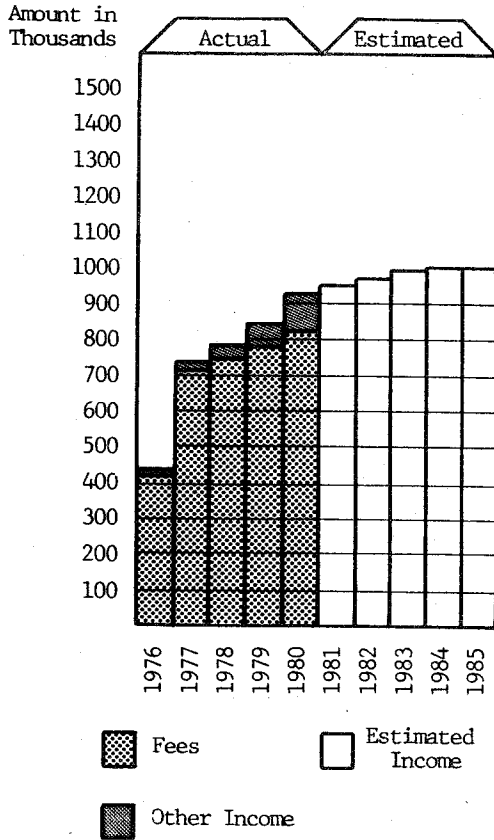
1980 registration fees including penalties and delinquent fees from prior years.....	\$830,843.02
Interest income.....	96,327.85
Other income.....	4,096.96
Total	\$931,267.83

Operating expenses for 1980 were as follows:

Salaries of administrator and staff.....	\$500,288.77
Social security taxes.....	32,274.84
Employees retirement trust.....	18,358.84
Hospital, medical, life, worker's compensation and unemployment compensation insurance.....	33,927.16
Office rentals and utilities.....	55,453.77
Travel (commission, staff, inquiry, hearing and review boards).....	29,831.55
Telephone.....	15,877.97
Postage.....	23,403.62
Office equipment rental.....	13,638.07
Library, office supplies and related expenses.....	39,390.79
Insurance (fire, theft and extended coverage)	3,102.98
Auditing, bookkeeping, payroll and related professional services.....	15,725.15
Court reporting for disciplinary proceedings.....	28,193.69
Witness fees and related expenses.....	5,180.05
Depreciation expense (office equipment) .	25,862.54
Data processing software and maintenance....	15,946.05
1979 Disciplinary Seminar expense.....	129.80
Expenses of Supreme Court Committee on Code of Professional Responsibility.....	14,579.69
Total	\$871,165.33

Graph 1

INCOME

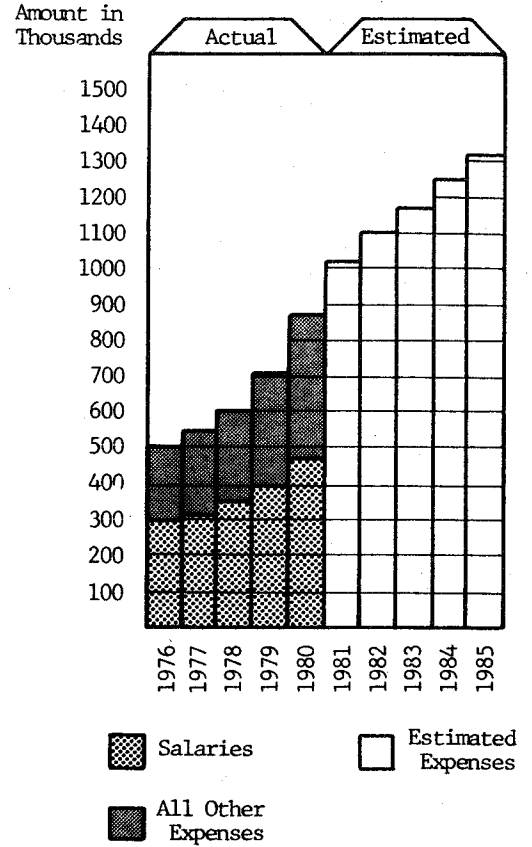


Despite inflation and the fact that registration fees have not increased since 1977, the Commission remains fiscally sound. In 1980 the net income of the disciplinary fund was \$60,000 and the operating fund decreased by \$11,000. In 1981 and following years the Commission projects a substantial net loss and decrease in the operating fund.

Graphs 1 and 2 show actual income and expenses for the years 1976 through 1980 and estimated income and expenses for the years 1981 through 1985.

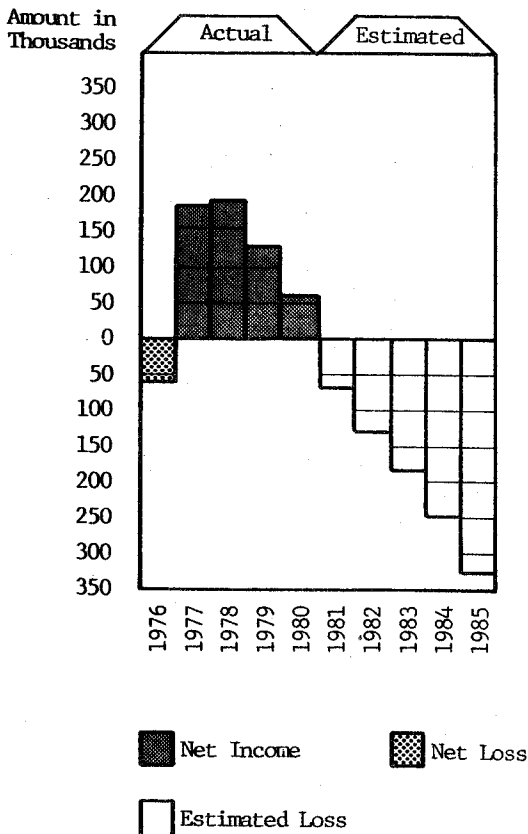
Graph 2

EXPENSES



Graph 3

NET INCOME OR LOSS



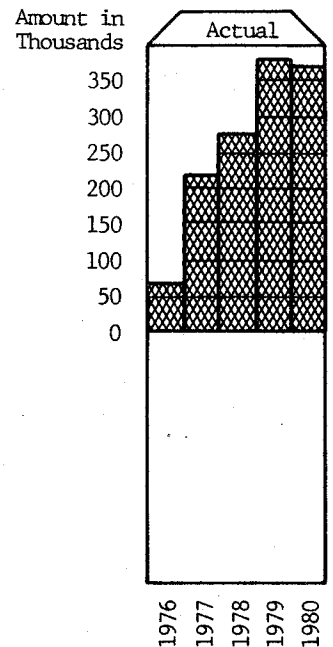
In 1976 the Commission requested that the Court increase the registration fees for 1977 and subsequent years and represented to the Court that the recommended increase would be adequate to maintain the operation of the Commission for two or three years.

The Court increased the fees and the effect is demonstrated in Graphs 3 and 4: the net loss and near depletion of the operating fund in 1976 was transformed to a net income (or gain) and a rebuilding of the operating fund from \$70,000 in 1976 to a high of \$385,000 in 1979.

The Commission has been able to operate on the fees established in 1976 for longer than the two to three years projected from studies made at that time. The net losses the Commission will experience in 1981 and 1982 will deplete the operating fund by 1983. It is probable that a fee increase will be requested in 1982 for the fiscal year beginning January 1, 1983.

Graph 4

OPERATING FUND



THE CASELOAD

The caseloads of the administrator, the Inquiry, Hearing, and Review Boards, as well as the disciplinary cases in the Supreme Court, increased in 1980.

The administrator received 3,120 communications from the public during 1980 which resulted in the docketing of 2,098 charges against attorneys. During the year, 1,755 charges were dismissed and 130 complaints were voted by the Inquiry Board. Chart 1 details that activity.

CHART 1

	Pending 1/1/80	New Charges Docketed		Added During 1980	Charges Terminated			Terminated During 1980	Pending 12/31/80
		from Individuals	from Administrator		Dismissed by Inquiry Chairman and Administrator	Dismissed by Inquiry Panel	Complaint Voted by Inquiry Panel		
Chicago	846	1734	80	1814	1004	539	123	1666	994
Springfield	247	273	11	284	91	121	7	219	312
Total	1093	2007	91	2098	1095	660	130	1885	1306

CHART 2

	Pending 1/1/80	Matters Filed			Added During 1980
		Disciplinary Complaints Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767	
Chicago	25	49	0	8	57
Springfield	2	5	0	0	5
Total	27	54	0	8	62

The work of the Hearing Board during 1980 is detailed in Chart 2.

Matters Terminated							Terminated During 1980	Pending 12/31/80
Report and Recommendation			Petitions for Reinstatement Withdrawn Rules 759 & 767	Dismissed	Reprimand by Hearing Board	Name Stricken on own Motion Prior to or During Hearing		
Disciplinary Cases Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767						
19	0	8	1	7	4	4	43	39
2	0	0	0	2	0	0	4	3
21	0	8	1	9	4	4	47	42

CHART 3

Chart 3 details the work of the Review Board during 1980.

Pending 1/1/80	New Matters Docketed	Terminated		Terminated During 1980	Pending 12/31/80
		with Recommendations to the Supreme Court	without Recommendations to the Supreme Court		
10	29	19	5	24	15

Discipline Recommended By Review Board to Supreme Court						
Disbarment	Suspension		Censure	Petitions for Reinstatement Rules 759 & 767		Reprimand by Review Board
	for Fixed Period	Until Further Order of the Court		Allowed	Not Allowed	
4	2	7	1	5	0	2
						2
						2
						1

CHART 4

	Disciplinary Cases Rule 753	Petitions									Total	
		Temporary Suspension Rules 758 & 761		Inactive Status Rules 757, 758 & 770		Disbarment on Consent Rule 762		Reinstatement Rules 759 & 767				Miscellaneous
Pending 1/1/80	19	9	0	1	4	10					43	
Filed during 1980	17	2	7	10	10	11					58	
Terminated during 1980	16	Allowed	Not Allowed	Allowed	Not Allowed	Allowed	Not Allowed	Allowed	Not Allowed	Withdrawn	13*	54
		4	0	5	0	11	0	3	1	1		
Pending 12/31/80	20	7	2	0	9	9					47	

Chart 4 details the disciplinary and certain non-disciplinary matters filed with and terminated by the Supreme Court during 1980.

Discipline Ordered			
Disbar	Suspend	Censure	Dismiss
3	11	2	0

*5 attorneys suspended pursuant to Rule 754

Chart 5 compares certain key factors for the eight years of the Commission's existence.

CHART 5

PERIOD	NUMBER OF REGIS. ATTYS.	INVESTIGATIVE FILES OPENED	INVESTIGATIVE FILES CLOSED:			MATTERS FILED WITH HEARING BOARD	MATTERS FILED WITH REVIEW BOARD	MATTERS FILED WITH SUPREME COURT		STAFF SIZE	
			ADMINISTRATIVELY	INQUIRY BOARD	COMPLAINT VOTED			Rules 753 & 762	All Other	ATTYS.	INVESTIGRS.
2- 1-73 thru 6-30-73	22,866	836	264	0	0	5	2	0	0	3*	2
7- 1-73 thru 6-30-74	23,959	1680	810	657	54	56	11	0	0	3*	3
7- 1-74 thru 6-30-75		1747	926	741	69	47	16	41	19	3	3
7- 1-75 thru 12-31-75	28,000	807	383	388	44	26	11	14	10	4	3
1976	29,750	1750	884	709	82	55	36	30	32	5	3
1977	31,936	1650	836	484	73	42	29	28	57	5	3
1978	33,090	1649	783	890	100	35	30	32	45	4 1/2	3
1979	35,509	1765	943	609	62	34	22	22	33	6	4
1980	37,100	2098	1095	660	130	62	29	27	31	6	4

* Does not include part-time services provided by two attorneys.

the aid of computer, a study was made of 1,975 charges received by the Administrator during 1980. Each of the charges was classified as to the subject matter involved and as to the type of attorney misconduct charged.

The 1,975 charges classified by the subject matter involved were as follows:

Code	Type of Matter	Number
A	Personal Injury/Property Damage	645
B	Tax	5
C	Equitable Relief	13
D	Domestic Relations	407
E	Mental Health	3
F	Adoption	18
G	Local Government Problems	1
H	Probate	136
J	Criminal and Quasi-Criminal	197
L	Small Claims	22
M	Real Estate/Landlord-Tenant	204
N	Immigration	20
P	Bankruptcy	19
	Labor	11
R	Contract	64
S	Patent and Trademark	3
T	Civil Rights/Federal Remedies	11
X	No Case	32
Z	Other	164

The 1,975 charges classified by type of misconduct charged were as follows:

Code	Type of Misconduct Charged	Number
1	Excessive Fees	49
2	Wilful Failure to Cooperate With ARDC	2
3	Incompetence	42
4	Improper Advertising	0
5	Solicitation	16
6	Criminal Conviction	6
7	Mishandling Client Funds (Embezzlement/Conversion/Withholding/Commingling)	202
8	Lack of Communication	371
9	Conflict of Interest	65
10	Neglect	651
11	Relationship With Client (Disclosing of Confidential Information/Improper Withdrawal/Abandonment/Failure to Protect Interest of Client)	227
12	Misrepresentation/Fraud	187
13	Personal Behavior	47
14	Mental Incapacity	1
15	Misconduct/Government Attorney (Regulatory)	3
16	Relationship With Court	11
17	Relationship With Other Attorneys	11
99	Other	84

The most frequent complaints in 1980 classified by the subject matter and type of misconduct charged were the following:

Code	Type of Matter	and	Type of Misconduct Charged	Number
A-10	Personal Injury/Property Damage		Neglect	184
D-10	Domestic Relations		Neglect	167
A-8	Personal Injury/Property Damage		Lack of Communication	165
A-7	Personal Injury/Property Damage		Mishandling Client Funds	93
A-11	Personal Injury/Property Damage		Relationship With Client	78
A-12	Personal Injury/Property Damage		Misrepresentation/Fraud	76
D-8	Domestic Relations		Lack of Communication	67
J-10	Criminal and Quasi-Criminal		Neglect	64
D-11	Domestic Relations		Relationship With Client	59
H-10	Probate		Neglect	57
M-10	Real Estate/Landlord-Tenant		Neglect	57
H-8	Probate		Lack of Communication	38
M-7	Real Estate/Landlord-Tenant		Mishandling Client Funds	37
D-12	Domestic Relations		Misrepresentation/Fraud	30
J-11	Criminal and Quasi-Criminal		Relationship With Client	30

The duties of staff counsel include working with the inquiry panels in the investigation of charges against lawyers and trying and reviewing all matters before the Hearing Board, the Review Board and the Supreme Court. In addition, they also represent the Administrator and Commission in litigation in various courts and administrative agencies. Appendix 2 of this report lists the other matters for which staff attorneys were responsible in 1980.

STAFF

During 1980 two of the Commission's original employees resigned. Sara Nathan, who was serving as Clerk of the system, resigned on August 15, 1980 to complete her college undergraduate work. Phillip Schickedanz, who was Senior Counsel in charge of the Springfield office, resigned on December 31, 1980 to engage in the private practice of law in Springfield. To both of them go the best wishes of all of the persons in the disciplinary system.

Joining the staff in 1980 were Daniel A. Drake, counsel, Springfield, and James J. Grogan, counsel, Chicago.

As of December 31, 1980 the full time staff of the administrator's office consisted of the administrator, and (a) in the Springfield office: a senior attorney and a secretary; (b) in the Chicago office: an assistant administrator and chief investigator, a chief counsel, a senior attorney, four attorneys, one senior investigator, three investigators, a records manager, an administrative assistant, a clerk, three secretaries, a receptionist-typist, and a staff assistant.

RECORDKEEPING

The computer, which became operational in October 1978, was upgraded to a Hewlett-Packard 3000 Series III system in October 1980. The upgrade increased the system's processing capability.

The system continues to provide complete internal control of all financial transactions, the Master Roll and all disciplinary records.

During the year, the recordkeeping programs were improved and updated by the Commission's computer consultant, Systech, Inc. of Countryside, Illinois.

RULE CHANGES

The Illinois Code of Professional Responsibility was adopted by the Supreme Court effective July 1, 1980 as Article VIII of its Rules. Effective on the same date Rule 771 was amended to provide that in addition to conduct which tends to defeat the administration of justice or to bring the courts or the legal profession into disrepute, conduct of attorneys which violates the Code of Professional Responsibility shall be grounds for discipline by the Court.

No changes in the Commission Rules were made in 1980.

CANCELLATION OF STAFF SOCIAL SECURITY COVERAGE

The Commission obtained social security coverage for its employees on January 29, 1976 as the result of the Internal Revenue Service approval of the Commission as a tax-exempt organization pursuant to Section 501(C) (6) of the Internal Revenue Code. At the time of its approval as a tax-exempt organization, and at the insistence of the Internal Revenue Service, the Commission paid social Security and employment taxes retroactively for the years 1973, 1974 and 1975.

On February 8, 1980 the Social Security Administration notified the Commission that it had determined to retroactively cancel social security coverage for the Commission employees effective January 1, 1976.

The Social Security Administration's decision to cancel coverage was based on its determination that the Commission is an agency of the judicial branch of the State of Illinois. Coverage could be obtained, the Social Security Administration concluded, only through the agreement between the State of Illinois and the Social Security Administration for coverage of state employees (the Social Security Enabling Act). The decision to cancel coverage was made despite the Illinois Attorney General's July 31, 1974 opinion that Commission employees were not state employees entitled to social security coverage under the Enabling Act.

Representatives of the Commission met with representatives of the Social Security Administration on March 13, 1980 and provided them with additional information. Nevertheless, on July 10, 1980 the Social Security Administration reaffirmed its February 8, 1980 decision and revealed that it had on March 31, 1980 notified the Internal Revenue Service to cancel all wage reports submitted by the Commission beginning January 1, 1976 and to not process any future wage reports submitted by the Commission. The Social Security Administration concluded that "the Supreme Court is the employer of the Commission employees." The Social Security Administration rejected the Commission's position that it is an independent agent created by the Supreme Court for the purpose of bringing disciplinary matters to the Court's attention. The Social Security Administration did not consider the Commission's status as an adversary litigant before the Supreme Court.

As a result, on July 29, 1980, the Commission and the Administrator, on their own behalf and on behalf of the employees of the Commission, filed suit in the United States District Court for the Northern District of Illinois (Number 80-C-3974) against the Internal Revenue Service and the Social Security Administration. The suit seeks judicial review pursuant to the Administrative Procedure Act and other laws. It alleges that the Social Security Administration acted arbitrarily, capriciously and not in accordance with the law in determining to cancel social security coverage. On July 30, 1980 a temporary restraining order was entered staying the effect of the Social Security Administration's determination and the stay has continued by agreement of the parties.

On September 9, 1980 the Auditor General of the State of Illinois moved to intervene as a party defendant, and on October 15, 1980 the Social Security Administration and Internal Revenue Service moved to dismiss the action. The Commission filed Objections to the Auditor General's Motion and its Answer to the government's Motion to Dismiss. The matters were taken under advisement and the case is presently pending.

INTERNAL REVENUE SERVICE AUDIT

On April 1, 1980 the Internal Revenue Service notified the Commission that it had been selected for audit for 1978. The audit commenced on April 29, 1980 and concluded May 21, 1980.

Although the Internal Revenue Service conducted a financial audit of the Commission's books and records for 1978, it was apparent that the agency's primary concern was the past and present relationship between the Supreme Court, the Commission, and the Administrator, and the role the Court plays in the daily administration and control of the administrator and staff.

On January 15, 1981 the Internal Revenue Service notified the Commission that as a result of the audit it would recommend no change in the Commission's status as a tax-exempt organization pursuant to Section 501(C) (6) of the Internal Revenue Code.

USE OF THE MASTER ROLL

Prior to 1980 use of the Master Roll for any purpose other than registration was generally not permitted. The Commission, however, was convinced that use of the Master Roll for the benefit of the public or the legal profession was appropriate. Accordingly, the Commission requested the Court to relax the restrictions on the use of the roll. On June 26, 1980 the Court approved a formal policy permitting use of the Master Roll by Illinois bar associations, continuing legal education organizations, and by the courts. Use of the roll for commercial and political purposes continues to be prohibited.

The full text of the policy statement is attached as Appendix 3 to this report.

* * *

APPENDIX "3" STATEMENT OF POLICY REGARDING USE OF THE MASTER ROLL

Use of the Master Roll for purposes not specified by Supreme Court Rule will not be permitted except as follows:

1. By the state or a local bar association in Illinois for membership solicitation or for a legitimate association purpose or program which benefits the profession or the public;
2. By a continuing legal education organization in Illinois to promote programs beneficial to the profession or the public;
3. By a court or its officers in Illinois to assist in conducting its business; or
4. For any use specifically authorized by the Court.

Requests for use of the Master Roll should be submitted to the Commission for review. If the purpose is within the guidelines set by the Court, use will be approved by the Commission. If the purpose is questionable, the Commission will disapprove or submit the request to the Court.

Any organization or court which is permitted use of the Master Roll must agree to the following conditions:

1. The Master Roll will not be used for any commercial or political purpose;
2. The Master Roll will be used only for the purpose stated in the request; and
3. The integrity of the Master Roll will be maintained under the close supervision of a responsible person within the court or organization using it.

In addition, the court or organization using the Master Roll must agree to comply with the reasonable regulations established by the Administrator for its use and to pay the costs and expenses involved in producing it in the form requested.

Adopted June 26, 1980.

APPENDIX "1"

REGISTERED ATTORNEYS

County of Principal Office	1980	County of Principal Office	1980
Adams	92	Lee	34
Alexander	14	Livingston	48
Bond	14	Logan	23
Boone	22	Macon	202
Brown	9	Macoupin	39
Bureau	52	Madison	312
Calhoun	6	Marion	47
Carroll	14	Marshall	12
Cass	15	Mason	17
Champaign	341	Massac	14
Christian	37	Mc Donough	44
Clark	15	Mc Henry	192
Clay	18	Mc Lean	251
Clinton	14	Menard	15
Coles	71	Mercer	16
Cook	22,310	Monroe	18
Crawford	19	Montgomery	35
Cumberland	6	Morgan	46
De Kalb	91	Moultrie	17
De Witt	18	Ogle	36
Douglas	18	Peoria	469
Du Page	1,265	Perry	18
Edgar	32	Piatt	23
Edwards	4	Pike	12
Effingham	29	Pope	4
Fayette	15	Pulaski	7
Ford	24	Putnam	6
Franklin	41	Randolph	26
Fulton	44	Richland	21
Gallatin	7	Rock Island	282
Greene	10	Saline	28
Grundy	33	Sangamon	648
Hamilton	11	Schuyler	12
Hancock	22	Scott	8
Hardin	8	Shelby	19
Henderson	8	St. Clair	373
Henry	61	Stark	10
Iroquois	29	Stephenson	62
Jackson	116	Tazewell	84
Jasper	9	Union	10
Jefferson	75	Vermilion	134
Jersey	14	Wabash	20
Jo Daviess	23	Warren	29
Johnson	7	Washington	13
Jane	509	Wayne	16
Kankakee	96	White	16
Kendall	24	Whiteside	63
Knox	57	Will	337
Lake	778	Williamson	51
La Salle	168	Winnebago	390
Lawrence	12	Woodford	18

APPENDIX "2"

CASES IN OTHER FORUMS RELATED TO THE WORK OF THE COMMISSION IN WHICH STAFF COUNSEL

PREPARE THE COMMISSION, STAFF, OR MEMBERS OF THE DISCIPLINARY SYSTEM

Allott v. Sicinski, A.R.D.C., et al., 79-2297 (U.S. Ct. of Appeals, 7th Cir.) Non-attorney plaintiff appealed dismissal of civil rights complaint. District Court affirmed June 19, 1980. Petition for rehearing denied September 23, 1980.

Allott v. Sicinski, A.R.D.C., et al., 80-1059 (U.S. Supreme Court) Non-attorney plaintiff petitioned for writ of certiorari to the U.S. Court of Appeals for the Seventh Circuit for dismissal of civil rights complaint. Petition denied February 23, 1981.

A.R.D.C. v. Harris, 80 C 3974 (U.S. District Court, N.D.Ill.) Administrative procedure action filed to review determination of Health and Human Services exclusion of A.R.D.C. from Social Security program. Pending.

Kutner v. Rolewick, 80 C 1032 (U.S. District Court, N.D.Ill.) Attorney who was censured by Supreme Court of Illinois filed civil rights action. Suit pending on motion to dismiss.

Mitan v. A.R.D.C., 79 C 5282 (U.S. District Court, N.D.Ill.) Civil rights action filed by disbarred attorney. Cause dismissed on April 18, 1980.

Mitan v. A.R.D.C., 80-2037 (U.S. Ct. of Appeals, 7th Cir.) Disbarred attorney appealed district court dismissal of civil rights complaint. District Court decision affirmed on January 16, 1981.

Mith v. O'Malley, 79 C 4290 (U.S. District Court, N.D.Ill.) Civil rights action filed by disbarred attorney. Pending on motion to dismiss.

Jafree v. Fairchild, et al., 81 C 0796 (U.S. District Court, N.D.Ill.) Civil rights action filed February 17, 1981. A.R.D.C. named as defendant. Service not effected.

Jafree v. Kelly, et al., 81 C 1563 (U.S. District Court, N.D.Ill.) Defamation action filed March 23, 1981. Assistant Administrator named as defendant. Service not effected.

BALANCE SHEET

December 31, 1980

ASSETS		
CURRENT ASSETS		
Cash in Bank	202,851.25	
Accounts Receivable (Other than Fees)	4,984.42	
Investment at Costs	951,719.33	
Prepaid Expenses	7,123.11	1,166,678.11
FIXED ASSETS		
Office Furniture, Equipment, Library and Leasehold Improvements	275,788.53	
Less: Accumulated Depreciation	75,765.36	200,023.17
Total Assets		1,366,701.28
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts Payable	14,462.78	
Deferred Income	693,570.00	
Reinstatement Deposits	2,288.35	
Group Legal Service Registration Fee Fund	6,996.71	717,317.84
FUND BALANCES		
Operating Fund	373,594.91	
Physical Asset and Replacement Fund	275,788.53	649,383.44
Total Liabilities and Fund Balances		1,366,701.28

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION OF THE SUPREME COURT OF ILLINOIS

INCOME STATEMENT

Year ended December 31, 1980

INCOME		
Attorney Registration Fees and Charges Collected	830,843.02	
Interest on Investments	96,327.85	
Other Miscellaneous Income	4,096.96	931,267.83
OPERATING EXPENSES		
Salaries	500,288.77	
Social Security Taxes	32,274.77	
Employees' Group Insurance	33,927.16	
Employees' Retirement Trust	18,358.84	
Office Rentals and Utilities	55,453.77	
Travel and Related Expenses	29,831.55	
Telephone and Postage	39,281.59	
Office Equipment Rentals, Supplies and Related Expenses	53,028.86	
Insurance	3,102.98	
Outside Professional Services, Data Processing, Court Reporting and Witness Expenses	49,098.89	
Seminar Expenses	129.80	
Depreciation Expenses	25,862.54	
Data Processing Software and Maintenance	15,946.05	
Supreme Court Committee on Code of Professional Responsibility	14,579.69	871,165.33
NET INCOME		60,102.50

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION OF THE SUPREME COURT OF ILLINOIS

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1980

SOURCE OF WORKING CAPITAL		
Net Income for the Year ended December 31, 1980	60,102.50	
Add: expenses Not Requiring Use of Funds: Depreciation of Fixed Assets	25,862.54	
Total Funds Provided by Operations	85,965.04	
USE OF WORKING CAPITAL		
Purchase of Fixed Assets	72,644.46	
INCREASE IN WORKING CAPITAL		13,320.58

DECEMBER 31,
1980 1979

CURRENT ASSETS	1,166,678.11	1,111,946.71
CURRENT LIABILITIES	717,317.84	675,907.02
TOTAL WORKING CAPITAL	449,360.27	436,039.69
INCREASE IN WORKING CAPITAL		13,320.58

GENERAL NOTES

December 31, 1980

A. ACCOUNTING POLICIES

The books and other financial records of the Commission are recorded on an accrued basis.

The accounting year of the Commission is December 31, as established by a resolution by the Commissioners dated May 21, 1975.

Fixed assets are carried at cost less accumulated depreciation computed on a straight-line method over an estimated useful life of six to ten years. Leasehold improvements are amortized over the lease period.

The Commissioners have created a fund for the replacement of physical assets. The amount appropriated for the year ended December 31, 1980, was \$25,862.54. The fund balance at December 31, 1980, totals \$75,765.36.

B. 1980 UNCOLLECTED FEES

By December 31, 1980, only 504 attorneys were unregistered and \$5,175.00 in registration fees uncollected. Of the 504 unregistered attorneys, 39 were not residents of Illinois, 249 were on inactive status, 33 were more than 75 years old, and 183 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$5,175.00 in uncollected registration fees are not carried as receivables since it cannot be determined that the amount is owed. A concerted effort was undertaken by the Administrator to determine the reasons for failure to register. A second registration application was sent to each attorney. Telephone calls and personal visits were made throughout the state to determine whether the unregistered attorneys were engaged in the practice of law.

C. INVESTMENTS

All investment transactions are handled by the Trust Department of the Illinois National Bank of Springfield and are held in safekeeping at the bank.

D. COLLECTION OF FEES

The Commission is funded by an annual registration fee assessed against Illinois attorneys. The annual fee is sent directly to a lock box located at the Springfield, Illinois, U.S. Post Office. The box is under the sole supervision of the Illinois National Bank of Springfield. The contents of the box are accounted for solely by the bank and all monies are deposited to the Commission's account. An accounting for these funds is sent regularly to the Commission's computer department for processing and comparison to the registration and billing records. The system is test checked by our audit and the lock box system is also checked by the Internal Auditors of the bank and the National Bank Examiners.

E. LEASE COMMITMENTS

The Commission has the following major lease commitments existing at December 31, 1980.

1. Chicago Office—September 1, 1975 through August 31, 1985 (Suite 1900-1920). Present value of lease commitment \$175,000.00. July 1, 1979 through August 31, 1985 (Suite 1810). Present value of lease commitment \$22,920.00. The Commission is also leasing on a month to month basis storage space at \$75.00 per month.
2. Springfield Office—February 1, 1980 through January 31, 1983 (Suite 330). Present value of lease commitment \$26,639.00 plus possible escalations for real estate taxes, operating expenses and utilities.

F. TAXABLE STATUS

On January 29, 1976, the Internal Revenue Service officially recognized the Commission as a tax exempt organization under Section 501(c) (6) of the Internal Revenue Code. Under the Letter of Determination the Commission is exempt from Federal income tax. However, it is required to annually file Form 990 (an information return) with the I.R.S. The Internal Revenue Service has examined the return for the year ended December 31, 1978, and made no changes.

G. DEFERRED INCOME

On November 1, 1980, registration forms for the calendar year 1981 were mailed to all attorneys. Any registration fees received from the mailing date to December 31, 1980, are deferred income. The amount received during such period was \$693,570.00 which will be reported as income in 1981.

Alexander K. Kuhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
ILLINOIS CPA SOCIETY
AMERICAN INSTITUTE OF
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To the Commissioners and Administrator of the
Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
203 North Wabash Avenue
Chicago, Illinois 60601

Gentlemen:

We have examined the Financial Statements of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois for the year ended December 31, 1980.

SCOPE OF EXAMINATION

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

ACCOUNTANTS' OPINION

In our opinion, the accompanying Financial Statements present fairly the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois at December 31, 1980, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Alexander K. Kuhn & Co.
Certified Public Accountants

Dated: March 2, 1981
Hillside, Illinois

H. EMPLOYEES' RETIREMENT PLAN AND TRUST

On October 15, 1977, the Commission established a Retirement Plan and Trust for the benefit of all qualified employees. Under the terms of the agreement each participating employee is required to contribute four (4%) percent of his or her annual salary to the Trust and the Commission is required to contribute a like amount. In addition the employee and Commission may contribute additional amounts.

The Plan and Trust was Effective January 1, 1977. The contribution by the Commission during 1980 was \$18,358.84.

The Commission appointed Mr. Joseph H. Reynolds, Sr. of the firm of J. H. Reynolds and Associates, Inc., employee benefit consultants, to act as Trustee.

The Internal Revenue Service has approved the Plan and Trust for qualification. On March 3, 1981, the Internal Revenue Service began an examination of the Plan qualification, transactions and operations. At this date the agent has verbally told the Commission that the review is completed and he will recommend that all returns be accepted as filed.

I. LITIGATION

Periodically attorneys or other persons bring suit against the Commission, staff, or members of the various boards challenging the Commission's authority or seeking injunctive relief or damages allegedly caused by disciplinary decision. These cases have been handled successfully by staff attorneys. While some cases are currently pending, in the opinion of the Commission, they are without merit.

In addition, on July 30, 1980, the Commission and the Administrator, on their own behalf and on behalf of all employees past and present, filed suit against the Internal Revenue Service and the Department of Health and Human Services seeking judicial review of the Social Security Administration's revocation of employee social security coverage. Pending disposition of the suit, the revocation has been stayed by agreement and all appropriate employment taxes are being paid when due.

J. GROUP LEGAL SERVICE REGISTRATION FEE FUND

All registration fees received for group legal service plans have been segregated from all other funds of the Commission. Presently these monies are invested in a trust account at the Illinois National Bank, Springfield, Illinois.