



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

COMMISSIONERS:
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GEORGE J. COTSIRILOS
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ADMINISTRATOR:
CARL H. ROLEWICK

ASSISTANT ADMINISTRATOR:
JOHN M. OSWALD

CHIEF COUNSEL:
JOHN C. O'MALLEY

SENIOR COUNSEL:
MARY M. CONRAD
PHILIP SCHICKEDANZ

COUNSEL:
DAVID M. BECKERMAN
JEROME LARKIN
CHARLES MORGAN

Chicago
April 30, 1980

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

Following is the annual report of the Attorney Registration and Disciplinary Commission for 1979 which we submit 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, 1979, the number of attorneys registered on the master roll totalled 35,509:

Classification	Number of Attorneys
Admitted 1 year or less	2,632
Admitted 1 to 5 years	7,551
Admitted more than 5 years	20,372
On active military duty	130
75 years of age or older	1,166
Neither practice, reside nor are employed in Illinois	3,022
1979 registration fee excused (hardship)	45
Inactive status	19

During 1979, thirty-seven group legal service plans were registered in compliance with Supreme Court Rule 730.

The in-state registered attorney population, compared for the past four years, is presented below by judicial district, circuit and county of the attorney's principal office:

FIRST DISTRICT:	1976	1977	1978	1979
Cook County	19,072	19,593	20,362	21,239
SECOND DISTRICT:	2,482	2,725	2,923	3,244
15TH CIRCUIT:	151	161	163	160
Carroll	14	16	15	14
Jo Daviess	16	19	17	21
Lee	37	37	38	35
Ogle	30	36	35	33
Stephenson	54	53	58	57
16TH CIRCUIT:	479	510	544	592
Kane	390	411	438	474
DeKalb	71	76	81	86
Kendall	18	23	25	32
17TH CIRCUIT:	332	356	377	389
Boone	19	20	21	21
Winnebago	313	336	356	368
18TH CIRCUIT:				
DuPage	795	884	1,015	1,184
19TH CIRCUIT:				
Lake	725	814	824	919
McHenry	578	660	669	733
McHenry	147	154	155	186
THIRD DISTRICT:	1,602	1,685	1,742	1,842
9TH CIRCUIT:	183	190	188	199
Fulton	38	40	35	38
Hancock	23	23	24	23
Henderson	9	10	10	8
Knox	50	54	54	57
McDonough	36	38	37	44
Warren	27	25	28	29
10TH CIRCUIT:	498	529	545	566
Marshall	11	11	12	13
Peoria	397	422	437	455
Putnam	5	5	7	5
Stark	8	9	9	9
Tazewell	77	82	80	84
12TH CIRCUIT:	356	378	400	441
Iroquois	26	26	24	28
Kankakee	84	86	90	94
Will	246	266	286	319

13TH CIRCUIT:	200	203	221	241
Bureau	37	43	48	51
Grundy	28	25	30	33
LaSalle	135	135	143	157
14TH CIRCUIT:	365	385	388	395
Henry	42	48	52	52
Mercer	15	16	16	15
Rock Island	253	268	264	265
Whiteside	55	53	56	63
FOURTH DISTRICT:	1,831	1,909	1,989	2,099
5TH CIRCUIT:	231	226	240	255
Clark	14	17	15	15
Coles	63	62	64	70
Cumberland	7	7	7	6
Edgar	28	27	29	29
Vermillion	119	113	125	135
6TH CIRCUIT:	524	562	569	599
Champaign	278	291	296	316
DeWitt	16	19	17	20
Douglas	15	17	17	18
Macon	177	192	203	207
Moultrie	16	17	16	16
Piatt	22	26	20	22
7TH CIRCUIT:	623	650	674	727
Greene	10	11	11	11
Jersey	11	14	14	16
Macoupin	34	33	38	41
Morgan	44	43	46	46
Sangamon	518	544	559	607
Scott	6	5	6	6
8TH CIRCUIT:	143	154	164	169
Adams	70	80	83	88
Brown	6	7	8	9
Calhoun	6	6	5	6
Cass	12	12	13	15
Mason	15	16	17	17
Menard	11	11	14	12
Pike	12	11	11	11
Schuyler	11	11	13	11
11TH CIRCUIT:	310	317	342	349
Ford	17	20	22	23
Livingston	43	43	45	46
Logan	31	30	28	24
McLean	204	208	228	239
Woodford	15	16	19	17
FIFTH DISTRICT:	1,222	1,331	1,363	1,443
1ST CIRCUIT:	201	223	228	242
Alexander	16	15	17	15
Jackson	86	97	99	111
Johnson	6	6	6	6
Massac	9	10	13	13
Pope	5	5	4	4
Pulaski	5	6	6	6
Saline	26	28	28	29
Union	13	12	9	11
Williamson	35	44	46	47
2ND CIRCUIT:	204	229	228	241
Crawford	19	16	17	19
Edwards	7	7	4	4
Franklin	31	35	39	40
Gallatin	8	7	7	7
Hamilton	8	8	9	9
Hardin	4	5	5	6
Jefferson	51	67	64	70
Lawrence	12	12	12	13
Richland	17	17	19	20
Wabash	17	19	20	21
Wayne	16	19	16	16
White	14	17	16	16
3RD CIRCUIT:	263	283	290	304
Bond	12	12	12	13
Madison	251	271	278	291
4TH CIRCUIT:	190	213	215	220
Christian	34	34	36	37
Clay	13	13	14	15
Clinton	11	17	16	15
Effingham	23	26	29	29
Fayette	11	12	13	15
Jasper	7	7	8	8
Marion	41	48	43	47
Montgomery	35	38	36	34
Shelby	15	18	20	20
20TH CIRCUIT:	364	383	402	436
Monroe	15	17	18	18
Perry	13	13	14	16
Randolph	20	24	23	24
St. Clair	304	318	335	366
Washington	12	11	12	12

INCOME AND EXPENDITURES

Income for the period from January 1, 1979 through December 31, 1979:	
-1979 registration fees including penalties and delinquent fees from prior years	\$786,461.00
-Interest received from investment of cash reserves	59,788.39
-Other income	1,268.18
Total	\$847,517.57

Operating expenses for the period from January 1, 1979 through December 31, 1979:

—Salaries of administrator and staff	\$415,716.70
—Social security taxes	24,536.39
—Employees retirement trust	14,981.80
—Hospital, medical, life, workmen's compensation and unemployment compensation insurance	26,177.42
—Office rentals and utilities	47,795.68
—Travel (commissioners, staff, inquiry, hearing and review boards)	20,961.56
—Telephone	15,258.41
—Postage	16,549.75
—Office equipment rental	11,323.89
—Library, office supplies and related expenses	35,914.14
—Insurance, (fire, theft and extended coverage)	1,868.72
—Auditing, bookkeeping, payroll and related professional services	15,230.15
—Outside expenses related to data processing	1,363.61
—Court reporting for disciplinary proceedings	15,359.63
—Witness fees and related expenses	4,102.28
—Depreciation expenses (office equipment)	19,757.88
—Data processing software and maintenance	22,168.99
—1979 Disciplinary Seminar expenses	2,757.07
—Expenses of Supreme Court Committee on Code of Professional Responsibility	234.75

Total \$712,058.82

STAFF

Although there were no personnel changes in the professional staff during 1979, there were position changes. On September 8, 1979 the Commission approved the administrator's appointment of John C. O'Malley as chief counsel, and Mary M. Conrad and Philip Schickedanz as senior counsel. In December, John W. Stephenson was appointed senior investigator.

As of December 31, 1979 the full time staff of the administrator's office consisted of the administrator and (1) in the Springfield office: one senior attorney and a secretary; (2) in the Chicago office: an assistant administrator and chief investigator, a chief counsel, a senior counsel, three 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 system which was installed and in operation in October 1978 maintained the 1979 Master Roll and provided the Commission with complete internal control of all financial procedures.

During 1979, additional programs were installed to maintain the records and statistical reports of disciplinary cases. The specialized case recordkeeping system provides fast and accurate retrieval of information regarding the status of all disciplinary cases. In addition, the system provides a current trial and review calendar.

A word processing program was installed during the year which replaced several memory typewriters.

The computer programs are updated and improved periodically by Systech, Inc. of Countryside, Illinois.

Computerized recordkeeping has improved the efficiency of the administrator's office and allows the administrator to provide accurate information to the legal community and the public.

RULE CHANGES

No changes were made by the Supreme Court in the registration and disciplinary rules during 1979. One Commission rule was amended.

Rule 9.3 (Hearing Board Reprimands) required the agreement of the hearing panel and both parties before a reprimand could be delivered. The procedure proved to be awkward because it necessitated negotiations involving the panel before the panel issued its report and recommendations.

Rule 9.3 (amended October 19, 1979) is based on the Review Board's reprimand procedure. The hearing panel may order a reprimand in lieu of recommending other discipline. Either party may disagree by filing exceptions with the Review Board.

1979 DISCIPLINARY SEMINAR

A seminar for the commissioners, staff and members of the boards was sponsored by the Commission on Saturday, September 29, 1979 at the Illinois Athletic Club in Chicago. The seminar afforded those involved in the disciplinary process an opportunity to meet as a group and discuss problems and trends in the area of disciplinary enforcement.

Discussion took place in general sessions preceding and following separate workshops which focused on the operation of the Inquiry and Hearing Boards. Justice Thomas C. Kluczynski addressed those in attendance and thanked them on behalf of the Court for their contribution to the system.

DISCIPLINARY DIGEST

In September 1979 the Commission published Dixon's Digest of Illinois Attorney Disciplinary Law. Compiled by retired chief counsel John Dixon, the digest is a compendium of Illinois attorney disciplinary law and is an ongoing research tool for those involved or interested in the disciplinary process. The digest will be updated periodically and is available for purchase from the Commission.

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 Court denied permission on the ground that the funds generated by the payment of registration fees are not public funds of the State appropriated by the General Assembly.

However, in April 1978 the Court, as a matter of comity and to avoid the continuing conflict, agreed to an audit of the records of the Commission on behalf of the Legislative Audit Commission. The Legislative Audit Commission retained Arthur Andersen & Co. to perform the audit for the period from July 1, 1976 through June 30, 1978.

The audit commenced on February 20, 1979. The Court maintained its position that the funds generated by registration fees are not public funds and specified that Arthur Andersen & Co. would not be given access to any confidential records, files or other data relating to matters before the Inquiry, Hearing or Review Boards.

On June 1, 1979 Arthur Andersen & Co. submitted the draft of its "financial statements and findings relating to the financial and compliance audits" to the Commission for comments prior to submission of the final report to the Legislative Audit Commission.

In the draft, Arthur Andersen & Co. concluded that the funds generated by the registration of attorneys were being maintained and administered in accordance with generally accepted accounting principles. Arthur Andersen & Co. recommended that travel and related expense documentation policies currently in use be strictly enforced and that a policy be adopted defining the criteria for determining additional Commission contributions to the employees retirement trust.

The Administrator, on behalf of the Commission, responded that in the infrequent instance a travel-related expense is not supported by full documentation, the travel and expense is independently verified by the Administrator prior to reimbursement. He further responded that the Commission had determined that it is inappropriate to bind a future Commission to an increase in its contribution to the employees retirement trust.

The final report with the Commission's response was submitted by Arthur Andersen & Co. to the Legislative Audit Commission in August 1979.

Subsequently, newspaper articles and editorials from various parts of the state reported that the Auditor General had charged that a "profit sharing plan" had been established for certain members of the staff. The articles implied that the staff was improperly receiving unexpended registration funds. The implications were false, misleading and unjustified, particularly in view of the fact that the finding contained in Arthur Andersen & Co.'s audit confirmed the earlier audit and findings of Alexander X. Kuhn & Co.—the independent certified public accounting firm which performs the annual audit required by Supreme Court Rule 751(e).

Although the Commission is an agency of the Supreme Court, it is not an agency of the State of Illinois. The Illinois Attorney General determined that employees of the Commission are not state employees and, therefore, not eligible to participate in the state employee retirement system (which includes participation in the federal social security program).

Therefore, the employees retirement trust was created after the Commission obtained its not-for-profit organization status from the Internal Revenue Service and social security coverage for the staff. The Commission determined that, as a matter of fairness, a private retirement plan with benefits no greater than those afforded to state employees should be established.

The employees retirement plan, prepared by J. H. Reynolds & Associates, Inc., employee benefit consultants, was approved by the Commission on October 15, 1977. The plan took effect on January 1, 1978 and was approved by the Internal Revenue Service on August 17, 1979. All employees elected 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 from the disciplinary fund.

The employees retirement trust and plan is a defined contribution plan and the employees are limited in benefits to their proportionate share of the body of the trust. They receive no other funds. The Commission is not committed to the payment of future specific benefits.

The term "profit sharing plan," when used in connection with a not-for-profit organization, is misleading. However, under current federal law, employee retirement plans must be approved by the Internal Revenue Service which commonly uses the term. It was with the Internal Revenue Service in mind that J. H. Reynolds & Associates, Inc. used the term "profit sharing" in the Commission's employees retirement trust and plan.

THE CASELOAD

The following four statistical charts detail the disciplinary caseload of the Administrator's office, the Inquiry Board, the Hearing Board, the Review Board, and the Supreme Court for the period from January 1, 1979 through December 31, 1979.

Not included are matters filed from time to time in courts or administrative agencies relating to the work of the disciplinary system. During 1979 the Commission or the Administrator were represented by staff attorneys in the following matters:

- Allott v Scinski, et al., 78 C 4712 (7th Circuit, U. S. Court of Appeals). Pending.
- Benson v Alphin, et al., 77 C 3713 (U. S. District Court, N. D. Ill.). Plaintiff sought discovery of attorney's disciplinary file. Plaintiff's motion dismissed February, 1980.
- In re Fahner, 78 MR 11971 (16th Judicial Circuit, Kane County). A.R.D.C. seeks grand jury testimony relating to possible misconduct of attorneys. The motion was argued and is currently under advisement.
- Jaffee v Caplan, et al., 78 CH 7131 (Circuit Court of Cook County). Pending.
- Jaffee v Rolewick, 79 C1(U. S. District Court, N. D. Ill.). Dismissed April 5, 1979.
- Jaffee v Rolewick, E.E.O.C. #051793485. Dismissed December 5, 1979.
- Jaffee v Rolewick, E.E.O.C. #051800934. Dismissed January 10, 1980.
- Myerson v Rachman, et al., 79 L 25029 (Circuit Court of Cook County). Pending.
- Mitan v A.R.D.C., et al., 79 C 5282 (U.S. District Court, N. D. Ill.). Pending.
- Smith v Rolewick, O'Malley, et al., 79 C 4290 (U. S. District Court, N. D. Ill.). Pending.
- Kutner v Rolewick, 80 C 1032 (U.S. District Court, N. D. Ill.). Pending.

CHART 1

THE TREND OF INVESTIGATIONS DURING THE PERIOD JANUARY 1, 1979 THROUGH DECEMBER 31, 1979

	Pending at Start	New Charges Docketed		Total Added	Files Terminated			Total Terminated During Period	Pending at End
		from Individuals	from Administrator		Dismissed by Inquiry Chairman and Administrator	Dismissed by Panel	Complaint Voted by Inquiry Panel		
Chicago	690	1513	56	1569	863	497	53	1413	846
Springfield	252	188	8	196	80	112	9	201	247
TOTAL	942	1701	64	1765	943	609	62	1614	1093

CHART 2
THE TREND OF MATTERS BEFORE THE HEARING BOARD
DURING THE PERIOD JANUARY 1, 1979 THROUGH DECEMBER 31, 1979

	Pending at Start	Cases Filed			Total Added
		Disciplinary Complaints Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767	
Chicago	23	25	0	5	30
Springfield	3	4	0	0	4
TOTAL	26	29	0	5	34

Cases Terminated								Total Terminated	Pending at End
Report and Recommendation									
Disciplinary Cases Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767	Petitions for Reinstatement Withdrawn Rules 759 & 767	Dismissed	Reprimand by Hearing Board	Name Stricken on own Motion: Prior to or During Hearing			
12	0	3	2	5	0	6	28	25	
2	0	1	0	0	1	1	5	2	
14	0	4	2	5	1	7	33	27	

CHART 3
TREND OF MATTERS BEFORE THE REVIEW BOARD
DURING THE PERIOD JANUARY 1, 1979 THROUGH DECEMBER 31, 1979

Pending at Start	New Cases Docketed	Cases Terminated		Total Terminated	Pending at End
		With Recommendations to the Supreme Court	Without Recommendations to the Supreme Court		
11	22	17	6	23	10

Discipline Recommended By Review Board to Supreme Court								
Disbarment	Suspension		Censure	Petitions for Reinstatement Rules 759 & 767		Reprimand by Review Board	Dismissed by Review Board	Re-remanded to Hearing Board
	for Fixed Period	Until Further Order of the Court		Allowed	Not Allowed			
2	4	4	1	5	1	3	2	1

CHART 4
TREND OF DISCIPLINARY MATTERS BEFORE THE SUPREME COURT
DURING THE PERIOD JANUARY 1, 1979 THROUGH DECEMBER 31, 1979

Disciplinary Cases Rule 753	Petitions										TOTAL	
	Temporary Suspension Rules 757 & 761	Inactive Status Rules 757, 758 & 770	Disbarment on Consent Rule 762	Reinstatement Rules 759 & 767	Miscellaneous							
Pending at Start	19	6	3*	1	8	6	43					
FILED	12	6	15*	10	4	8	55					
TERMINATED	12	3	0	18*	0	10	0	5	0	3	6**	57
Pending at End	19	9	0	1	4	8	41					

Discipline Ordered			
Disbar	Suspend	Censure	Dismiss
3	7	1	1

*Voluntary transfer to inactive status pursuant to Supreme Court Rule 770

** 5 attorneys suspended pursuant to Rule 754

Alexander X. Fuhrn & Co.
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 December 31, 1979.

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, 1979 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. Fuhrn & Co.
Certified Public Accountants

Dated: March 10, 1980
Hillside, Illinois

BALANCE SHEET
December 31, 1979

ASSETS			
CURRENT ASSETS			
Cash in Bank	\$ 103,286.63		
Accounts Receivable (Other Than Fees)	2,968.76		
Investments at Cost	1,004,214.41		
Prepaid Expenses	1,476.91		\$1,111,946.71
FIXED ASSETS			
Office Furniture, Equipment and Library	\$ 203,144.07		
Less: Accumulated Depreciation	49,902.82		153,241.25
Total Assets			\$1,265,187.96
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts Payable	\$ 9,189.10		
Deferred Income	661,296.02		
Group Legal Service Registration Fee Fund	5,421.90		\$ 675,907.02
FUND BALANCES			
Operating Fund	\$ 386,136.87		
Physical Asset and Replacement Fund	203,144.07		589,280.94
Total Liabilities and Fund Balances			\$1,265,187.96

INCOME STATEMENT
Year ended December 31, 1979

INCOME			
Attorney Registration Fees and Charges Collected	\$786,461.00		
Interest on Investments	59,788.39		
Other Miscellaneous Income	1,268.18		\$847,517.57
OPERATING EXPENSES			
Salaries	\$415,716.70		
Social Security Taxes	24,536.39		
Employees' Group Insurance	26,177.42		
Employees' Retirement Trust	14,981.80		
Office Rentals and Utilities	47,795.68		
Travel and Related Expenses	20,961.56		
Telephone and Postage	31,808.16		
Office Equipment Rentals, Supplies and Related Expenses	47,238.03		
Insurance	1,868.72		
Outside Professional Services, Data Processing, Court Reporting and Witness Expense	36,055.67		
Seminar Expenses	2,757.07		
Depreciation Expense	19,757.88		
Data Processing Software and Maintenance	22,168.99		
Supreme Court Committee on Code of Professional Responsibility	234.75		\$712,058.82
NET INCOME			\$135,458.75

STATEMENT OF CHANGES IN FINANCIAL POSITION
Year ended December 31, 1979

SOURCE OF WORKING CAPITAL			
Net Income for Year Ending, December 31, 1979	\$135,458.75		
Add: Expenses not requiring use of Funds:			
Depreciation of Fixed Assets	19,757.88		
Total Funds Provided by Operations	\$155,216.63		
Removal of Damaged Asset			
Cost	\$116.50		
Less: Depreciation	64.07	52.43	\$155,269.06
USE OF WORKING CAPITAL			
Purchase of Fixed Assets			33,066.31
INCREASE IN WORKING CAPITAL			\$122,202.75

	1979	1978
CURRENT ASSETS	\$1,111,946.71	\$955,806.40
CURRENT LIABILITIES	675,907.02	641,969.46
TOTAL WORKING CAPITAL	\$ 436,039.69	\$313,836.94
INCREASE IN WORKING CAPITAL		\$122,202.75

GENERAL NOTES

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.

The Commissioners have created a fund for the replacement of physical assets. The amount appropriated for the year ended December 31, 1979 was \$19,757.88. The fund balance at December 31, 1979 totals \$49,902.82.

B. 1979 UNCOLLECTED FEES

By December 31, 1979, only 407 attorneys were unregistered and \$3,885.00 in registration fees uncollected. Of the 407 unregistered attorneys, 52 were not residents of Illinois, 200 were on inactive status, 28 were more than 75 years old, and 155 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$3,885.00 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 investments with the exception of savings accounts 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, 1979.

1. Chicago office - September 1, 1975 through August 31, 1985 (Suite 1900-1920). Present value of lease commitment \$206,760.00. July 1, 1979 through August 31, 1985 (Suite 1810). Present value of lease commitment, \$27,080.00. 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 \$39,144.00 plus possible escalations for real estate taxes, operating expenses and utilities. Included \$783.00 January 1980 balance of previous lease.

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.

G. DEFERRED INCOME

On November 1, 1979, registrations for the calendar year 1980 were mailed to all attorneys. Any registration fees received from the mailing date to December 31, 1979, are deferred income. The amount received during such period was \$661,296.00 which will be reported as income in 1980.

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 1979 was \$14,981.80.

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.

I. 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 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.

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 savings account at Bell Federal Savings in Chicago.

K. LEGISLATIVE AUDIT COMMISSION EXAMINATION

The Legislative Audit Commission completed its financial and compliance examination of the Commission during the current year. The examination covered the years ended June 30, 1977 and 1978. The results of the examination revealed no findings or recommendations that were of any material note nor were any adjustments or changes required.

L. SUBSEQUENT EVENTS

On February 8, 1980, the Commission was advised by the Department of Health, Education and Welfare that Social Security coverage for its employees was revoked. An informal meeting was held on March 7, 1980 between the Commission and HEW to fully determine the issues involved in the HEW decision. As a result of that meeting HEW agreed to review the information supplied to it and to reconsider its position. To this date there has been no further communication regarding the situation.

**Attorney Registration and Disciplinary Commission
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