



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

Chicago
April 30, 1984

COMMISSIONERS:

JAMES H. BANDY, CHAIRMAN
LESTER ASHER
EDWARD J. EGAN
EDWARD G. FINNEGAN
ALFRED E. WOODWARD

ADMINISTRATOR:

CARL H. ROLEWICK

ASSISTANT

ADMINISTRATORS:

JOHN C. O'MALLEY, CHIEF COUNSEL
JOHN M. OSWALD, CHIEF INVESTIGATOR

SENIOR COUNSEL:

JEROME LARKIN

COUNSEL:

LAWRENCE W. CARROLL
DANIEL A. DRAKE
JAMES J. GROGAN
THERESA M. GRONKIEWICZ
JOHN A. HOLTAWAY
DEBORAH M. KENNEDY

SPECIAL COUNSEL:

PEYTON H. KUNCE

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 1983 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 1983 and an accounting and audit of the monies received and expended during the ten-month period which ended October 31, 1983.

As explained fully in the Report, the Commission has changed its fiscal year from January 1 through December 31 to November 1 through October 31. The new fiscal year coincides with the billing for the annual registration fee required by Supreme Court Rule 756(a). This ten-month fiscal report is the result of that change.

Respectfully,

James H. Bandy, Chairman
Lester Asher
Edward J. Egan
Edward G. Finnegan
Alfred E. Woodward

SECTION 1

COMMISSIONERS' REPORTS

Report on Registration

On October 31, 1983 the Master Roll of Attorneys contained the names of 43,116 attorneys in the following categories:

Admitted between January 1, 1982 and October 31, 1983	2,581
Admitted between January 1, 1978 and December 31, 1981	4,514
Admitted before January 1, 1978	29,879
On active military duty	148
Born before January 1, 1908	1,690
Admitted more than one year but neither practicing, residing nor employed in Illinois	4,145
1983 registration fee excused for hardship	38
Paid fee and subsequently removed from Master Roll	121
Totals	43,116

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 is the 1983 in-state registered attorney population by county of principal office.

Report on Fiscal 1983

The following report is for fiscal year 1983, the ten-month period commencing January 1, 1983 and ending October 31, 1983.

The abbreviated fiscal period resulted from the Commission's decision to change the fiscal year from the calendar year to a year commencing on November 1, the day each year the administrator is required to mail to each attorney notice that annual registration is required.

REVENUE in fiscal 1983 was derived from three sources:

1983 registration fees including penalties and delinquent fees from prior years	\$1,152,705.50
Interest	44,442.11
Other miscellaneous revenue	3,333.99
Total	\$1,200,481.60

EXPENDITURES for fiscal 1983 were as follows:

Salaries and Related Expenses	
Salaries of administrator and staff	616,179.91
Federal and state unemployment taxes	5,622.81
F.I.C.A. taxes	40,107.64
Employees defined contribution plan and trust	20,513.40
Hospital, medical, life and workers' compensation insurance	60,205.14
Travel Expenses of the Commission, Staff, Inquiry, Hearing and Review Boards	27,119.10
Library and Continuing Education Expenses	6,133.17
General Expenses	
Office Rent	107,393.57
Telephone	30,535.47
Insurance (liability, fire, theft, extended coverage and computer)	8,751.33
Postage	29,956.80
Equipment rental and maintenance contracts	13,737.42
Supplies	21,464.99
Printing	9,897.68
Duplicating	6,846.72
Annual report (printing and postage)	11,919.20
Reimbursement of office expenses	6,000.00
Commodities	4,471.33
Computer Expenses	36,645.25
Depreciation Expense	34,143.40
Outside Professional and Investigative Expenses	
Per diem outside legal services	4,130.66
Auditing, bookkeeping and payroll	18,591.22
Administration of pension trust	7,522.78
Court reporting fees	29,649.93
Other outside professional services	3,920.70
Investigation expenses	3,889.85
Witness fees/travel expenses	6,353.35
Supreme Court Committee on Professional Responsibility	4,373.69
Total	\$1,176,176.51

During the past eleven years of the Commission's existence, a recurring pattern of fluctuation of the disciplinary fund has been observed. In 1973 the Court set a registration fee of \$20.00 for attorneys admitted more than five years and \$10.00 for attorneys admitted one to five years. Those fees were adequate to fund the Commission's activities through the end of 1976. During 1973, 1974 and the first half of 1975 revenue exceeded expenditures and an adequate operating fund developed. During 1975 expenditures exceeded revenue and the operating fund decreased.

Pursuant to the Commission's request, the Court increased the registration fees for 1977 to \$30.00 and \$15.00. As a result, revenue exceeded expenditures for the next four years and the operating fund increased to adequate levels. However, in 1981 and 1982 when expenditures exceeded revenue, the operating fund was depleted.

In 1982 the Commissioners asked the Court to increase the registration fee to \$50.00 for attorneys admitted more than three years and \$25.00 for attorneys admitted between one and three years. The Court set the fees for 1983 at \$40.00 and \$20.00. The resulting revenue barely exceeded expenses (by approximately \$24,000) during fiscal 1983 and was not adequate to reestablish the operating fund.

The following analysis and projection of revenue and expenditures demonstrates the fluctuations of the disciplinary fund through fiscal 1986:

Registration Fee	Period	Revenue	Expenditures	Excess		Available for Future Operations
				Revenue Over Expenditures	Expenditures Over Revenue	
\$20/\$10	07-01-73 06-30-73	254,000	95,000	259,000		244,900
	07-01-73 06-30-74	411,000	317,000	94,000		311,000
	07-01-74 06-30-75	466,000	386,000	80,000		405,000
	07-01-75 06-30-76	17,000	233,000		216,000	169,000
	1976	440,000	576,000		136,000	72,000
\$30/\$15	1977	738,000	553,000	185,000		218,000
	1978	783,000	595,000	188,000		284,000
	1979	847,000	712,000	135,000		386,000
	1980	931,000	871,000	60,000		374,000
	1981	980,000	1,053,000		73,000	225,000
1982	1,014,000	1,224,000		210,000	(7,000)	
\$40/\$20	01-01-83 10-31-83	1,306,000	1,176,000	24,000		(13,000)
	Fiscal 1984	1,505,000*	1,646,000*		141,000*	-
	Fiscal 1985	1,550,000*	1,611,000*		261,000*	-
	Fiscal 1986	1,600,000*	1,992,000*		392,000*	-

The shaded area indicates fiscal periods of fewer than 12 months.
*Projected.

As a result of the depletion of the disciplinary fund, the Commission recommends an increase in the registration fees for 1985.

Further, the Commissioners request that the Court take into consideration the numerous factors that have caused the Commission's expenses to increase over the past eleven years. In part, they include:

1. A dramatic increase in the attorney population and in the number of charges against lawyers, of complaints voted, and of disciplinary cases before the Hearing Board, Review Board and the Court (see Charts 1 through 5);
2. Increases in problems of emotional and psychological instability, of drug and alcohol abuse, and of lawyer incompetence, neglect and mishandling of client funds;
3. High economic inflation; and
4. The need for a computer and other modern office and communication equipment to perform efficiently the duties of the Commission.

The Commission's fiscal 1984 budget (Appendix C), totaling \$1,646,500, contemplates no expansion of office space, legal or investigative staff, or equipment. The Commission has projected its fiscal 1985 budget to be \$1,811,000 based on a projected 1985 attorney population of 5,950 attorneys admitted one to three years and 31,933 attorneys admitted more than three years. To meet the projected fiscal 1985 budget and reestablish the operating fund, the Commission requires and recommends to the Court the following registration fee structure for 1985:

1. No fee for attorneys admitted one year or less;
2. Admitted 1 - 3 years - \$30.00;
3. Admitted more than 3 years - \$60.00;
4. The fee for attorneys who neither reside nor practice nor are employed in Illinois remain at \$15.00; and
5. No changes in the other "no fee" categories of Rule 756.

The Caseload Report

During 1983 attorney population, charges coming into the system, and matters filed with and terminated by the boards and the Supreme Court all increased. The caseloads of the administrator, the Inquiry, Hearing and Review Boards, and the disciplinary matters in the Supreme Court in 1983 are presented in the first four charts that follow. The fifth chart compares certain key factors which demonstrate the growth and workload of the disciplinary system since its inception.

The duties of the 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, staff counsel represent the administrator and Commission in litigation in various courts and before administrative agencies. Appendix D of this report lists the other matters for which staff attorneys were responsible in 1983.

Each of the 2,388 charges docketed in the administrator's office during 1983 were classified as to the type of legal matter involved (Appendix E, Chart 6) and the type of misconduct charged (Appendix E, Chart 7). The more numerous charges received during 1983 classified by the type of legal matter and type of misconduct are set forth in Appendix E, Chart 8. 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 1983 the Administrator received 3,533 communications from the public which resulted in the docketing of 2,388 charges against attorneys. During the year 1,340 charges were investigated and terminated administratively. In addition, the Inquiry Board investigated and terminated 855 charges and voted 134 complaints.

TREND OF CHARGES DURING 1983			
PENDING 1-1-83	DOCKETED DURING 1983	TERMINATED DURING 1983	PENDING 12-31-83
1456	2388	2329	1515

CHARGES RECEIVED FROM	
INDIVIDUALS	ADMINISTRATOR
2212	176

CHARGES TERMINATED				
DISMISSED BY INQUIRY CHAIRMAN & ADMINISTRATOR	DISMISSED BY INQUIRY PANEL	CLOSED BY ADMINISTRATOR	CLOSED BY INQUIRY PANEL	COMPLAINT VOTED BY INQUIRY PANEL
1109	827	231	28	134

Report on Staff

On July 1, 1983 Senior Counsel Mary M. Conrad, a member of the staff since 1973, was installed as an associate judge of the Circuit Court of Cook County. The Commission takes this opportunity to recognize the long and substantial contribution of Judge Conrad to the development of the disciplinary system and thanks her for her years of exemplary service.

In addition, David B. Smith, Records Manager, a member of the staff since 1973, left the employ of the Commission during 1983. The Commission thanks Mr. Smith and extends its best wishes for the future.

During 1983 the Administrator restructured the staff to reflect the services performed. As of December 31, 1983 the full time staff of the administrator's office consisted of and was organized as follows:

ADMINISTRATOR

LEGAL SERVICES

- Assistant Administrator - Chief Counsel
- Senior Counsel
- Special Counsel
- Counsel (6)
- Lawyer Assistant

INVESTIGATIVE SERVICES

- Assistant Administrator - Chief Investigator
- Senior Investigator
- Investigator (3)

SECRETARIAL SERVICES

- Administrative Assistant
- Senior Secretary
- Secretary (5)
- Receptionist
- Office Aide

ADMINISTRATIVE SERVICES

- Administrative Assistant
- Registrar
- Assistant Registrar
- Clerk
- Assistant Clerk
- Bursar

Report on Rule Changes

During 1983 the Supreme Court amended Rules 751, 753, 755, 756, 761, 767 and 771. In addition, the Court enacted new Rules 772 and 773. The amendments and new rules were effective October 1, 1983.

Rules 751, 753, 756 and 767 were amended to clarify and eliminate outdated language and to bring the format into conformity with other rules. In addition, Rule 751 was amended to allow the Commissioners and members of the Review Board to serve until their successors are appointed. Rule 753 was further amended to allow a disciplinary matter to bypass the Review Board and be filed in the Supreme Court as an agreed matter if neither party excepts to a hearing board report.

Rule 761 was amended to eliminate the requirement that hearing be held within thirty days of the completion of the appellate process in conviction cases. As amended, the rule provides that either party may demand a hearing, to be held within sixty days.

Chart 2 - Hearing

During 1983 sixty-nine complaints and petitions were filed with the Hearing Board and fifty-seven were terminated. Both the filings and the terminations were a record high. The types of cases and methods of disposition are detailed below.

TREND OF MATTERS IN THE HEARING BOARD DURING 1983			
PENDING 1-1-83	FILED DURING 1983	TERMINATED DURING 1983	PENDING 12-31-83
43	69	57	55

MATTERS FILED		
DISCIPLINARY COMPLAINTS RULES 753 & 761	PETITIONS FOR TRANSFER TO INACTIVE STATUS RULES 757 & 758	PETITIONS FOR REINSTATEMENT RULES 759 & 767
55	3	11

MATTERS TERMINATED				
BY REPORT AND RECOMMENDATION	PETITION FOR REINSTATEMENT WITHDRAWN RULES 759 & 767	DISMISSED	REPRIMAND BY HEARING BOARD	NAME STRICKEN PRIOR TO OR DURING HEARING
42	0	10	3	2

REPORTS AND RECOMMENDATIONS		
DISCIPLINARY CASES RULES 753 & 761	PETITIONS FOR TRANSFER TO INACTIVE STATUS RULES 757 & 758	PETITIONS FOR REINSTATEMENT RULES 759 & 767
32	4	6

Chart 3 - Review

In 1983 forty matters were docketed with the Review Board and forty-six were terminated. The number of matters docketed and terminated were a record high. The method of disposition and the discipline recommended to the Supreme Court are detailed below.

TREND OF MATTERS IN THE REVIEW BOARD DURING 1983			
PENDING 1-1-83	FILED DURING 1983	TERMINATED DURING 1983	PENDING 12-31-83
7	40	46	1

TERMINATED	
WITH RECOMMENDATION TO COURT	WITHOUT RECOMMENDATION TO COURT
32	14

ACTION TAKEN BY REVIEW BOARD			
REPRIMAND BY REVIEW BOARD	DISMISSED	REMANDED TO HEARING BOARD	NAME STRICKEN WHILE CASE PENDING
2	4	7	1

DISCIPLINE RECOMMENDED BY REVIEW BOARD							
DISBARMENT	SUSPENSION UNTIL Further Order of Court		CENSURE	PETITIONS FOR REINSTATEMENT RULES 759 & 767		TRANSFER TO INACTIVE STATUS RULE 758	
	for Fixed Period	Order of Court		Allowed	Not Allowed	Allowed	Not Allowed
11	8	2	5	5	0	1	0

New Rule 772 was adopted to provide structure and limitations on probation which the Court had previously held to be appropriate in some cases in *In re Driscoll*.

New Rule 773 was adopted to provide for the assessment of costs in appropriate disciplinary cases in order to shift some of the burden of the expense of disciplinary matters to those responsible for them.

Rule 771 was amended to allow probation as a form of discipline in order to be consistent with new Rule 772.

During 1983 Commission Rule 11.1 was amended to require that a petitioner for reinstatement provide copies of personal tax returns for each year of suspension or disbarment.

As a result of the many rule changes enacted during 1983 the Commission determined to republish the rules. The rules of the Supreme Court relating to admission and discipline of attorneys, the Illinois Code of Professional Responsibility and the rules of the Attorney Registration and Disciplinary Commission have been published in a single pamphlet that is available upon request from either office of the Commission.

Chart 4 - Supreme Court

During 1983 the Supreme Court handled a record number of disciplinary matters. The disciplinary and certain non-disciplinary matters filed with and terminated by the Court are detailed below.

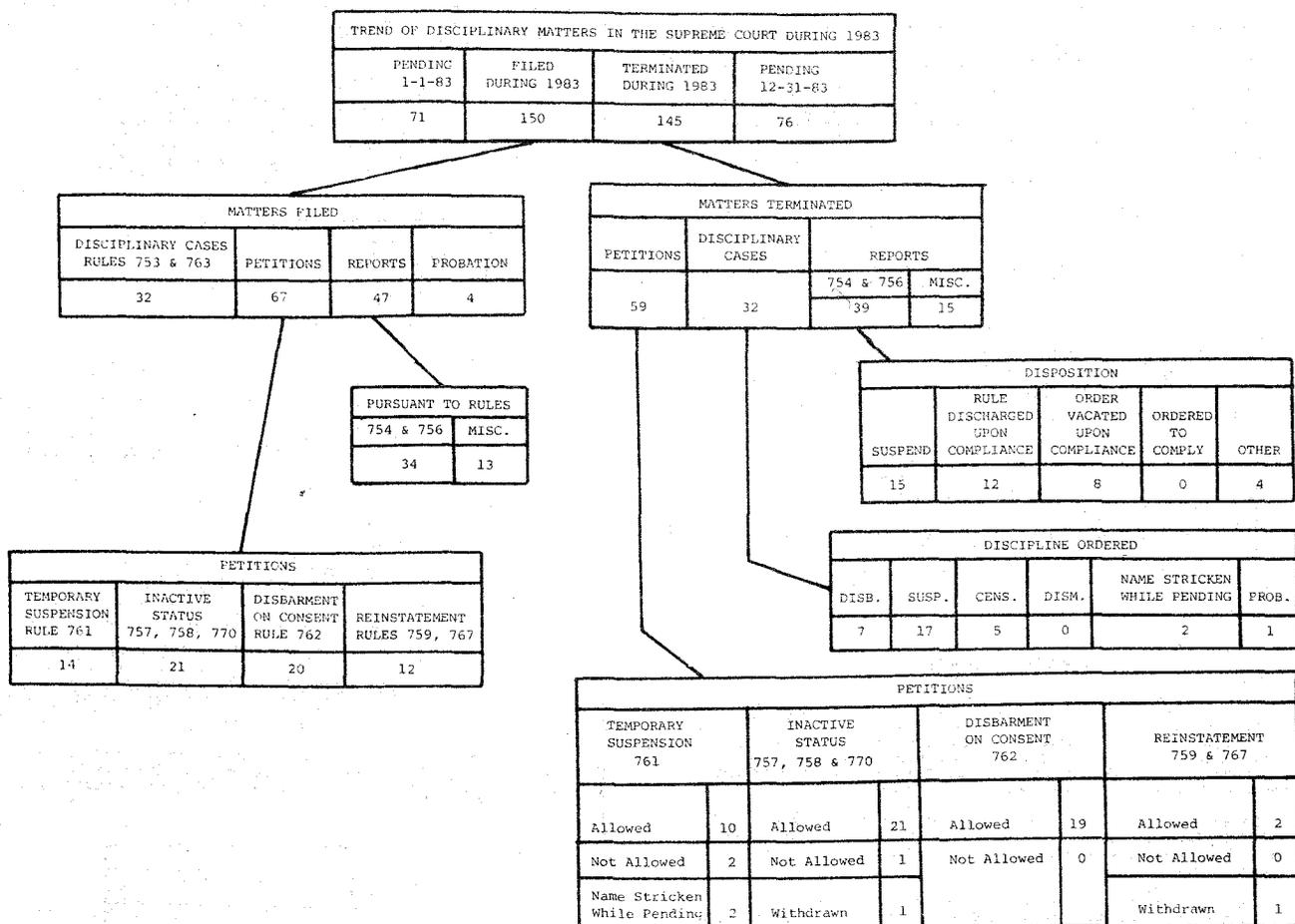


Chart 5 - A Comparison

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

PERIOD	NUMBER OF REGISTERED ATTORNEYS	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, 761, 762 & 763	PROBATION 772	OTHER	ATTYS.	INVTGRS.
03-01-73 thru 06-30-73	22,886	836	254	0	0	5	2	0	0	0	3*	3
07-01-73 thru 06-30-74	23,959	1680	810	657	54	56	11	0	0	0	3*	3
07-01-74 thru 06-30-75		1747	926	741	69	47	16	41	19	3	3	
07-01-75 thru 12-31-75	25,000	807	383	388	44	26	11	14	10	0	3	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	4.5	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	
1981	39,280	1924	1098	608	130	49	38	42	62	7	5	
1982	41,274	2285	1384	723	116	50	27	37	1 52	7	5	
1983	43,116	2388	1340	855	134	69	40	67	4 79	7.5	5	

The shaded area indicates a fiscal period shorter than 12 months.
*Does not include part-time services provided by two attorneys.

Social Security Coverage

As previously reported, the Commission learned on February 8, 1980 that the Social Security Administration had determined to cancel retroactively social security coverage for the employees of the Commission. As a result, the Commission filed suit in the United States District Court on July 29, 1980. The suit was dismissed December 29, 1982 for lack of jurisdiction, and the Commission appealed. On August 11, 1983 the Seventh Circuit Court of Appeals reversed the District Court's decision and remanded the matter for further proceedings. On February 15, 1984 the Illinois Auditor General was allowed to intervene as a party defendant. The matter is pending.

As a result of materials filed in connection with the lawsuit the Commission has learned that the cancellation of social security coverage for the Commission's employees followed requests by the Illinois Auditor General that the Commission's status as a not-for-profit organization be reviewed.

The Illinois Auditor General

The Illinois Auditor General has maintained his position that the funds generated by the Commission are public funds subject to audit by the Auditor General, an agent of the Illinois General Assembly. The Commission has maintained the position that the funds generated by the Commission are not subject to legislative control but rather are trust funds raised pursuant

to the inherent power of the Supreme Court of Illinois to regulate the practice of law. The Commission maintains that it is accountable to the Court and not the legislature for the handling of the funds.

In 1978, the Supreme Court, as a matter of comity and in the interest of resolving the conflict, agreed to an audit of the Commission's funds by a private auditing firm on behalf of the Legislative Audit Commission. The Court directed that only non-confidential matters be reviewed. The report of Arthur Andersen & Co. was published in late August 1979 and did not recommend any substantial changes. However, the dispute continued. Nevertheless, Supreme Court Rule 751 requires that an independent audit of Commission funds be conducted each year. Such an audit has been conducted and the results published each year since the Commission's inception. The audit report for 1983 is a part of this annual report.

On July 26, 1982 the Chicago Bar Association filed suit in the Circuit Court of Cook County against the Illinois Auditor General, the State Board of Law Examiners and the Commission seeking a declaratory judgment regarding the authority of the Auditor General to audit the funds of the Board and the Commission. The matter is pending.

On August 23, 1982 the Auditor General filed a motion for leave to file an original petition for writ of mandamus against the Commission in the Supreme Court of Illinois seeking a finding that the Commission's funds are public funds subject to the audit authority of the Auditor General. On March 13, 1984 the Supreme Court denied the Auditor General's motion. A motion for reconsideration was denied on April 12, 1984.

Appendix A

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1983
IN THE
JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	1980	1981	1981	1983
<u>First District</u>				
Cook County	22,310	23,542	24,616	25,894
<u>Second District</u>				
15th Circuit	169	168	169	174
16th Circuit	624	632	653	683
17th Circuit	412	440	464	473
18th Circuit	1,265	1,383	1,476	1,578
19th Circuit	970	1,032	1,080	1,164
Total	3,440	3,655	3,842	4,072
<u>Third District</u>				
9th Circuit	204	211	208	215
10th Circuit	581	611	627	651
12th Circuit	462	479	503	531
13th Circuit	253	267	275	278
14th Circuit	422	436	437	443
Total	1,922	2,004	2,050	2,118
<u>Fourth District</u>				
5th Circuit	258	268	274	281
6th Circuit	619	649	664	695
7th Circuit	765	789	814	841
8th Circuit	178	183	189	193
11th Circuit	364	378	396	404
Total	2,184	2,267	2,337	2,414
<u>Fifth District</u>				
1st Circuit	251	272	284	299
2nd Circuit	250	260	263	278
3rd Circuit	326	348	356	360
4th Circuit	223	229	243	250
20th Circuit	448	483	504	528
Total	1,498	1,592	1,650	1,715

Appendix B

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1983
IN THE
COUNTIES OF ILLINOIS

County of Principal Office	Number of Attorneys	County of Principal Office	Number of Attorneys
Adams	101	Lee	33
Alexander	16	Livingston	53
Bond	15	Logan	29
Boone	29	Macon	217
Brown	10	Macoupin	39
Bureau	55	Madison	345
Calhoun	5	Marion	49
Carroll	12	Marshall	14
Cass	18	Mason	17
Champaign	396	Massac	16
Christian	43	Mc Donough	42
Clark	17	Mc Henry	225
Clay	16	Mc Lean	276
Clinton	21	Menard	13
Coles	86	Mercer	14
Cook	25,894	Monroe	19
Crawford	20	Montgomery	39
Cumberland	7	Morgan	48
De Kalb	109	Moultrie	17
De Witt	20	Ogle	41
Douglas	21	Peoria	521
Du Page	1,578	Perry	20
Edgar	35	Piatt	24
Edwards	3	Pike	16
Effingham	34	Pope	5
Fayette	17	Pulaski	8
Ford	23	Putnam	8
Franklin	44	Randolph	27
Fulton	46	Richland	25
Gallatin	9	Rock Island	302
Greene	11	Saline	35
Grundy	35	Sangamon	721
Hamilton	13	Schuyler	13
Hancock	24	Scott	8
Hardin	10	Shelby	21
Henderson	6	St. Clair	448
Henry	58	Stark	11
Iroquois	31	Stephenson	68
Jackson	137	Tazewell	97
Jasper	10	Union	15
Jefferson	85	Vermilion	136
Jersey	14	Wabash	23
Jo Daviess	20	Warren	31
Johnson	8	Washington	14
Kane	550	Wayne	17
Kankakee	107	White	17
Kendall	24	Whiteside	69
Knox	66	Will	393
Lake	939	Williamson	59
La Salle	188	Winnebago	444
Lawrence	12	Woodford	23

Appendix C

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION

1984 BUDGET

I. STAFF

A. SALARIES AND RELATED EXPENSES

1. Full Time Staff	797,500.00
2. Temporary Help	45,000.00
3. Fed. & State Unemp. Taxes	7,500.00
4. F.I.C.A.	55,000.00
5. Pension - Funding	32,000.00
6. Employee Group Insurance	89,000.00

B. TRAVEL EXPENSES

1. Administrator/Staff	20,000.00
2. Commission	2,500.00
3. Review Board	4,500.00
4. Hearing Board	2,000.00
5. Inquiry Board	3,500.00
6. Auto Expenses	6,500.00

C. LIBRARY AND CONTINUING EDUCATION EXPENSES

1. Staff - Continuing Ed.	7,000.00
2. Seminar	4,000.00
3. Library - Volumes	3,000.00
4. Library - Periodicals	5,500.00

II. OFFICE

A. GENERAL EXPENSES

1. Office Rent	143,000.00
2. Telephone	38,500.00
3. Insurance - General	8,000.00
4. Postage	40,000.00
5. Equipment Rental	17,500.00
6. Supplies	27,000.00
7. Printing	18,000.00
8. Duplicating	9,000.00
9. Annual Report - printing and postage	13,000.00
10. Reimbursement of Office Exp.	7,200.00
11. Commodities	6,300.00

B. COMPUTER ASSETS AND EXPENSES

1. Hardware Maintenance	16,500.00
2. Software Maintenance	5,000.00
3. Supplies	4,000.00
4. Outside Services	2,000.00
5. Program Modification	15,000.00
6. Purchase of Hardware	36,000.00

C. OTHER ASSETS

1. Office Furniture/Equipment	41,000.00
2. Leasehold Improvements	-
3. Depreciation Expenses	16,000.00

III. OUTSIDE PROFESSIONAL AND INVESTIGATIVE EXPENSES

1. Per Diem Outside Legal Services	5,500.00
2. Auditing, Bookkeeping, Payroll	20,000.00
3. Administration of Pension Trust	5,000.00
4. Court Reporting	37,000.00
5. Other Outside Professional Services	8,000.00
6. Investigation Expenses	5,500.00
7. Witness Fees/Travel Expenses	12,000.00
8. Supreme Court Committee on Code of Professional Responsibility	6,000.00

\$1,646,500.00

Appendix D

CASES IN OTHER FORUMS IN WHICH STAFF COUNSEL REPRESENT THE COMMISSION, STAFF OR MEMBERS OF THE DISCIPLINARY SYSTEM

1. Attorney Registration and Disciplinary Commission v. Heckler, 83-1132 (United States Court of Appeals, Seventh Circuit). Appeal from District Court dismissal of case number 80 C 3974. Judgment reversed and matter remanded on August 11, 1983.
2. Attorney Registration and Disciplinary Commission v. Schweiker, et al, 80 C 3974 (United States District Court, Northern District of Illinois). Suit to review cancellation of social security coverage for Commission employees. Pending.
3. Chicago Bar Association v. Cronson, 82 L 50131 (Circuit Court of Cook County). Complaint for declaratory judgment seeking determination of the authority of the Auditor General to audit the funds of the Commission and the State Board of Law Examiners. Pending.
4. Cronson v. Attorney Registration and Disciplinary Commission, No. 57179 (Supreme Court of Illinois). Mandamus proceeding to determine authority of the Auditor General to audit Commission funds. Motion denied on March 13, 1984. Reconsideration denied on April 12, 1984.

5. Walner v. Attorney Registration and Disciplinary Commission, 83 L 50722 (Circuit Court of Cook County). Complaint for mandamus against Inquiry Board members and staff attorneys in order to have proceedings against attorney dismissed. Dismissed with prejudice May 26, 1983.
6. Berry & Gore, Ltd. v. Administrator of the Attorney Registration and Disciplinary Commission, No. 83-814 (United States Supreme Court). Petition for writ of certiorari to Supreme Court of Illinois to review denial of motion to quash subpoena. Petition denied January 16, 1984.
7. Klimek v. Attorney Registration and Disciplinary Commission, 83 L 52767 (Circuit Court of Cook County). Complaint for declaratory judgment. Nonsuit on January 27, 1984.
8. Jafree v. Attorney Registration and Disciplinary Commission, 83-1255 and 1256 (United States Court of Appeals, Seventh Circuit). Consolidated appeals from District Court dismissal of suits.
9. Gekas v. Attorney Registration and Disciplinary Commission, 84 C 2534 (United States District Court, Northern District of Illinois). Suit to enjoin enforcement of disciplinary rule. Pending.

Appendix E Classification of Charges Received by the Administrator

Chart 6			Chart 7			Chart 8			
Code	Type of Matter	Number	Code	Type of Misconduct Charged	Number	Code	Type of Matter	Type of Misconduct Charged	Number
A . . .	Personal Injury/Property Damage . . .	605	1 . . .	Excessive Fees . . .	67	A-8 . . .	Personal Injury/Property Damage . . .	Lack of Communication . . .	162
B . . .	Tax . . .	11	2 . . .	Willful Failure to Cooperate with Disciplinary Authority . . .	2	A-10 . . .	Personal Injury/Property Damage . . .	Neglect . . .	137
C . . .	Equitable Relief . . .	12	3 . . .	Incompetence . . .	40	D-10 . . .	Domestic Relations . . .	Neglect . . .	130
D . . .	Domestic Relations . . .	425	4 . . .	Improper Advertising . . .	4	A-7 . . .	Personal Injury/Property Damage . . .	Mishandling Client Funds . . .	120
E . . .	Mental Health . . .	1	5 . . .	Solicitation . . .	36	D-11 . . .	Domestic Relations . . .	Relationship with Client . . .	113
F . . .	Adoption . . .	11	6 . . .	Criminal Conviction . . .	5	A-11 . . .	Personal Injury/Property Damage . . .	Relationship with Client . . .	78
G . . .	Local Government Problems . . .	9	7 . . .	Mishandling Client Funds (Embezzlement/Conversion/Withholding/Commingling) . . .	383	J-10 . . .	Criminal and Quasi-Criminal . . .	Neglect . . .	64
H . . .	Probate . . .	157	8 . . .	Lack of Communication . . .	196	M-10 . . .	Real Estate/Landlord-Tenant . . .	Neglect . . .	64
J . . .	Criminal and Quasi-Criminal . . .	262	9 . . .	Conflict of Interest . . .	85	D-8 . . .	Domestic Relations . . .	Lack of Communication . . .	61
K . . .	Corporate Matters . . .	15	10 . . .	Neglect . . .	564	J-11 . . .	Criminal and Quasi-Criminal . . .	Relationship with Client . . .	54
L . . .	Small Claims . . .	11	11 . . .	Relationship with Client (Disclosing of Confidential Information/Improper Withdrawal/Abandonment/Failure to Protect Interest of Client) . . .	393	J-8 . . .	Criminal and Quasi-Criminal . . .	Lack of Communication . . .	40
M . . .	Real Estate/Landlord-Tenant . . .	232	12 . . .	Misrepresentation . . .	166	H-10 . . .	Probate . . .	Neglect . . .	38
N . . .	Immigration . . .	15	13 . . .	Personal Behavior . . .	53	M-11 . . .	Real Estate/Landlord-Tenant . . .	Relationship with Client . . .	37
P . . .	Bankruptcy . . .	61	14 . . .	Mental Incapacity . . .	2	A-12 . . .	Personal Injury/Property Damage . . .	Misrepresentation/Fraud . . .	36
Q . . .	Labor . . .	43	15 . . .	Misconduct/Government Attorney (Regulatory) . . .	5	H-8 . . .	Probate . . .	Lack of Communication . . .	36
R . . .	Contract . . .	126	16 . . .	Relationship with Court . . .	27	M-7 . . .	Real Estate/Landlord-Tenant . . .	Mishandling of Client Funds . . .	34
S . . .	Patent and Trademark . . .	2	17 . . .	Relationship with Other Attorneys . . .	18	H-7 . . .	Probate . . .	Mishandling of Client Funds . . .	29
T . . .	Civil Rights/Federal Remedies . . .	41	18 . . .	Failure to pay for Services Requested for a Client . . .	20	M-8 . . .	Real Estate/Landlord-Tenant . . .	Lack of Communication . . .	29
X . . .	No Case . . .	87	19 . . .	Criminal Activity . . .	16	Z-10 . . .	Other . . .	Neglect . . .	29
Z . . .	Other . . .	208	20 . . .	Passing Uncollectible Check . . .	9	R-11 . . .	Contract . . .	Relationship with Client . . .	26
			21 . . .	Failure to Register . . .	14	H-11 . . .	Probate . . .	Relationship with Client . . .	24
			22 . . .	Failure to Return Documents . . .	20				
			23 . . .	Harassment in a Collection Matter . . .	13				
			24 . . .	Other . . .	97				
			25 . . .						
			26 . . .						
			27 . . .						
			28 . . .						
			29 . . .						
			30 . . .						

Alexander K. Kuhn & 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 ten months ended October 31, 1983.

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 pre-
sent fairly the financial position of the Attorney Registration and
Disciplinary Commission of the Supreme Court of Illinois at October
31, 1983, and the results of its operations and the changes in its
financial position for the ten months ended, in conformity with gen-
erally 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 5, 1984
Hillside, Illinois

BALANCE SHEET

October 31, 1983

ASSETS

CURRENT ASSETS

Cash in Bank	1,393.09	
Accounts Receivable (Other Than Fees)	8,919.16	
Investments (At Cost)	355,661.81	
Prepaid Expenses	6,543.70	\$372,517.76

FIXED ASSETS

Office Furniture, Equipment, Library, and Leasehold Improvements	463,202.50	
Less: Accumulated Depreciation	176,647.51	286,554.99
Total Assets		\$659,072.75

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES

Accounts Payable	26,954.85	
Deferred Fees	225,401.50	
Reinstatement Deposits	3,250.00	
Group Legal Service Registration Fee Fund	13,419.95	\$269,026.30

FUND BALANCES

Operating Fund	(13,348.90)	
Physical Asset and Replacement Fund	403,395.35	390,046.45
Total Liabilities and Fund Balances		\$659,072.75

STATEMENT OF REVENUE AND EXPENDITURES

Ten Months ended October 31, 1983

REVENUE

Attorney Registration Fees and Charges Collected	\$1,152,705.50
Interest on Investments	44,442.11
Other Miscellaneous Income	3,333.99
Total Revenues	1,200,481.60

EXPENDITURES

Salaries and Related Expenses		
Salaries	616,179.91	
Federal and State Unemployment Taxes	5,622.81	
F. I. C. A. Taxes	40,107.64	
Pension Contributions	20,513.40	
Employee Group Insurance	60,205.14	742,628.90
Travel Expenses		27,119.10
Library and Continuing Education Expenses		6,133.17
General Expenses		
Office Rent	107,393.57	
Telephone	30,535.47	
Insurance General	8,751.33	
Postage	29,956.80	
Equipment Rental and Maintenance		
Contracts	13,737.42	
Supplies	21,464.99	
Printing	9,997.68	
Duplicating	6,846.72	
Annual Report-Printing and Postage	11,919.20	
Reimbursement of Office Expenses	6,000.00	
Commodities	4,471.33	251,074.51
Computer Expenses		36,645.25
Depreciation Expense		34,143.40

Outside Professional and Investigative

Expenses		
Per Diem Outside Legal Services	4,130.66	
Auditing, Bookkeeping and Payroll	18,591.22	
Administration of Pension Trust	7,522.78	
Court Reporting	29,649.93	
Other Outside Professional Services	3,920.70	
Investigating Expenses	3,889.85	
Witness Fees/Travel Expenses	6,353.35	
Committee on Code of Professional Responsibility	4,373.69	78,432.18
Total Expenditures		1,176,176.51

EXCESS REVENUE OVER EXPENDITURES

\$ 24,305.09

STATEMENT OF CHANGES IN FINANCIAL POSITION

Ten Months ended October 31, 1983

SOURCE OF WORKING CAPITAL

Net Excess of Revenue Over Expenditures for Ten Months ended October 31, 1983	\$24,305.09
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Expenses Not Requiring Use of Funds:

Depreciation of Fixed Assets	34,143.40
Total Funds Provided by Operations	58,448.49

USE OF WORKING CAPITAL

Reduction of Accumulated Depreciation Due to Sale of Fixed Assets	987.41
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Purchase of Fixed Assets	90,540.95
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Total Funds Used by Operations	91,528.36
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DECREASE IN WORKING CAPITAL

\$33,079.87

WORKING CAPITAL

	1982	1983
<u>CURRENT ASSETS</u>	\$1,239,930.31	\$372,517.76
<u>CURRENT LIABILITIES</u>	1,103,358.98	269,026.30
<u>WORKING CAPITAL</u>	136,571.33	103,491.46
<u>DECREASE IN WORKING CAPITAL</u>		\$ 33,079.87

NOTES TO THE FINANCIAL STATEMENTS

October 31, 1983

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 pur-
pose of the Commission and the Office of the Administrator is to
maintain the Master Roll of Attorneys and to investigate into and
prosecute complaints against Illinois attorneys whose conduct
might tend to defeat the administration of justice or to bring
the courts 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
plan must be registered in the Office of the Administrator of the
Attorney Registration and Disciplinary Commission on or before
July 1 each year. The annual registration fee for each plan for
group legal services is \$50.00.

B. ACCOUNTING POLICIES

The books and other financial records of the Commission are
recorded on an accrued basis. The accounting year of the Commis-
sion is October 31, as established by a resolution by the Commis-
sioners 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
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 fund balance at October 31, 1983, totals
\$116,840.36.

C. 1983 UNCOLLECTED FEES

By October 31, 1983, only 702 attorneys were unregistered and
\$6,970.00 in registration fees uncollected. Of the 702 unregistered
attorneys, 23 were not residents of Illinois, 474 were removed from
Master Roll, 16 were more than 75 years old, and 189 were unaccounted
for by reason of death or a change of address without notification
to the Commission. The \$6,970.00 in uncollected registration fees
are not carried as receivables since it cannot be determined that
the amount is owed. A concerted effort is undertaken by the Admin-
istrator 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 deter-
mine whether the unregistered attorneys are engaged in the practice
of law.

D. INVESTMENTS

All investment transactions are handled by the Trust De-
partment 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 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.

F. LEASE AND MAINTENANCE COMMITMENTS

The Commission has the following major lease commitments existing at October 31, 1983.

1. Chicago Office - April 1, 1983 through March 31, 1988 (floors 19 and 20). Present value of lease commitment \$567,516.00. The Commission is also leasing on a month to month basis storage space at \$279.50 per month.
2. Springfield Office - February 1, 1983 through January 31, 1986 (Suite 330). Present value of lease commitment \$38,613.33 plus possible escalations based on all operating expenses of building.
3. Automobile lease January 10, 1982 through July 10, 1985 @ \$258.51 per month plus garage space @ \$75.00 per month.
4. Various rental and maintenance agreements on computer software and hardware and office equipment amounts to approximately \$29,900. annually.

G. INSURANCE COVERAGE

Our examination of the policies indicates the following coverage:

Workmen's Compensation	STATUTORY
Public Employees' Blanket Bond	
Honesty Blanket Position	100,000.
Business Personal Property Coverage, 90% co-insurance	
Chicago, Illinois	314,842.
Springfield, Illinois	15,000.
Loss of Income	Actual Loss/ 12 Months Limitation
Money and Securities-On Premises	10,000.
Money and Securities-Off Premises	2,000.
Comprehensive Business Liability Coverage	500,000.
Fire Legal Liability	50,000.
Premises Medical Payments	1,000/25,000.
Employers Non-Ownership Automobile Liability	500,000.
Advertising Offense Liability	500,000.
Umbrella Liability	2,000,000.
Retained Limit	10,000.
Professional Liability	1,000,000.
Deductible	5,000/50,000.
Leased Automobile Liability-Bodily Injury and Property Damage	500,000.
Comprehensive Deductible	100.
Collision Deductible	100.
Uninsured Motorist	15,000/30,000.
Employer Group Coverage Life and Disability Hospitalization and Medical	10/48,000.

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. 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 for the ten months ended was \$20,513.40. Mr. Carl H. Rolewick is the Plan Administrator.

The Internal Revenue Service has approved the Plan and Trust for qualification. On March 3, 1981, the Internal Revenue Service made an examination of the plan qualification, transactions and operations. On May 11, 1981, the Internal Revenue Service informed the Commission that the return for the period ended December 31, 1980, was accepted as filed.

J. 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 decisions. 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. On December 29, 1982, the case was dismissed by the United States District Court and the Commission has appealed. On August 11, 1983, the United States Court of Appeals reversed the dismissal by the District Court and remanded the case for further proceedings. The matter is pending.

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 the authority of the Auditor General to audit the funds of those agencies. The matter is pending.

On August 23, 1982, the Auditor General filed a motion for leave to file original petition for writ of mandamus in the Supreme Court of Illinois seeking the Court's determination as to the nature of the Commission's funds and requesting that the Attorney Registration and Disciplinary Commission be compelled to submit to an audit by the Auditor General. The matter is pending.

K. 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.

L. 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.