



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

COMMISSIONERS:

JAMES H. BANDY, CHAIRMAN
LESTER ASHER
EDWARD J. EGAN
EDWARD G. FINNEGAN
NED L. FISHER

ADMINISTRATOR:

CARL H. ROLEWICK

DEPUTY

ADMINISTRATOR:

JOHN C. O'MALLEY

ASSISTANT

ADMINISTRATOR

JEROME LARKIN

SPECIAL COUNSEL:

JOHN DIXON
PEYTON H. KUNCE

SENIOR COUNSEL:

DANIEL A. DRAKE
JAMES J. GROGAN
THERESA M. GRONKIEWICZ
JOHN A. HOLTAWAY
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COUNSEL:

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PETER L. O'REILLY
SCOTT RENFROE
SUSAN D. SHIVERS
THOMAS P. SUKOWICZ
NAOMI J. WOLOSHIN

Chicago
April 30, 1987

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 1986 is submitted to the Court, to the members of the Bar of Illinois, and to the public in accordance with Supreme Court Rule 751.

The Report is a statement of the activities of the Commission for calendar year 1986 and an accounting and audit of the monies received and expended during the twelve-month period which ended October 31, 1986.

Respectfully,

James H. Bandy, Chairman
Lester Asher
Edward J. Egan
Edward G. Finnegan
Ned L. Fisher

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THE CASELOAD REPORT

In 1986 the disciplinary caseload reached an all time high. The caseload of the Administrator, the Inquiry, Hearing and Review Board and the disciplinary matters in the Supreme Court in 1986 are presented in the first four charts that follow. The fifth chart compares certain factors which confirm the dramatic increase in disciplinary cases.

In the area of non-disciplinary litigation, during 1986 staff lawyers represented the Commission and Administrator in non-disciplinary matters in the United States Supreme Court, the United States Circuit Court of Appeals for the Seventh Circuit, the United States District Court for the Northern District of Illinois, the Supreme Court of Illinois, the Appellate Court of Illinois, the Circuit Court and administrative agencies.

Each of the charges docketed in the Administrator's office during 1986 was classified as to the area of law (Appendix E, Chart 6) and the violation alleged (Appendix E, Chart 7). The information for the classification as to type of matter and type of misconduct charged is obtained from the charge at the time it is received in the Administrator's office before the truth and accuracy of the charge has been investigated or established.

Chart 1 - Investigations and Inquiry

During 1986 the Administrator initiated 4535 investigations. During the year 3373 investigations were terminated. The investigations contained 4159 charges which were investigated and closed or dismissed. In addition, the Inquiry Board investigated 1313 charges which resulted in the voting of 219 complaints.

TREND OF INVESTIGATIONS DURING 1986

PENDING 1-1-86	DOCKETED DURING 1986	TERMINATED DURING 1986	PENDING 12-31-86
3189	4535	3373	4351

CHARGES RECEIVED FROM
INDIVIDUALS ADMINISTRATOR

3373	1162
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ACTION TAKEN

CLOSED BY ADMINISTRATOR	DISMISSED OR CLOSED BY INQUIRY	COMPLAINT VOTED BY INQUIRY PANEL
2846	1094	219

Chart 2 - Hearing

During 1986, 120 complaints and petitions were filed with the Hearing Board and 106 were terminated.

TREND OF MATTERS IN THE HEARING BOARD DURING 1986

PENDING 1-1-86	FILED DURING 1986	TERMINATED DURING 1986	PENDING 12-31-86
66	120	106	80

Chart 3 - Review

During 1986 49 matters were filed with the Review Board and 33 were terminated. In addition, 13 matters went directly to the Court from the Hearing Board, no exceptions have been filed by either party.

TREND OF MATTERS IN THE REVIEW BOARD DURING 1986

PENDING 1-1-86	FILED DURING 1986	TERMINATED DURING 1986	PENDING 12-31-86
15	49	33	31

Chart 4 - Supreme Court

During 1986 the Supreme Court again handled a record number of disciplinary matters. The disciplinary and certain non-disciplinary matters filed with and terminated by the Court are detailed below.

TREND OF DISCIPLINARY MATTERS
IN THE SUPREME COURT DURING 1986

PENDING 1-1-86	FILED DURING 1986	TERMINATED DURING 1986	PENDING 12-31-86
63	228	218	73

DESCRIPTION OF CASES TERMINATED
BY SUPREME COURT

Supreme Court Rule Number	Description	Number
753, 761, 762, 763 & 774	Disciplinary Cases	108
754	Failure to comply with subpoena or court order	34
756	Failure to register	8
757 & 770	Transfer to inactive status	50
759 & 767	Reinstatement and restoration	12
772	Probation terminated, revoked, ordered	6
Total		218

ACTION BY
SUPREME COURT

DISCIPLINARY	
Disbarred	42
Suspended	38
Censured	6
Total	86
NON-DISCIPLINARY	
Transferred to Inactive Status	47
Petitions for Reinstatement	
- allowed	2
- not allowed or withdrawn	4
Petitions for Restoration	
- allowed	4
- not allowed or withdrawn	2
Total	59

Chart 5 - A Comparison

Chart 5 presents, in summary fashion, a comparison of certain key factors over the past ten years. It demonstrates the growth of lawyer population, the workload of the boards, the Court and the staff.

PERIOD	NUMBER OF REGISTERED ATTORNEYS	DOCKETED	-----INVESTIGATIONS TERMINATED BY-----			-----MATTERS FILED WITH-----			-----STAFF SIZE-----	
			ADMINISTRATOR	INQUIRY	COMPLAINT VOTED	HEARING BOARD	REVIEW BOARD	SUPREME COURT	ATTORNEYS	INVESTIGATORS
1977	31,936	1,650	836	484	73	42	29	85	5	3
1978	33,090	1,649	783	890	100	35	30	77	45	3
1979	35,509	1,765	943	609	62	34	22	55	6	4
1980	37,100	2,098	1,095	660	130	62	29	58	6	4
1981	39,280	1,924	1,098	608	130	49	38	104	7	5
1982	41,274	2,285	1,384	723	116	50	27	90	7	5
1983	43,116	2,386	1,340	855	134	69	40	150	7.5	5
1984	45,171	2,721	1,182	1,021	179	49	28	139	7.5	5
1985	47,400	3,935	1,730	1,239	184	68	27	211	7	6
1986	49,177	4,535	2,846	1,094	219	120	49	228	11	9

STATEMENT OF ACTIVITIES RELATED TO "OPERATION GREYLORD"

In July, 1977 a representative of the United States Attorney for the Northern District of Illinois and other officials met with the Administrator and counsel. The Administrator was advised that the United States Attorney and the Federal Bureau of Investigation were about to commence an undercover investigation of alleged corruption within the Circuit Court of Cook County.

After discussion, the Administrator represented that he would cooperate with the federal investigation. The federal authorities represented that they would maintain information regarding attorney misconduct and turn it over to the Administrator at appropriate times.

In 1979, in an unrelated matter, the Administrator initiated an investigation of solicitation of legal business by lawyers in the corridors and courtrooms of the Circuit Court of Cook County. The entire investigative resources of the Commission were committed to monitoring activities in the Circuit Court of Cook County for several weeks in 1980. During the investigation, Commission investigators came in contact with Internal Revenue Service agents who were also investigating. Communication between the agencies continued for many months.

During that time Commission investigators obtained and reviewed computerized bond refund records and identified attorneys who received an inordinately large number of bond refunds. The records reviewed by the Administrator revealed that attorneys receiving a large number of bond refunds were generating substantial income. The Administrator determined to defer to the greater resources and jurisdiction of the IRS which was actively investigating the matters. In that regard, the Administrator turned over to IRS much information, including primary records regarding bond refunds.

Following the announcement of Operation Greylord indictments and during the criminal trials, the Administrator monitored the proceedings by initiating appropriate investigations of attorneys named. As attorneys and judges were convicted of crimes, the Administrator initiated summary procedures in the Supreme Court of Illinois to secure suspension or disbarment.

Following disclosures in open court of misconduct by attorneys, especially in connection with the case of United States v. Holzer, sentiment was expressed for prompt disciplinary prosecution of the attorneys involved. The staff's analysis of the information received from the U.S. Attorney however, indicated that disciplinary prosecution based on the record of trial testimony was premature. The staff, therefore, with the cooperation of the U.S. Attorney, has sought and received grand jury material by court order in several matters. (see Appendix D) The grand jury material

and the further investigation conducted by the Administrator has resulted in more complete disciplinary prosecutions.

As of the date of this report, 30 attorneys or judges convicted or implicated in Operation Greylord proceedings have been disbarred or suspended. In addition, 27 formal disciplinary proceedings pend before the Hearing or Review Board or the Court arising from testimony or disclosures made in connection with Operation Greylord proceedings.

REPORT ON NON-DISCIPLINARY LITIGATION

Staff attorneys represent the Commission, staff, or members of the various boards in a variety of matters generally resulting from disciplinary prosecutions. Most matters involve the defense of a suit challenging the authority of the Commission or seeking injunctive relief or damages allegedly caused by disciplinary decisions. In addition, the staff continued to provide investigative and legal assistance to the Committee on Character and Fitness of the Supreme Court on Illinois.

Appendix D is a listing of all miscellaneous matters pending during 1986. The following matters are noteworthy.

The Chicago Bar Association, et al. v. Cronson, No. 82 L 50131 (Cir.Ct. Cook Co.). On July 26, 1982 the Chicago Bar Association filed suit in the Circuit Court of Cook County against the Commission, the State Board of Law Examiners and the Auditor General of the State of Illinois seeking declaratory review of the nature of the Commission and the State Board and of the authority of the Auditor General to audit the funds of those agencies. On March 4, 1984 the Commission was realigned as a party plaintiff. On April 21, 1987 Judge David J. Shields found that the Auditor General was not entitled to audit the funds collected by the Commission and Board and entered summary judgment in favor of the Commission and other plaintiffs. Judge Shields stayed the judgment for 30 days to afford the parties time to consider an appeal.

Adams v. Attorney Registration and Disciplinary Commission, 801 F.2d 968 (7th Cir.1986). On April 25, 1984 Robert J. Adams, Jr. and other attorneys filed a lawsuit in the United States District Court for the Northern District of Illinois seeking to enjoin the Commission from enforcing Rule 2-103(b)(2) of the Illinois Code of Professional Responsibility to the extent it prohibited the mailing of written communications offering professional services to those known to need those services.

On August 15, 1985 Judge James B. Moran issued a preliminary injunction against the Commission. On September 18, 1986 the Court of Appeals for the Seventh Circuit upheld the preliminary injunction against the Commission. The matter is pending before the District Court.

Ettinger v. Rolewick, 140 Ill.App.3d 295, 488 N.E.2d 598 (1st Dist. 1986). On August 27, 1984 Michael D. Ettinger filed a complaint in the Circuit Court of Cook County seeking to enjoin the Commission from utilizing in disciplinary proceedings certain evidence in a federal criminal prosecution of him. The Commission filed a motion to dismiss asserting, among other bases, a lack of jurisdiction. On October 16, 1984 the trial court entered an order finding it had jurisdiction, but sustaining the Commission's motion to dismiss. Ettinger appealed the decision.

On January 7, 1986 the Appellate Court of Illinois held that the inherent nature of attorney disciplinary proceedings precluded the circuit court from asserting jurisdiction over the subject matter. On June 3, 1986 the Supreme Court denied Ettinger's petition for leave to appeal.

REPORT ON REGISTRATION

On October 31, 1986 the Master Roll of Attorneys contained the names of 49177 attorneys in the following categories:

<u>CATEGORIES</u>	<u>NUMBER</u>
Oath not administered	22
Admitted between January 1 1985 and December 31 1985.....	2954
Admitted between January 1 1983 and December 31 1984.....	4155
Admitted before January 1 1983.....	33627
On active military duty.....	180
Born before January 1 1911.....	1925
Admitted more than one year but neither practicing residing nor employed in Illinois.....	5533
1986 registration fee excused for hardship.....	72
Paid fee and subsequently removed from Master Roll.....	709
<u>TOTAL</u>	<u>49177</u>

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 contained in Appendix A of this report.

Appendix B of this report reflects the distribution in the counties of Illinois of the principal business offices of those attorneys who designated an in-state business address on their 1986 registration application.

REPORT ON FISCAL 1986

The Commission approved the fiscal 1986 budget in December 1985. The budget provided funds to complete an office expansion in Chicago, to obtain a new office in Springfield, and to expand the legal staff by four lawyers. The expansion was mandated by the Commission to meet the growing caseload and to monitor the Operation Greylord investigations and prosecutions. The expansion was completed.

Pursuant to the Commission's agreement relating to Operation Greylord with the U.S. Attorney and as a result of subpoenas issued by the Commission, grand jury materials, documents and evidence began to arrive in the office commencing in October 1985. By the end of the trial of United States v. Holzer in February, 1986 it was apparent to the Court, Commission and staff that the number of disciplinary investigations and prosecutions would be greater than anyone anticipated.

The concern of the Court and Commission, along with the public outcry for discipline of judges and lawyers resulting

from the disclosures of corruption, made it necessary to reorganize the staff and expend more funds than were budgeted. Five lawyers were assigned exclusively to investigate and prosecute the Greylord cases. Five additional lawyers were hired to replace the lawyers assigned to Greylord. Also hired were necessary additional support staff. Most of the additional staff was hired in May and June 1986.

The hiring of additional personnel created problems. The most obvious was the shortage of space, furniture, meeting rooms, supplies, and computer terminals. Several computer terminals were added and that resulted in the capacity of the computer being reached. The capacity of the telephone system was also reached, and both the computer and the phone system were upgraded.

As a result, in mid-1986 the Commission realized that additional funds would be necessary for 1987 to enable the Commission to continue its work at a crucial time. The Commission submitted the following fee schedule to the Court:

<u>Classification</u>	<u>1986 Registration Fee</u>
Admitted 1 to 3 years	\$50.00
Admitted more than 3 years	\$100.00
Neither resides , nor practices nor is employed in Illinois	\$25.00

The Court considered the recommendation and amended Rule 756 to conform to the Commission's recommendation. Subsequently, the Commission approved the Fiscal 1987 Budget which is attached as Appendix C of this Report.

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED OCTOBER 31, 1986

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>REVENUE</u>		
1986 registration fees including penalties and delinquent fees from prior years	3,054,943.21	
Interest	99,615.90	4,517.76
Other miscellaneous revenue	18,116.23	8,805.56
Contribution from Operating Fund		57,145.46
<u>TOTAL REVENUES</u>	<u>3,172,675.34</u>	<u>70,468.78</u>
<u>EXPENDITURES</u>		
Salaries of Administrator and Staff	1,523,308.39	
State unemployment tax	15,600.59	
Pension contributions	257,155.88	
Hospital life & workers comp insurance	167,045.88	
Medicare Replacement Reserve Trust	57,145.46	19,275.70
Disability insurance premium		
Travel expenses of the Commission, Staff, Inquiry, Hearing and Review Boards	70,576.01	
Library & Continuing Education Expense	25,102.24	
Office Rent	288,127.09	
Telephone	46,742.92	
Insurance: liability, fire, theft, extended coverage, and computer	17,764.88	
Postage	56,197.65	
Equipment rental & maintenance contract	21,128.93	
Printing & supplies	89,053.82	
Annual report printing and postage	23,169.36	
Commodities	4,936.82	
Office maintenance	4,841.20	
Computer	80,013.26	
Depreciation	148,557.68	
Auditing recordkeeping & payroll	17,568.73	
Administration of pension trust	3,541.44	
Court reporting fees	103,204.08	
Other outside professional services	21,100.13	
Investigation expenses	13,258.13	
Witness fees travel expenses	10,849.46	
Supreme Court Committee on Professional Responsibility	5,294.72	
<u>TOTAL EXPENDITURES</u>	<u>3,071,284.75</u>	<u>19,275.70</u>
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	<u>101,390.59</u>	<u>51,193.08</u>

REPORT ON STAFF CHANGES

In August 1985 the Commission authorized the Administrator to expand the facilities and increase the staff for 1986. As a result, there were numerous staff changes and additions.

Effective May 1, 1986 the Commission approved the appointment of Jerome Larkin as Assistant Administrator. Theresa M. Gronkiewicz and Deborah M. Kennedy were appointed as Senior Counsel. Diane Kristen, who had been serving as a lawyer assistant, was licensed November 6, 1986 and was hired as counsel. Additionally, William C. Cunningham, Robert A. Merrick, Jr., Naomi Woloshin and Susan A. Shivers were hired as counsel. The Commission also authorized the hiring of various additional support staff.

As of December 31, 1986 the full time staff of the Administrator's office consisted of:

ADMINISTRATOR

DEPUTY ADMINISTRATOR

ASSISTANT ADMINISTRATOR

LEGAL SERVICES

SENIOR COUNSEL (5)
COUNSEL (11)
SPECIAL COUNSEL (2)
LAWYER ASSISTANT (10)
SENIOR INVESTIGATOR (3)
INVESTIGATOR (6)
MANAGER, SECRETARIAL SERVICES
SENIOR SECRETARY (3)
SECRETARY (10)
RECEPTIONIST (2)
RECEPTIONIST TYPIST
OFFICE AIDE (3)

ADMINISTRATIVE SERVICES

MANAGER, ADMINISTRATIVE SERVICES
ADMINISTRATIVE ASSISTANT (2)
COMPTROLLER
MANAGER, COMPUTER SYSTEM
REGISTRAR
DEPUTY REGISTRAR
ASSISTANT REGISTRAR
CLERK
DEPUTY CLERK (2)
DOCKET CLERK (2)

REPORT ON RULE CHANGES

During 1986 the Illinois Supreme Court adopted a new Code of Judicial Conduct, effective January 1, 1987.

Supreme Court Rule 756 was amended to provide for an increase in the attorney registration fee.

Supreme Court Rule 773(b) was amended to clarify the situations in which an attorney is required to reimburse the Commission for costs.

Effective July 25, 1986 Commission Rules 2, 54, 101-106, 201 and 284 were amended. The revised Rules of the Supreme of Illinois and the Commission are contained in a booklet published by the Commission and available upon request.

APPENDIX A
REGISTERED ATTORNEYS AS OF OCTOBER 31, 1986
IN THE
JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	1982	1983	1984	1985	1986
FIRST DISTRICT					
Cook County	24616	25894	26240	26916	27739
SECOND DISTRICT					
15th Circuit	169	174	179	181	170
16th Circuit	653	683	698	697	722
17th Circuit	464	473	475	479	493
18th Circuit	1476	1578	1658	1697	1803
19th Circuit	1080	1164	1191	1227	1311
TOTAL	3842	4072	4201	4281	4499
THIRD DISTRICT					
9th Circuit	208	215	215	206	204
10th Circuit	627	651	665	657	665
12th Circuit	503	531	527	518	513
13th Circuit	275	278	280	275	278
14th Circuit	437	443	430	444	443
TOTAL	2050	2118	2117	2100	2103
FOURTH DISTRICT					
5th Circuit	274	281	277	273	273
6th Circuit	664	695	690	671	681
7th Circuit	814	841	903	909	930
8th Circuit	189	193	186	185	179
11th Circuit	396	404	388	389	394
TOTAL	2337	2414	2444	2427	2457
FIFTH DISTRICT					
1st Circuit	284	299	279	302	304
2nd Circuit	263	278	287	291	297
3rd Circuit	356	360	365	384	403
4th Circuit	243	250	253	256	247
20th Circuit	504	528	544	563	595
TOTAL	1650	1715	1728	1796	1846

APPENDIX B
REGISTERED ATTORNEYS AS OF OCTOBER 31, 1986
IN THE
COUNTIES OF ILLINOIS

COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS
Adams	101	Ford	19	Lee	35	Pulaski	6
Alexander	11	Franklin	53	Livingston	54	Putnam	8
Bond	13	Fulton	44	Logan	28	Randolph	25
Boone	28	Gallatin	7	Macon	210	Richland	24
Brown	10	Greene	15	Macoupin	39	Rock Island	309
Bureau	53	Grundy	41	Madison	390	Saline	37
Calhoun	4	Hamilton	12	Marion	51	Sangamon	805
Carroll	13	Hancock	22	Marshall	14	Schuyler	9
Cass	13	Hardin	8	Masson	16	Scott	9
Champaign	384	Henderson	7	Massac	18	Shelby	18
Christian	44	Henry	54	Mc Donough	44	St Clair	511
Clark	16	Iroquois	27	Mc Henry	265	Stark	11
Clay	16	Jackson	143	Mc Lean	275	Stephenson	59
Clinton	21	Jasper	9	Menard	12	Tazewell	94
Coles	81	Jefferson	90	Mercer	14	Union	13
Cook	27739	Jersey	15	Monroe	23	Vermilion	137
Crawford	24	Jo Daviess	25	Montgomery	38	Wabash	23
Cumberland	7	Johnson	9	Morgan	47	Warren	26
De Kalb	105	Kane	595	Moultrie	16	Washington	14
De Witt	22	Kankakee	102	Ogle	38	Wayne	17
Douglas	23	Kendall	22	Peoria	538	White	19
Du Page	1803	Knox	61	Perry	22	Whiteside	66
Edgar	32	Lake	1046	Piatt	26	Will	384
Edwards	4	La Salle	184	Pike	14	Williamson	64
Effingham	33	Lawrence	16	Pope	3	Winnebago	465
Fayette	17					Woodford	18

APPENDIX C

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
FISCAL 1987 BUDGET

	ACCOUNT NUMBER	AMOUNT		ACCOUNT NUMBER	AMOUNT
<u>I. STAFF</u>					
<u>A. SALARIES AND RELATED EXPENSES</u>					
Full Time Staff	5010	\$1,870,000.00	Office Furniture & Equipment	1820	\$115,000.00
Temporary Help	5170	\$50,000.00	Office Construction	1825	\$27,000.00
State Unemployment Tax	5590	\$18,650.00	Physical Asset Replacement Fund	1325	\$40,000.00
Group Health Insurance	5410	\$195,000.00	Telephone System	1820	\$68,000.00
Retirement Plan & Trust	5651	\$337,000.00			
Medicare Repmt Resr Trust	5652	\$75,000.00			
<u>I. A. SUBTOTAL</u>		<u>\$2,545,650.00</u>	<u>II. C. SUBTOTAL</u>		<u>\$250,000.00</u>
<u>B. TRAVEL EXPENSES</u>					
Staff	5300	\$45,000.00	<u>III. OTHER EXPENSES</u>		
Vehicle Rental & Expenses	5330	\$33,000.00	<u>A. OTHER PROFESSIONAL EXPENSES</u>		
Commission	5305	\$4,000.00	Auditing and Recordkeeping	5450	\$25,000.00
Review Board	5310	\$5,000.00	Retirement Plan & Trust Expense	5655	\$22,000.00
Hearing Borad	5315	\$6,000.00	Court Reporting	5550	\$110,000.00
Inquiry Board	5320	\$8,000.00	Outside Investigation	5451	\$21,000.00
<u>I. B. SUBTOTAL</u>		<u>\$101,000.00</u>	Witness Fees	5400	\$12,000.00
<u>C. CONTINUING EDUCATION EXPENSES</u>					
Continuing Education & Seminar	5575	\$27,000.00	Supreme Court Committee on Code of Professional Responsibility	6000	\$6,000.00
Library Volumes	1830	\$4,000.00	Miscellaneous Litigation	5180	\$35,000.00
Library Periodicals	5350	\$9,000.00			
<u>I. C. SUBTOTAL</u>		<u>\$40,000.00</u>	<u>III. A. SUBTOTAL</u>		<u>\$231,000.00</u>
<u>II. OFFICE</u>					
<u>A. GENERAL EXPENSES</u>					
Office Rent	5440	\$316,000.00	<u>TOTAL</u>		
Utilities Electric	5445	\$30,000.00			<u>\$4,095,650.00</u>
Telephone	5420	\$50,000.00	APPENDIX D		
Insurance General	5560	\$25,000.00	<u>MISCELLANEOUS LITIGATION</u>		
Postage	5430	\$65,000.00	<u>PENDING IN 1986</u>		
Equipment Rental & Maintenance	5200	\$25,000.00	<u>CASE CAPTION</u>	<u>ML NO./COUNSEL</u>	<u>DATE FILED</u>
Printing and Supplies	5250	\$60,000.00	Chicago Bar Assn. v. Cronson, 82 L 40131 (Cir.Ct. Cook Co.)	82 ML 3 O'Malley Kennedy	7/26/82
Stationery and Forms	5254	\$40,000.00	Gekas v. Attorney Registration and Disciplinary Commission, 84 C 2534 (United States District Court, Northern District of Illinois); Nos. 85-2386 and 85-2445 (United States Court of Appeals for the Seventh Circuit)	84 ML 3 Gronkiewicz	3/26/84
Publications	5270	\$28,000.00	Adams, Korrub, Holstein v. Attorney Registration and Disciplinary Commission, et al, 84 C 3548 (United States District Court, Northern District of Illinois; No. 85-2600 (United States Court of Appeals for the Seventh Circuit)	84 ML 4, 6, 8 Gronkiewicz	4/25/84
Reimbursement of Office Expense	5455	\$8,000.00	In re: Diane Morefield (Interstate benefit office)	84 ML 5 Kennedy	11/13/84
Commodities	5255	\$6,000.00	Administrator and Attorney Registration and Disciplinary Commission v. Adams, et al, No. 60286 (Supreme Court of Illinois)	84 ML 7 O'Malley	6/11/84
Maintenance and Repairs	5445	\$6,000.00			
<u>II. A. SUBTOTAL</u>		<u>\$659,000.00</u>			
<u>B. COMPUTER ASSETS AND EXPENSES</u>					
Hardware Maintenance	5461	\$21,000.00			
Software Maintenance	5462	\$5,000.00			
Computer Supplies	5463	\$10,000.00			
Outside Services	5464	\$3,000.00			
Program Modification	5465	\$20,000.00			
Purchase of Hardware	1800	\$210,000.00			
<u>II. B. SUBTOTAL</u>		<u>\$269,000.00</u>			

Ettinger v. Rolewick, 140 Ill. App.3d 295, 488 N.E.2d 598 (1st Dist.1986)	84 ML 13	8/27/84	Complaint to enjoin Administrator from use of evidence allegedly obtained in violation of Illinois Eavesdropping Statute. Dismissed.	In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 11 Grogan Cunningham	10/6/86	Motion for restricted access to grand jury records. Motion allowed.
In re: Central Office Equipment, et al, No. 384006611 (United States Bankruptcy Court for the Central District of Illinois)	84 ML 22	7/30/84	Claim filed by Administrator against debtor in bankruptcy case for balance of copy machine service contract. Pending.	In re: Marilyn Woods (Department of Employment Security)	86 ML 12 Sukowicz	9/17/86	Claim for unemployment benefits. Denied.
In re: Frederick De Bartolo, 111 Ill.2d 1, 488 N.E.2d 947 (1986)	85 ML 5 Kennedy	4/30/85	Petitioner's application for admission to the Bar. Application denied.	In re: Martin Schachter (Cir.Ct. Cook Co. and Illinois Supreme Court)	86 ML 13 Grogan Woloshin	10/21/86	Hearing in Circuit Court to make a finding whether attorney practiced law while disbarred. Finding entered that he did not do so on January 9, 1987.
In re: Edward Anthony Loss, No. M.R. 3972 (Supreme Court of Illinois)	85 ML 6 Holtaway	5/14/85	Petitioner's application for admission to the Bar. Pending.	In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 14 Grogan	11/17/86	Motion for restricted access to grand jury records. Motion allowed.
Fredd and Gregg K. Mandell v. Rolewick, No. 85 CH 9230 (Cir.Ct. Cook Co.)	85 ML 7 Grogan Manella	9/13/87	Complaint for declaration allowing disbarred attorney to work as law clerk. Dismissed.	In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 15 Klatt Cunningham Grogan	11/20/86	Emergency motion to release Joseph McDermott on furlough. Motion allowed.
In re: Barbara Ann Hohler, No. M.R. 3831 (Supreme Court of Illinois)	85 ML 11 O'Malley	1/6/86	Petition seeking leave to file late application to take February 1986 Illinois Bar exam. Allowed.	Elder v. Judge Murray et al., No. 86 L 25229 (Cir.Ct. Cook Co.)	86 ML 16 Cunningham	11/10/86	Complaint to review disposition of disciplinary investigation. Pending.
In re: An Attorney, Grand Jury Investigation (United States District Court, Northern District of Illinois)	86 ML 1 Holtaway	3/27/86	Motion for restricted access to grand jury records. Motion allowed.	In re: Five Attorneys, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 17 Cunningham	12/12/86	Motion for restricted access to grand jury records. Motion allowed.
In re: An Attorney, Grand Jury Investigation (United States District Court, Northern District of Illinois)	86 ML 2 Gronkiewicz	4/18/86	Motion for restricted access to grand jury records. Motion allowed.				
People v. Marrero (Cir.Ct. Cook Co. and Supreme Court of Illinois, No. 63511).	86 ML 3 Holtaway	4/28/86	Administrator's motions to quash and for supervising order related to subpoena served upon Administrator seeking access to disciplinary investigation to support motion for change of venue. Administrator's motions dismissed.				
In re: Thomas Holstein, No. 86 A 0242 (United States Bankruptcy Court for the Northern District of Illinois)	86 ML 4 Holtaway	3/19/86	Debtor's adversary proceeding filed in bankruptcy court seeking to enjoin disciplinary proceeding. Dismissed.				
In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 5 Grogan	5/21/86	Motion for restricted access to grand jury records. Motion allowed.				
In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 6 Cunningham	6/16/86	Motion for restricted access to grand jury records. Motion allowed.				
In re: Pamela Moss (Department of Employment Security)	86 ML 7 Sukowicz	8/15/86	Claim for unemployment benefits. Denied.				
In re: An Applicant For Admission To The Illinois Bar (United States District Court for the Northern District of Illinois)	86 ML 8 Grogan	8/27/86	Motion for restricted access to grand jury records. Motion allowed.				
In re: An Attorney, Grand Jury Investigation (United States District Court for the Northern District of Illinois)	86 ML 9 Grogan	8/27/86	Motion for restricted access to grand jury records. Motion allowed.				
In re: An Attorney, (United States District Court for the Northern District of Illinois)	86 ML 10 Cunningham	9/25/86	Motions to obtain certain pleadings under seal. Motions allowed.				

APPENDIX E

CLASSIFICATION OF CHARGES RECEIVED BY THE ADMINISTRATOR

CHART 6 Area of Law	Number	CHART 7 Violation Alleged	
		Number	Number
Tort Personal Injury Property Damage.....	930	Neglect.....	922
Criminal and Quasi Criminal.....	805	Failure to Communicate with Client.....	655
Domestic Relations.....	627	Conduct Involving Dishonesty or Fraud.....	403
Real Estate Including Landlord Tenant.....	374	Improper Handling of Funds of Others.....	378
Other.....	242	Graylord Related.....	317
Probate.....	221	Relationship with Client Disclosing Confidential Information Improper Withdrawal...Abandonment... Failure to Protect Interest of Client...Etc.....	219
Undeterminable.....	212	Excessive Fee.....	157
Contract.....	199	Incompetence.....	138
No Case.....	155	Other.....	116
Labor Relations.....	131	Failure to Treat Others with Courtesy.....	107
Bankruptcy.....	112	Conduct Which Tends to Bring Legal Profession Into Disrepute.....	93
Corporate Matters.....	110	Solicitation.....	90
Civil Rights.....	34	Local Government Problems... Adoption.....	13
Tax.....	34	Patent and Trademark.....	12
Immigration.....	30	Mental Health.....	2
Local Government Problems... Adoption.....	13		
Patent and Trademark.....	12	Conduct Prejudicial to the Administration of Justice.....	88
Mental Health.....	2	Employment Where Interest of Another Client May Impair Judgment.....	60
		Criminal Conduct.....	59
		Private Communication Submitted Pursuant to Rule 2 103 a.....	55
		Aiding the Unauthorized Practice of Law.....	33
		Misconduct Related to Subpoena.....	32
		Knowing Use of False Evidence.....	22

Alexander X. Kuhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
ILLINOIS C P A SOCIETY
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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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 October 31, 1986.

SCOPE OF EXAMINATION

Our examination was made in accordance with generally ac-
cepted 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 Registra-
tion and Disciplinary Commission of the Supreme Court of Illinois
at October 31, 1986, 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 X. Kuhn & Co.

Certified Public Accountants

Dated: February 20, 1987
Hillside, Illinois

BALANCE SHEET

October 31, 1986

<u>ASSETS</u>	<u>GENERAL OPERATING FUND</u>	<u>FIXED ASSETS & REPLACE- MENT FUND</u>	<u>DEFERRED FEES AND INVESTMENT FUND</u>	<u>GROUP LEGAL SERVICE REGISTRATION FEE FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>	<u>COMBINED FUNDS</u>
<u>CURRENT ASSETS</u>						
Cash On Hand and In Bank						
Illinois National Bank of Springfield	47,605.96					47,605.96
First National Bank of Springfield	1,500.00					1,500.00
Marina Bank	1,500.00					1,500.00
Petty Cash	300.00					300.00
Accounts Receivable - Other Than Fees	4,525.89					4,525.89
Investments (At Cost)		85,940.40	249,960.03	22,929.42	81,074.09	439,903.94
Prepaid Expenses	13,011.93				901.55	13,913.48
Total Current Assets	<u>68,443.78</u>	<u>85,940.40</u>	<u>249,960.03</u>	<u>22,929.42</u>	<u>81,975.64</u>	<u>509,249.27</u>
<u>FIXED ASSETS</u>						
Computer and Related Equipment		411,776.67				411,776.67
Office Furniture and Equipment		413,667.34				413,667.34
Library		40,052.16				40,052.16
Leasehold Improvements		76,848.81				76,848.81
Total		<u>942,344.98</u>				<u>942,344.98</u>
Less: Accumulated Depreciation		<u>333,762.54</u>				<u>333,762.54</u>
Net Fixed Assets		<u>608,582.44</u>				<u>608,582.44</u>
<u>TOTAL ASSETS</u>	<u>68,443.78</u>	<u>694,522.84</u>	<u>249,960.03</u>	<u>22,929.42</u>	<u>81,975.64</u>	<u>1,117,831.71</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>CURRENT LIABILITIES</u>						
Accounts Payable	37,212.67					37,212.67
Deferred Fees (Note M)			530,758.46			530,758.46
Reinstatement Deposits	7,250.00					7,250.00
Group Legal Service Registration Fees				22,929.42		22,929.42
Total Current Liabilities	<u>44,462.67</u>		<u>530,758.46</u>	<u>22,929.42</u>		<u>598,150.55</u>
<u>FUND BALANCES</u>						
Operating Fund	23,981.11					23,981.11
Other Fund Balances		694,522.84	(280,798.43)		81,975.64	495,700.05
Total Fund Balances	<u>23,981.11</u>	<u>694,522.84</u>	<u>(280,798.43)</u>		<u>81,975.64</u>	<u>519,681.16</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>68,443.78</u>	<u>694,522.84</u>	<u>249,960.03</u>	<u>22,929.42</u>	<u>81,975.64</u>	<u>1,117,831.71</u>

The accompanying Letter of Opinion and Notes to Financial Statements are an integral part of this Statement.

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION

OF THE SUPREME COURT OF ILLINOIS

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended October 31, 1986

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>SOURCES OF WORKING CAPITAL</u>		
Excess of Revenue Over Expenditures, Year Ended October 31, 1986	101,390.59	51,193.08
Expenses Not Requiring Use of Funds:		
Depreciation of Fixed Assets	148,557.68	
Disposition of Fixed Assets	4,614.70	
Total	<u>254,562.97</u>	<u>51,193.08</u>
<u>USES OF WORKING CAPITAL</u>		
Purchase of Fixed Assets	<u>193,620.95</u>	
<u>INCREASE IN WORKING CAPITAL</u>	<u>60,942.02</u>	<u>51,193.08</u>

STATEMENT OF FUND BALANCE

October 31, 1986

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>BALANCE</u> , November 1, 1985	336,314.93	30,782.56
<u>ADD:</u> Excess of Revenue Over Expenditures	<u>101,390.59</u>	<u>51,193.08</u>
<u>BALANCE</u> , October 31, 1986	<u>437,705.52</u>	<u>81,975.64</u>

STATEMENT OF REVENUE AND EXPENDITURES

Year Ended October 31, 1986

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>REVENUE</u>		
Attorney Registration Fees and Charges		
Earned	3,054,943.21	
Interest on Investments	99,615.90	4,517.76
Miscellaneous Income	18,116.23	
Contribution from Operating Fund		57,145.46
Increase in Market Value of Investments		818.65
Federal Unemployment Tax Refund (Net)		7,986.91
Total Revenues	<u>3,172,675.34</u>	<u>70,468.78</u>
<u>EXPENDITURES</u>		
Salaries and Related Expenses	2,017,135.20	
Travel Expenses	70,576.01	
Library and Continuing Education Expenses	25,102.24	
General Expenses	561,457.85	
Computer Expenses	80,013.26	
Depreciation Expense	148,557.68	
Outside Professional and Investigative Expenses	168,442.51	
Disability Insurance Premium		19,275.70
Total Expenditures	<u>3,071,284.75</u>	<u>19,275.70</u>
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	<u>101,390.59</u>	<u>51,193.08</u>

The accompanying Letter of Opinion and Notes to Financial Statements are an integral part of this Statement.

NOTES TO THE FINANCIAL STATEMENTS

October 31, 1986

A. GENERAL PURPOSE DESCRIPTION

The Commission was appointed by the Illinois Supreme Court under Rules 751 through 756 of the Court effective February 1, 1973, and subsequent additional rules and amendments. The purpose of the Commission and the Office of the Administrator is to maintain the Master Roll of Attorneys and to investigate and prosecute complaints against Illinois attorneys whose conduct might tend to defeat the administration of justice or to bring the court or the legal profession into disrepute.

On April 21, 1977, the Illinois Supreme Court adopted Rule 730 effective May 1, 1977. The rule requires the registration of group legal service plans in which an attorney participates. The plans must be registered with the Attorney Registration and Disciplinary Commission on or before July 1 each year.

B. ACCOUNTING POLICIES

The books and other financial records of the Commission are recorded on an accrued basis. The accounting year of the Commission is October 31, as established by a resolution by the Commissioners dated March 12, 1983.

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

The historical record of depreciating the computer and its components indicated a need for a change in the estimated useful life of those assets. Therefore, during the current period the estimated useful life of the computer and its components was changed from ten to five years.

C. 1986 UNCOLLECTED FEES

As of October 31, 1986, there were 1,352 attorneys unregistered and \$32,120.00 in registration fees uncollected. Of the unregistered attorneys, 173 were not residents of Illinois, 648 were removed from the Master Roll, 132 were more than 75 years old, and 399 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$32,120.00 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. Several registration applications were sent to each attorney. Telephone calls and personal visits are made throughout the state to determine whether the unregistered attorneys are engaged in the practice of law.

D. 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.

E. 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 U. S. Post Office in Springfield, Illinois. 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.

F. LEASE AND MAINTENANCE COMMITMENTS

The Commission has the following major lease commitments existing as of October 31,

- Chicago Office - April 1, 1983 through March 31, 1988 (floors 19 and 20), October 1, 1984 through September 30, 1989 (18th floor). Present value of lease commitment \$432,658.50. The Commission is also leasing on a month to month basis, storage space @ \$577.50 per month.
- Springfield Office - November 1, 1985 through October 31, 1990, (Suite 330). Present value of lease commitment \$194,818.56 plus possible escalations based on all operating expenses of building.

3. Automobile Lease

1984 Olds Cutlass - April 12, 1984 through April 12, 1987 at \$257.50 per month.

1986 Ford Wagon Aerostar - January 15, 1986 through January 15, 1990 at \$343.66 per month.

1986 Olds Delta 88 - February 2, 1986 through February 2, 1990 at \$299.00 per month.

Garage Space - \$700.00 per month.

- Various rental and maintenance agreements on computer software, hardware and office equipment amounts to approximately \$41,000.00 annually.

G. INSURANCE COVERAGE

Our examination of the policies indicates the following coverage:

Workmen's Compensation.....	\$100,000/500,000
Employees' Dishonesty Bond.....	100,000
Business Owners Policy	
Personal Property 80% Co-Insurance.....	
Chicago.....	315,000
Springfield.....	25,000

Money and Securities.....	1,000
Comprehensive Business Protection.....	500,000
Fire Legal Liability.....	100,000
Premises Medical Payments.....	2,500/25,000
Data Processing - 100% Co-Insurance	
Chicago.....	389,131
Springfield.....	19,735
Umbrella Liability.....	5,000,000
Directors & Officers Liability.....	1,000,000
(\$500 Deductible)	
Business Automobile Liability	
Bodily Injury and Property Damage.....	500,000
Uninsured Motorist.....	500,000
Comprehensive - \$500 Deductible	
Collision - \$1,000 Deductible	
Fiduciary Responsibility	
Employees Retirement Plan and Trust.....	500,000
Theft of Personal Property.....	2,500
Valuable Papers/Accounts Receivable.....	5,000
Employer Group Coverage	
Life and Disability.....	10/60,000
Hospitalization Medical and Dental.....	-

Security Administration ruled the Commission was ineligible for benefits. The Federal Unemployment Insurance refunds were used to fund the trust and the Commission has determined to contribute an additional 4% of compensation for each eligible participant.

K. LITIGATION

Periodically the commission, staff, or members of the various boards are involved in lawsuits. Most suits challenge the authority of the Commission or seek injunctive relief or damages allegedly caused by disciplinary decisions. These cases have been handled by staff counsel.

The following cases are noteworthy.

The Chicago Bar Association, et al. v. Cronson, No. 82 L 50131 (Cir.Ct. Cook Co.). On July 26, 1982 the Chicago Bar Association filed suit in the Circuit Court of Cook County against the Commission, the State Board of Law Examiners and the Auditor General of the State of Illinois seeking declaratory review of the nature of the Commission and the State Board and of the authority of the Auditor General to audit the funds of those agencies. On March 4, 1984 the Commission was realigned as a party plaintiff. The suit is pending in the Circuit Court.

Adams v. Attorney Registration and Disciplinary Commission, 801 F.2d 968 (7th Cir.1986). On April 25, 1984 Robert J. Adams, Jr. and other attorneys filed a lawsuit in the United States District Court for the Northern District of Illinois seeking to enjoin the Commission from enforcing Rule 2-103(b)(2) of the Illinois Code of Professional Responsibility to the extent it prohibited the mailing of written communications offering professional services to those known to need those services.

On August 15, 1985 Judge James B. Moran issued a preliminary injunction against the Commission. On September 18, 1986 the Court of Appeals for the Seventh Circuit upheld the preliminary injunction against the Commission. The matter is pending before the District Court.

Ettinger v. Rolewick, 140 Ill.App.3d 295, 488 N.E.2d 598 (1st Dist. 1986). On August 27, 1984 Michael D. Ettinger filed a complaint in the Circuit Court of Cook County seeking to enjoin the Commission from utilizing in disciplinary proceedings certain evidence in a federal criminal prosecution of him. The Commission challenged the jurisdiction of the circuit court. On October 16, 1984 the trial court entered an order finding it had jurisdiction but sustaining the Commission's motion to dismiss. Ettinger appealed the decision.

On January 7, 1986 the Appellate Court of Illinois reversed the trial court and held that the inherent nature of attorney disciplinary proceedings precluded the circuit court from asserting jurisdiction over the subject matter.

L. 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.

M. DEFERRED FEES

The annual registration fee covers a period from January 1, to December 31. Since the Commission's fiscal year ends October 31, two months' fees are deferred at that date.

H. 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 Internal Revenue Service. The Internal Revenue Service has examined the return for the year ended December 31, 1978, and made no changes.

I. EMPLOYEES' RETIREMENT PLAN AND TRUST

On October 15, 1977, the Commission established a Retirement Plan and Trust for the benefit of all qualified employees. The Plan and Trust was effective January 1, 1977 and required employees and Commission contributions.

Effective January 1, 1985 the Plan was amended and restated to improve retirement benefits in light of the decision of the Social Security Administration that employees of the Commission are not covered by Social Security benefits.

The amended and restated Retirement Plan has been filed with the Internal Revenue Service and the Commission has requested a Letter of Determination. The Internal Revenue Service had fully qualified the original Plan and has examined and approved returns for the period ended December 31, 1980.

J. MEDICARE REPLACEMENT RESERVE TRUST

On August 9, 1985 the Commission formed a Trust to replace the Medicare coverage lost by its employees when the Social