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

This report is submitted in accordance with Supreme Court Rule 751 during 1978 forty-one group legal service plans were registered in Illinois. In-state attorney population, as of September 22, 1976, October 15, 1977 and October 1, 1978 respectively, were evaluated before the Commission that the proposal of Spence, Inc. of Geneva, Illinois was met the Commission's needs. The proposal was submitted to the Court and approved on May 26, 1978 for the purchase of a computer.

The computer was installed and functioning by October 1, 1978 for the purchase of operating expenses for the period from January 1, 1978 through December 31, 1978. The computer maintains its position that the funds administered by the Attorney Registration and Disciplinary Commission will be the use of the computer in the procurement of information. The cost of the computer implementation program will be the use of the computer for the purchase of the funds generated by the payment of registration fees. The registration process for 1979 is to be maintained its position for maintaining the master roll, accounting for monies received and expended and maintaining the validity of the disciplinary costs. General system of the computer with speed and efficiency. It is applicable to all of the records the Commission generates. The final phase of the computer implementation program will be the use of the computer for the maintenance of the auditor's records. The purchase of the computer is now under consideration for 1979, as amended, reported in the Court.

The computer maintains its position and provides financial accounting with speed and efficiency. Its applicability to all of the records the auditor is required to maintain not only will improve the efficiency of the office but was hopelessly reported in substantial savings during the coming year.

D. STATE AUDIT

In early 1977, the Auditor General of Illinois requested that his office be permitted to perform a financial and compliance audit of the Commission. The Auditor General was advised that his office would be audited annually by the Supreme Court Rule 770(c) and copies of the audits were given to him. The Court also denied permission to the Auditor General to perform an audit of the Commission by a private auditing firm on behalf of the Legislative Audit Committee. In March 1978, the Legislative Audit Committee awarded a contract for the audit to Arthur Andersen & Co. The Court authorized the audit but modified its position that the funds administered by the Attorney Registration and Disciplinary Commission are not public funds and not subject to the statutory provisions of the Illinois Auditing Act. The Court directed that Arthur Andersen & Co. not be given access to any records, investigative files or other data relating to investigations on matters pending before the Commission.

The audit commenced on February 20, 1979 and as of this date, no report has been issued.

F. RULE CHANGES

On May 20, 1978, the Supreme Court amended Rule 767, and established 23rd Circuit, effective July 1, 1978. Rules 770(c) and copies of the audits were given to him. The amendment also requires a finding that the funds administered by the Auditor Registration and Disciplinary Commission are not public funds and not subject to the statutory provisions of the Illinois Auditing Act. The Court directed that Arthur Andersen & Co. not be given access to any records, investigative files or other data relating to investigations on matters pending before the Commission.

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consisted of the administrator and (1) in the Springfield office: an attorney and a secretary; (2) in the Chicago office: an assistant administrator and chief investigator, five attorneys, three investigators, a records manager, an administrative assistant, a clerk, two secretaries, and a receptionist.

Temporary employment of clerical help is utilized in both the Springfield and Chicago offices.

G. STAFF PENSION PLAN

Though the Commission is an agency of the Supreme Court, it is not an agency of the State of Illinois. Members of the staff are not state employees and therefore are not eligible to participate in the state employee pension system (which includes participation in the federal social security program).

After the Commission obtained social security coverage for the staff, it determined that a private pension plan with benefits no greater than those afforded to state employees, should be established. A defined contribution plan, prepared by J. H. Reynolds and Associates, Inc., was approved by the Commission on October 13, 1977. The plan took effect on January 1, 1978. All members of the staff opted to participate. Under the plan each employee is required to contribute 4% of gross earnings and the Commission is required to contribute a like amount.

The employees are limited in benefits to their proportionate share of the body of the trust. The Commission is not committed to the payment of future specific benefits for which no funds may be available.

H. THE CASELOAD

The following four statistical charts detail the disciplinary caseload of the administrator's office, the Inquiry Board, the Review Board, and the Supreme Court for the period from January 1, 1978 through December 31, 1978.*

*Not included are matters filed from time to time in courts or administrative agencies relating to the work of the disciplinary system. During 1978 the Commission, or the administrator were represented by staff attorneys in the following matters:

- In the Bernard Kosmin case, referred by the Supreme Court of Illinois to the Circuit Court of Cook County for hearing. M.R. 1625. (Disbarred attorney held in contempt and confined to the Cook County Jail for 10 days for continuing to practice law after disbarment.)
- Allot v. Att'y Regis. & Disc. Comm., U.S. District Court, 77 C 4712. (Case dismissed with prejudice.)

Respectfully submitted,

James H. Bandy

Lester Asher, Chairman

George J. Cotsirilos

William P. Suter

Alexandr X. Bally & Co.

CERTIFIED PUBLIC ACCOUNTANTS

To the Commissioners and Administrator of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois 205 North Wabash Avenue Chicago, Illinois 60601

Conteesen:

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, 1978.

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.

ACCOUNTANT'S 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, 1978, 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,

Alexandr X. Bally

Certified Public Accountants

Dated: March 16, 1979

Hillsdale, Illinois
ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
OF THE
SUPREME COURT OF ILLINOIS
BALANCE SHEET
December 31, 1978

ASSETS
CURRENT ASSETS
Cash in Bank
Accounts Receivable
Investments (At Cost)
Prepaid Expenses

FIXED ASSETS
Office Furniture, Equipment & Library
Less: Accumulated Depreciation
Total Assets

LIABILITIES AND FUND BALANCES
CURRENT LIABILITIES
Accounts Payable
Group Legal Service Registration Fee Fund
Unamortized Deposits
FUND BALANCES
Operating Fund
Physical Asset and Replacement Fund
Total Liabilities and Fund Balances

ACCOUNTING POLICIES
A. ACCOUNTING POLICIES:
The books of account and other financial records of the Commission are recorded on an accrual basis. The accounting year of the Commission is December 31, as established by a resolution of 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. The Commissioners have created a fund for the replacement of physical assets. The amount appropriated for the year ended December 31, 1978, was $11,772.90. The fund balance at December 31, 1978, totaled $25,299.91.

B. 1978 UNCOLLECTED FEES
As of January 31, 1978, a total of 209 attorneys failed to register. All of them were registered in 1977, and all were sent registration applications for 1978. The non-registered fees totaled $4,155.00. A concerted effort was under taken by the Administrator to determine the reasons for their failure to register. As a result, in early 1978, registration application was sent to each of them. Telephone calls and personal visits were made throughout the state to determine whether the unregistered attorneys were engaged in the practice of law. By December 31, 1978, only 300 attorneys were unregistered and $5,070 in registration fees uncollected. Of the 360 unregistered attorneys, 72 were not residents of Illinois, 71 were in inactive status, 23 were more than 70 years old, and 164 were unaccounted for by reason of death or a change of address without notification to the Commission. The $5,070 in uncollected registra tion fees are not carried as receivables since it cannot be determined that the amount is owed.

INCOME
Operating Income
Salaries
Insurance
Depreciation Expense

FUND BALANCES
Outstanding Fees
Deferred Income
Deferred Expenses

INCOME
Operating Income
Salaries
Insurance
Depreciation Expense

G. DEDERRED INCOME
On November 1, 1978, registrations for the calendar year 1979 were mailed to all attorneys. Any registration fees received from the mailing date to December 31, 1978, are deferred income. The amount received during such period was $256,280.00 which will be reported as income in 1979.

H. EMPLOYEES PENSION PLAN AND TRUST
On October 15, 1977, the Commission established a Pension 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, however no contributions were required or made for the year ended December 31, 1977. The contribution by the Commission during 1978 was $12,875.65.

The Commissioners appointed Mr. Joseph H. Reynolds, Sr. to act as Trustee. The Internal Revenue Service has not, as of this date, approved the Plan and Trust for qualification.

LITIGATION
Periodically the Commission, staff, or members of the various Boards are involved in suits filed by attorneys or other persons challenging the Commission's authority by 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, the Commission expresses the opinion that they are without merit.

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 savings account at Bell Federal Savings in Chicago.

OTHER EVENTS
The Legislative Audit Commission is currently conducting a financial and compliance examination of the Commission covering the years ended June 30, 1977 and 1978. The results of the review are not available at this date. The Internal Revenue Service has audited the Federal Unemployment Tax Returns for the years 1973 through 1976. The audit is completed and is awaiting review. The audit report recommends no changes and no additional taxes.