



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

COMMISSIONERS:

JAMES H. BANDY, CHAIRMAN
LESTER ASHER
SUZANNE BARANCIK
JOHN P. CLARKE
EDWARD J. EGAN
NED L. FISHER
FREDERICK T. KING, SR.

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
DEBORAH M. KENNEDY

COUNSEL:

JOHN R. CESARIO
WILLIAM C. CUNNINGHAM
MARY K. FOSTER
ALTHEA J. KULLER
GEORGINA M. MAHONEY
SAMUEL J. MANELLA
ROBERT A. MERRICK, JR.
WILLIAM F. MORAN, III
SCYTT RENFROE
SUSAN D. SHIVERS
THOMAS P. SUKOWICZ
NAOMI J. WOLOSIN

Chicago
April 30, 1988

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 1987 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 1987 and an accounting and audit of the monies received and expended during the twelve-month period which ended October 31, 1987.

Respectfully,

James H. Bandy, Chairman
Lester Asher
Suzanne Barancik
John P. Clarke
Edward J. Egan
Ned L. Fisher
Frederick T. King, Sr.

EXPANSION OF THE COMMISSION TO INCLUDE LAYPERSONS

On August 1, 1987 the Supreme Court amended Rule 751 to provide that the membership of the Commission be expanded from five to seven members and that three of the members be non-lawyers. On August 31, 1987 the Supreme Court announced the appointment of Suzanne Barancik of Chicago, John P. Clarke of Springfield and Frederick T. King Sr. of Chicago to serve as laypersons on the Commission

The new members joined the Commission for its meeting on September 11, 1987. The Commission looks forward to the contribution of its new members.

APPOINTMENT OF A COMMITTEE TO STUDY THE FUNCTION AND OPERATION OF THE COMMISSION

On September 1, 1987 the Supreme Court announced the appointment of a Blue Ribbon Committee to study the function and operation of the Attorney Registration and Disciplinary Commission. Appointed to serve were Dr. Eugene Hotchkiss, III of Lake Forest; Willard Bunn, Jr. of Springfield; Vincent J. Connelly of Chicago; George L. Herbolzheimer of LaSalle; Sandor Korein of East St. Louis; Dr. Max Samter of Chicago; and Wayne W. Whalen of Chicago.

THE CASELOAD

In 1987 the disciplinary caseload continued the significant increase it has experienced during the last five years. During 1987, as a result of the increase in staff provided for by the Court in 1986, the caseload is being handled in a more expeditious manner. The caseload of the Administrator, the Inquiry, Hearing and Review Boards and the disciplinary matters in the Supreme Court are presented in the first four charts that follow. Chart 5 compares certain key factors in the growth of the caseload and staff.

Each of the charges docketed in the Administrator's office during 1987 was classified as to the area of law (Chart 6) and the violation alleged (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.

As of the date of this report, 45 attorneys or judges convicted or implicated in "Operation Greylord" proceedings have been disbarred or suspended. In addition, 28 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.

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

Appendix D is a listing of all miscellaneous matters pending during 1987. One matter is noteworthy:

The *Chicago Bar Association, et al. v. Cronson*, No. 82 L 50131 (Circuit Court of Cook County). On July 26, 1982 the Chicago Bar Association filed suit 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. Defendants appealed. The appeal is pending in the Appellate Court of Illinois, First District under case No. 87-2634.

Chart 1 - Investigations and Inquiry

During 1987, the Administrator initiated 4886 investigations. During the year 5628 investigations containing charges relating to 6787 attorneys were terminated. After an initial review, the Administrator closed 741 of these charges based upon the conclusion of counsel that no misconduct was stated. The Administrator investigated 6046 charges and closed 4542. In addition, the Inquiry Board investigated 1504 charges which resulted in the voting of 229 complaints and the closure of 1275 charges.

Trend of Investigations During 1987

Pending Jan 01 87	Docketed During 1987	Terminated During 1987	Pending Dec 31 87
4336	4886	5628	3594

Charges Received From

Individual	Administrator
4409	477

Action Taken*

Closed-No Misconduct Stated	Closed by Administrator	Dismissed or Closed by Inquiry	Complaint Voted by Inquiry
741	4542	1275	229

Chart 2 - Hearing

During 1987, 103 complaints and petitions were filed with the Hearing Board and 91 were terminated.

Trend of Matters in the Hearing Board During 1987

Pending Jan 01 87	Filed During 1987	Terminated During 1987	Pending Dec 31 87
81	103	91	93

Chart 3 - Review

During 1987, 40 matters were filed with the Review Board and 45 were terminated. In addition, 18 matters went directly to the Court from the Hearing Board, no exceptions having been filed by either party.

Trend of Matters in the Review Board During 1987

Pending Jan 01 87	Filed During 1987	Terminated During 1987	Pending Dec 31 87
31	40	45	26

Chart 4 - Supreme Court

During 1987, the Supreme Court again handled a record number of disciplinary matters arising from the Commission. The matters filed with and terminated by the Court are detailed below.

Trend of Disciplinary Matters

In the Supreme Court During 1987

Pending Jan 01 87	Filed During 1987	Terminated During 1987	Pending Dec 31 87
74	364	340	98

Description of Cases Terminated

By Supreme Court

Supreme Court Rule Number	Description	Number
753, 761, 762, 763 & 774	Disciplinary Cases	103
754	Failure to comply with subpoena or court order	49
756	Failure to register	4
757 & 770	Transfer to inactive status	142
759 & 767	Reinstatement and restoration	12
772	Probation terminated, revoked, ordered	1
	Other	29
Total		340

Action by Supreme Court

Disciplinary

Disbarred	54
Suspended	39
Censured	10
Total	103

Non-Disciplinary

Transferred to Inactive Status	
- allowed	139
- not allowed	3
Petitions for Reinstatement	
- allowed	2
- not allowed	4
Petitions for Restoration	
- allowed	5
- not allowed	1
Total	154

*Total actions differ from total investigations terminated because some investigations contain charges against more than one attorney.

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	Investigations				Matters Filed with			Staff Size	
		Docketed	Administrator	Inquiry	Complaint Voted	Hearing Board	Review Board	Supreme Court	Attorneys	Investigators
1978	33,090	1,649	783	890	100	35	30	77	4.5	3
1979	35,509	1,765	943	609	62	34	22	55	6.0	4
1980	37,100	2,098	1,095	660	130	62	29	58	6.0	4
1981	39,280	1,924	1,098	608	130	49	38	104	7.0	5
1982	41,274	2,285	1,384	723	116	50	27	90	7.0	5
1983	43,116	2,388	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	7.0	6
1986	49,117	4,535	2,846	1,094	219	120	49	228	15.0	9
1987	50,635	4,886	4,542	1,275	229	103	40	364	16.0	9

CLASSIFICATION OF CHARGES RECEIVED BY THE ADMINISTRATOR IN 1987

Chart 6

AREA OF LAW	NUMBER
Tort Personal Injury /Property	
Damage	783
Domestic Relations	692
Criminal and Quasi Criminal	524
Real Estate Including	
Landlord Tenant	407
Undeterminable	241
Probate	234
Contract	233
Other	212
Labor Relations	130
Bankruptcy	117
Corporate Matters	92
No Case	89
Immigration	55
Tax	32
Local Government Problems	26
Civil Rights	24
Adoption	15
Patent and Trademark	12
Mental Health	10

Chart 7

VIOLATION ALLEGED	NUMBER
Neglect	1046
Failure to Communicate with Client	607
Conduct Involving Dishonesty or Fraud	499
Improper Handling of Funds of Others	300
Other	218
Excessive Fee	157
Incompetence	141
Conduct Prejudicial to the Administration of Justice	110
Greyford Related	92
Failure to Treat Others with Courtesy	87
Relationship with Client Disclosing Confidential Information...Improper Withdrawal...Abandonment...	78
Failure to Protect Interest of Client...etc.	78
Conduct Which Tends to Bring Legal Profession Into Disrepute	72
Solicitation	59
Improper Trial Conduct	52
Aiding the Unauthorized Practice of Law	46
Employment Where Interest of Another Client May Impair Judgment	45
Private Communication Submitted Pursuant to Rule 2-103 (e)	33
Improper Communication Adverse Party	30

FISCAL 1987

The Commission approved the fiscal 1987 budget on January 16, 1987. The budget provided funds to expand the staff by two lawyers, four secretaries, an assistant registrar and one receptionist.

The hiring of additional personnel in 1986 and 1987 necessitated expanding the Commission's office in Chicago. In January 1987 a lease was negotiated for one-third of the 21st floor of the 203 North Wabash Building.

Replacement of the computer was provided for in the fiscal 1987 budget. The Hewlett Packard Model 3000/48 computer main frame is to be replaced by a Hewlett Packard 3000/930 that has the capability to handle the many demands placed on the system. The new computer was not delivered in fiscal 1987. The approved budget expenditure was carried over to the fiscal 1988 budget and an interim computer has been installed at no cost to the Commission pending delivery of the new computer.

REGISTRATION

On October 31, 1987 the Master Roll of Attorneys contained the names of 51,387 attorneys in the following categories:

CATEGORIES	NUMBER
Oath not administered	2
Admitted between January 1, 1986 and Present	2,778
Admitted between January 1, 1984 and December 31, 1985	4,539
Admitted before January 1, 1984	34,873
On active military duty	187
Born before January 1, 1912	2,044
Admitted more than one year but neither practicing, residing nor employed in Illinois	6,309
1987 registration fee excused for hardship	<u>83</u>
TOTAL CURRENTLY REGISTERED	50,635
Paid fee and subsequently removed from Master Roll	<u>752</u>
TOTAL	<u>51,387</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 1987 in-state registered attorney population by county of principal office.

Attorney Registration and Disciplinary Commission
Statement of Revenue and Expenditures
Year Ended October 31, 1987

	OPERATING FUND	MEDICARE REPLACEMENT RESERVE TRUST
REVENUE		
1987 registration fees		
Including penalties and delinquent		
...fees from prior years	3,813,798.20	
Interest	102,778.54	6,885.43
Other miscellaneous revenue	32,679.44	
Contribution from Operating Fund		66,400.40
Decrease in Market Value of Investments		(1,448.53)
TOTAL REVENUES	<u>3,949,256.18</u>	<u>71,837.30</u>
EXPENDITURES		
Salaries of Administrator and Staff	1,756,786.05	
State unemployment tax	11,025.44	
Pension contributions	297,991.14	
Hospital life & workers comp insurance	189,821.79	
Medicare Replacement Reserve Trust	66,400.40	
Hospital Insurance Tax	13,502.53	
Disability & Hospital Ins premiums		24,567.48
Travel expenses of the Commission, Staff, ...Inquiry, Hearing and Review Boards	86,754.94	
Library & Continuing Education Expense	31,511.41	
Office Rent	337,869.42	
Telephone	49,443.07	
Insurance liability fire theft		
...extended coverage and computer	20,782.31	
Postage	56,424.35	
Equipment rental & maintenance contracts	21,287.91	
Printing & supplies	99,721.34	
Annual report printing and postage	24,526.53	
Other general expenses	21,472.71	
Computer	59,443.86	
Depreciation	162,469.65	
Auditing recordkeeping & payroll	15,420.20	
Administration of pension trust	10,031.36	
Court reporting fees	111,968.60	
Outside professional services		
...and investigative expenses	63,352.75	
Duplication of records & other expenses	27,092.98	
Witness fees travel expenses	6,139.10	
Supreme Court Committee		
...on Professional Responsibility	<u>4,201.18</u>	
TOTAL EXPENDITURES	<u>3,555,442.98</u>	<u>24,567.48</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>393,813.20</u>	<u>47,269.82</u>

REPORT ON STAFF

As of December 31, 1987 the full time staff of the Administrator's office consisted of:

ADMINISTRATOR	
DEPUTY ADMINISTRATOR	
ASSISTANT ADMINISTRATOR	
LEGAL SERVICES	ADMINISTRATIVE SERVICES
Senior Counsel (5)	Manager, Administrative Services
Counsel (12)	Administrative Assistant (2)
Special Counsel (2)	Comptroller
Lawyer Assistant (7)	Manager, Computer System
Senior Investigator (3)	Registrar
Investigator (6)	Deputy Registrar
Manager, Secretarial Services	Assistant Registrar(2)
Senior Secretary (3)	Bursar
Secretary (10)	Manager, Personnel
Receptionist (2)	Clerk
Receptionist Typist (3)	Deputy Clerk (2)
Office Aide (5)	Docket Clerk (2)

REPORT ON RULE CHANGES

On August 1, 1987 the Supreme Court amended Rule 751 to provide for the expansion of the Commission to include laypersons.

On March 17, 1988 the Court amended rules 751 and 752 to provide that the Commission, with the approval of the Court, appoint the Administrator and authorize his compensation. The rule previously provided that the Court appoint the Administrator and set his salary.

On January 15, 1988 the Commission amended Rule 301 to clarify the procedure for filing exceptions before the Review Board and to avoid unnecessary appeals.

APPENDIX A

REGISTERED ATTORNEYS AS OF OCTOBER 31, 1987

IN THE

JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	1983	1984	1985	1986	1987
FIRST DISTRICT					
Cook County	<u>25894</u>	<u>26240</u>	<u>26916</u>	<u>27739</u>	<u>29872</u>
SECOND DISTRICT					
15th Circuit	174	179	181	170	175
16th Circuit	683	698	697	722	778
17th Circuit	473	475	479	493	509
18th Circuit	1578	1658	1697	1803	1972
19th Circuit	1164	1191	1227	1311	1438
TOTAL	<u>4072</u>	<u>4201</u>	<u>4281</u>	<u>4499</u>	<u>4872</u>
THIRD DISTRICT					
9th Circuit	215	215	206	204	209
10th Circuit	651	665	657	665	684
12th Circuit	531	527	518	513	538
13th Circuit	278	280	275	278	292
14th Circuit	443	430	444	443	453
TOTAL	<u>2118</u>	<u>2117</u>	<u>2100</u>	<u>2103</u>	<u>2176</u>
FOURTH DISTRICT					
5th Circuit	281	277	273	273	281
6th Circuit	695	690	671	681	709
7th Circuit	841	903	909	930	983
8th Circuit	193	186	185	179	177
11th Circuit	404	388	389	394	402
TOTAL	<u>2414</u>	<u>2444</u>	<u>2427</u>	<u>2457</u>	<u>2552</u>
FIFTH DISTRICT					
1st Circuit	299	279	302	304	320
2nd Circuit	278	287	291	297	315
3rd Circuit	360	365	384	403	435
4th Circuit	250	253	256	247	262
20th Circuit	528	544	563	595	652
TOTAL	<u>1715</u>	<u>1728</u>	<u>1796</u>	<u>1846</u>	<u>1984</u>

APPENDIX B

COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS
Adams	102	Lee	34
Alexander	12	Livingston	54
Bond	13	Logan	27
Boone	26	Macon	216
Brown	7	Macoupin	41
Bureau	56	Madison	422
Calhoun	4	Marion	55
Carroll	13	Marshall	14
Cass	12	Mason	17
Champaign	407	Massac	20
Christian	44	Mc Donough	46
Clark	18	Mc Henry	283
Clay	18	Mc Lean	283
Clinton	25	Menard	11
Coles	85	Mercer	14
Cook	29872	Monroe	26
Crawford	26	Montgomery	41
Cumberland	7	Morgan	47
De Kalb	116	Moultrie	17
De Witt	21	Ogle	41
Douglas	23	Peoria	551
Du Page	1972	Perry	22
Edgar	32	Piatt	25
Edwards	4	Pike	15
Effingham	34	Pope	3
Fayette	18	Pulaski	6
Ford	20	Putnam	8
Franklin	58	Randolph	26
Fulton	43	Richland	26
Gallatin	9	Rock Island	318
Greene	16	Saline	38
Grundy	42	Sangamon	854
Hamilton	12	Schuyler	9
Hancock	21	Scott	10
Hardin	7	Shelby	18
Henderson	7	St. Clair	564
Henry	54	Stark	11
Iroquois	26	Stephenson	59
Jackson	153	Tazewell	100
Jasper	9	Union	14
Jefferson	96	Vermilion	139
Jersey	15	Wabash	24
Jo Daviess	28	Warren	28
Johnson	9	Washington	14
Kane	640	Wayne	18
Kankakee	107	White	19
Kendall	22	Whiteside	67
Knox	64	Will	405
Lake	1155	Williamson	65
La Salle	194	Winnebago	483
Lawrence	16	Woodford	18

APPENDIX C

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION

**BUDGET FOR FISCAL YEAR ENDING
OCTOBER 31, 1988**

	AMOUNT
I. STAFF	
A. SALARIES AND RELATED EXPENSES	
Full Time Staff	\$1,996,000
Temporary Help	\$60,000
State Unemployment Tax	\$15,650
Federal Hospital Ins Tax	\$12,375
Group Health Insurance	\$220,000
Retirement Plan & Trust	\$360,000
Medicare Replacement Trust	\$80,000
SUBTOTAL	<u>\$2,744,025</u>
B. TRAVEL EXPENSES	
Staff	\$35,000
Vehicle Rental & Expenses	\$38,000
Commission	\$5,500
Review Board	\$15,000
Hearing Board	\$5,000
Inquiry Board	\$7,500
SUBTOTAL	<u>\$106,000</u>
C. CONTINUING EDUCATION EXPENSES	
Continuing Education & Seminar	\$25,000
Library Volumes	\$7,500
Library Periodicals	\$10,000
SUBTOTAL	<u>\$42,500</u>
II. OFFICE	
A. GENERAL EXPENSES	
Office Rent	\$360,000
Utilities Electric	\$35,000
Telephone	\$55,000
General Insurance	\$26,000
Postage	\$70,000
Equip Maintenance & Rental	\$30,000
Office Supplies	\$65,000
Stationery and Forms	\$40,000
Publications	\$30,000
Reimbursement of Office Exp	\$8,000
Commodities	\$7,000
Maintenance and Repairs	\$14,000
SUBTOTAL	<u>\$740,000</u>

B. COMPUTER ASSETS AND EXPENSES

Hardware Maintenance	\$21,000
Software Maintenance	\$5,000
Computer Supplies & Service	\$10,000
Program Modification	\$25,000
Purchase of Hardware	\$40,000
Purchase of HP 930 Computer	\$210,000
SUBTOTAL	<u>\$311,000</u>

C. OTHER ASSETS

Office Furniture	\$22,500
Office Equipment	\$52,500
Physical Asset Replacement Fund	\$40,000
Telephone System	\$65,000
SUBTOTAL	<u>\$180,000</u>

III. OTHER EXPENSES

A. OTHER PROFESSIONAL EXPENSES

Auditing and Recordkeeping	\$20,000
Retirement Plan & Trust Exp	\$10,500
Court Reporting	\$115,000
Outside Investigations	
...Medical Exams	\$10,000
...Dup. of Records & Other Exps	\$35,000
Witness Fees	\$10,000
Supreme Court Committee on Code of	
...Professional Responsibility	\$6,500
SUBTOTAL	<u>\$207,000</u>
TOTAL	<u>4,330,525</u>

APPENDIX D

MISCELLANEOUS LITIGATION
PENDING IN 1987

CASE CAPTION	ML NO./COUNSEL	NATURE AND STATUS	CASE CAPTION	ML NO./COUNSEL	NATURE AND STATUS
Chicago Bar Assn. et al., et al., v. Cronson No. 87-2634 (Appellate Court of Illinois, First District)	82 ML 3 Kennedy	Appeal by defendant Cronson to summary judgment that Auditor General is not authorized to audit Commission and State Board of Law Examiners pends.	In re Grand Jury, 84 G.J. 168 (United States District Court, Northern District of Illinois)	87 ML 6 Renfro	Motion for access to grand jury record allowed on March 11, 1987.
Adams, Korrib & Holstein v. Attorney Registration and Disciplinary Commission, 84 C 2534 (United States District Court for the Northern District of Illinois)	84 ML 4 Gronkiewicz	Complaint to enjoin Commission from enforcement of Rule 2-103 (b)(2) of the Illinois Code of Professional Responsibility dismissed as moot on April 21, 1987 following amendment of rule.	In re a former employee, (Department of Employment Security of the State of Illinois)	87 ML 7 Sukowicz	Uncontested application for unemployment benefits granted on March 12, 1987.
In re Central Office Equipment, et al, No. 384006611 (United States Bankruptcy Court for the Central District of Illinois)	84 ML 22 Drake	Claim filed by Administrator against debtor in bankruptcy case for balance of copy machine service contract pends.	In re two attorneys, 85 D 320 (Circuit Court of DuPage County)	87 ML 8 Renfro	Motion for access to impounded court file allowed on March 25, 1987.
In re Edward Anthony Loss, No. M.R. 3972 (Supreme Court of Illinois)	85 ML 6 Holtaway	Petitioner's application for admission to the Bar denied on August 17, 1987.	In re Grand Jury 83 G.J. 1452 (United States District Court, Northern District of Illinois)	87 ML 9 Cunningham	Motion for access to grand jury record allowed in part on August 3, 1987.
In re Martin Schachter M.R. 3912 (Supreme Court of Illinois)	86 ML 13 Woloshin	Judgment of contempt against Schachter for engaging in practice of law during disbarment entered on September 22, 1987.	Marshall Field's v. an employee, 86 ML 172284 (Circuit Court of Cook County)	87 ML 10 Sukowicz	Wage deduction proceeding stayed pursuant to agreement of employee to make monthly payments.
Elder v. Judge Murray et al, No. 86 L 25229 (Circuit Court of Cook County)	86 ML 16 Cunningham	Complaint to review disposition of disciplinary investigation denied.	In re a former employee, No. 336409667, (Department of Employment Security of the State of Illinois)	87 ML 11 Sukowicz	Application for unemployment benefits allowed on June 26, 1987.
Jane Doe v. First National Bank of Chicago, 85 C 3742 (United States District Court for the Northern District of Illinois)	87 ML 1 Sukowicz	Commission obligation to produce documents, pursuant to subpoena discharged.	In re Attorney Registration and Disciplinary Commission, Identification No. 253 (Department of Inspectional Services of the City of Chicago)	87 ML 12 Sukowicz	Building code violation charge against commission withdrawn without action taken.
In re Basil Chris Elias, 86-1173 (Supreme Court of the United States)	87 ML 2 Grogan	Petition for writ of certorari to contest discipline denied on March 2, 1987.	Hugh M. Matchett v. Bauer, Posner, Easterbrook & Rolewick, No. 65562 (Supreme Court of Illinois)	87 ML 13 Sukowicz	Motion for supervisory order compelling further disciplinary action against an attorney denied on August 21, 1987.
Milton Anderson v. Nathaniel House, Mr. Stephenson and the Attorney Registration and Disciplinary Commission, 87 L 100048 (Circuit Court of Cooks County)	87 ML 3 Renfro	Complaint alleging failure by Commission to investigate disciplinary charge dismissed with prejudice on March 13, 1987.	In re a former employee, No. 347-46-1280 (Department of Employment Security of the State of Illinois)	87 ML 14 Sukowicz	Application for unemployment benefits allowed on September 18, 1987.
In re Grand Jury, 83 G.J. 175 (United States District Court Northern District of Illinois)	87 ML 4 Holtaway	Motion for access to grand jury record allowed on February 9, 1987.	In re: Christopher LaSalle Co. & Federal Express Co., No. 121212 (United States Bankruptcy Court for the Northern District of Illinois)	87 ML 15 Sukowicz	Commission's bankruptcy claim against Christopher LaSalle Messenger Service pends; claim by Federal Express against Commission for services it provided at request of Christopher LaSalle settled.
Bruce R. Berry and Richard Gore v. Thomas J. Monahan, Director, Cook County Department of Corrections and Neil F. Hartigan, Attorney General of the State of Illinois, 87 C 1328 (United States District Court, Northern District of Illinois)	87 ML 5 Cunningham	Petition for writ of habeus corpus regarding judgment of contempt and sentence of incarceration imposed upon two disbarred attorneys granted.	A former employee v. Attorney Registration and Disciplinary Commission, No. 210880112 (Equal Employment Opportunity Commission)	87 ML 16 Sukowicz	Charge of racial discrimination by former employee against Commission pends.
			In re a former employee, No. 308-36-1066-4 (Department of Employment Benefits of the State of Illinois)	87 ML 17 Sukowicz	Uncontested application for unemployment benefits allowed on December 16, 1987.

Alexander X. Kuhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
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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, 1987 as indexed on the preceding page..

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 October 31, 1987, 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 8, 1988
Hillside, Illinois

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION

OF THE SUPREME COURT OF ILLINOIS

BALANCE SHEET

October 31, 1987

ASSETS	GENERAL OPERATING FUND	FIXED ASSETS & REPLACE- MENT FUND	DEFERRED FEES AND INVESTMENT FUND	GROUP LEGAL SERVICE REGISTRATION FEE FUND	MEDICARE REPLACEMENT RESERVE TRUST	COMBINED FUNDS
<u>CURRENT ASSETS</u>						
Cash On Hand and In Bank						
Illinois National Bank of Springfield	124,406.20					124,406.20
First National Bank of Springfield	1,500.00					1,500.00
N.B.D. Chicago Bank	1,700.00					1,700.00
Petty Cash	300.00					300.00
Accounts Receivable - Other Than Fees	3,966.43					3,966.43
Investments (At Cost)	132,415.23	642,367.94	27,546.76	128,320.09	930,650.02	
Prepaid Expenses	54,825.40				925.37	55,750.77
Total Current Assets	<u>186,698.03</u>	<u>132,415.23</u>	<u>642,367.94</u>	<u>27,546.76</u>	<u>129,245.46</u>	<u>1,118,273.42</u>
<u>FIXED ASSETS</u>						
Computer and Related Equipment		451,738.28				451,738.28
Office Furniture and Equipment		645,542.81				645,542.81
Library		48,070.95				48,070.95
Leasehold Improvements		76,848.81				76,848.81
Total		<u>1,222,200.85</u>				<u>1,222,200.85</u>
Less: Accumulated Depreciation		<u>486,270.18</u>				<u>486,270.18</u>
Net Fixed Assets		<u>735,930.67</u>				<u>735,930.67</u>
<u>TOTAL ASSETS</u>	<u>186,698.03</u>	<u>868,345.90</u>	<u>642,367.94</u>	<u>27,546.76</u>	<u>129,245.46</u>	<u>1,854,204.09</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>CURRENT LIABILITIES</u>						
Accounts Payable	68,536.35					68,536.35
Notes Payables	144,907.04					144,907.04
Deferred Fees (Note M)			644,699.76			644,699.76
Reinstatement Deposits	7,750.00					7,750.00
Group Legal Service Registration Fees				27,546.76		27,546.76
Total Current Liabilities	<u>221,193.39</u>		<u>644,699.76</u>	<u>27,546.76</u>		<u>893,439.91</u>
<u>FUND BALANCES</u>						
Operating Fund	(34,495.36)					(34,495.36)
Other Fund Balances		868,345.90	(2,331.82)		129,245.46	995,259.54
Total Fund Balances	<u>(34,495.36)</u>	<u>868,345.90</u>	<u>(2,331.82)</u>		<u>129,245.46</u>	<u>960,764.18</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>186,698.03</u>	<u>868,345.90</u>	<u>642,367.94</u>	<u>27,546.76</u>	<u>129,245.46</u>	<u>1,854,204.09</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 FUND BALANCE

October 31, 1987

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>BALANCE</u> , November 1, 1986	437,705.52	81,975.64
<u>ADD:</u> Excess of Revenue Over Expenditures (Exhibit III)	<u>393,813.20</u>	<u>47,269.82</u>
<u>BALANCE</u> , October 31, 1987	<u>831,518.72</u>	<u>129,245.46</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 REVENUE AND EXPENDITURES

Year Ended October 31, 1987

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<u>REVENUE</u>		
Attorney Registration Fees and Charges Earned	3,813,798.20	
Interest on Investments	102,778.54	6,885.43
Miscellaneous Income	32,679.44	
Contribution from Operating Fund		66,400.40
Decrease in Market Value of Investments		<u>(1,448.53)</u>
Total Revenues	<u>3,949,256.18</u>	<u>71,837.30</u>
<u>EXPENDITURES</u>		
Salaries and Related Expenses	2,340,838.35	
Travel Expenses	86,754.94	
Library and Continuing Education Expenses	31,511.41	
General Expenses	636,218.64	
Computer Expenses	59,443.86	
Depreciation Expense	162,469.65	
Outside Professional and Investigative Expenses	238,206.13	
Disability and Hospitalization Insurance Premium		<u>24,567.48</u>
Total Expenditures	<u>3,555,442.98</u>	<u>24,567.48</u>
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	<u>393,813.20</u>	<u>47,269.82</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended October 31, 1987

	<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, 1987	393,813.20	47,269.82
Expenses Not Requiring Use of Funds:		
Depreciation of Fixed Assets	162,469.65	
Disposition of Fixed Assets	12,903.74	
Total	<u>569,186.59</u>	<u>47,269.82</u>
<u>USES OF WORKING CAPITAL</u>		
Purchase of Fixed Assets	<u>302,721.62</u>	
<u>INCREASE IN WORKING CAPITAL</u>	<u>266,464.97</u>	<u>47,269.82</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, 1987

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.

C. 1987 UNCOLLECTED FEES

As of October 31, 1987, there were 1,159 attorneys unregistered and \$20,525.00 in registration fees uncollected. Of the unregistered attorneys, 143 were not residents of Illinois, 5 with waived fee, 718 were removed from the Master Roll, 89 were more than 75 years old, and 204 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$20,525.00 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,

1. Chicago Office - April 1, 1983 through March 31, 1988 (floors 19 and 20); October 1, 1984 through September 30, 1989 (18th floor); (21st floor) February 1, 1987 through September 30, 1989; Present value of lease commitment \$273,720.50. The Commission is also leasing on a month to month basis, storage space @ \$577.50 per month.

2. Springfield Office - November 1, 1985 through October 31, 1990, (Suite 330). Present value of lease commitment \$146,113.92 plus possible escalations based on all operating expenses of building.

3. Automobile Lease

1987 Ford Tempo - July 7, 1987 through July 7, 1989 at \$318.00 per month.

1988 Ford Aerostar Wagon - November 10, 1987 through November 10, 1989 at \$538.12 per month.

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

Garage Space - \$700.00 per month.

4. Various rental and maintenance agreements on computer software, hardware and office equipment amounts to approximately \$46,000.00 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.....	581,750
Springfield.....	63,304
Money and Securities.....	10,000/2,000
Comprehensive Business Protection.....	500,000
Fire Legal Liability.....	100,000
Premises Medical Payments.....	5,000
Data Processing - 100% Co-Insurance	
Chicago.....	420,744
Springfield.....	20,954
Umbrella Liability.....	5,000,000
Directors & Officers Liability.....	1,000,000
(\$5,000 Deductible)	
Business Automobile Liability	
Bodily Injury and Property Damage.....	1,000,000
Uninsured Motorist.....	1,000,000
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.....	10,000
Employer Group Coverage	
Life and Disability.....	10/60,000
Hospitalization Medical and Dental.....	-

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 was filed with the Internal Revenue Service and the Commission was notified by Letter of a favorable determination.

Effective January 1, 1987 the Plan was again amended and restated to qualify under the Tax Reform Act of 1986.

The Internal Revenue Service has examined the Retirement Plan Return Form 5500-C for the year ended December 31, 1985 and have accepted the return as filed.

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 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 proceedings other than disciplinary proceedings. Some of these matters challenge the authority of the Commission or seek injunctive relief or damages allegedly caused by disciplinary decisions. Other proceedings are brought by the Commission to obtain access to grand jury material for use in a disciplinary matter. Other suits relate to minor matters, including employment related claims and contract disputes.

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 that 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, summary judgment was granted in favor of the plaintiffs. Defendants appealed. The appeal is pending before the Appellate Court of Illinois, First District. Chicago Bar Association, et al. v. Cronson, 87-2634.

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 preliminarily enjoined the Commission from enforcing Rule 2-103(b)(2), a decision which was upheld by the Court of Appeals for the Seventh Circuit on September 18, 1986. On April 10, 1987 the Supreme Court of Illinois amended Rule 2-103(b)(2). On April 21, 1987 the District Court dismissed the proceeding as moot. Therefore, the Commission paid \$34,000 in attorneys fees to plaintiffs.

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.