



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

JOHN C. O'MALLEY  
ADMINISTRATOR  
JEROME LABKIN  
DEPUTY ADMINISTRATOR

Chicago  
April 30, 1989

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 1988 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 1988, an accounting and audit of the monies received and expended during the twelve-month period which ended October 31, 1988, and an evaluation which contains certain recommendations to improve the operation of the Commission in the future.

Respectfully,

James H. Bandy, Chairman  
Lester Asher  
Suzanne Barancik  
John P. Clarke  
David M. Hartigan  
Frederick T. King, Sr.

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# I. ACTIVITIES DURING 1988

## A. Development in the Management of the Commission

During 1988 the Commission maintained high levels of caseload and production and witnessed significant decisions of the Supreme Court in attorney disciplinary matters. At the same time, 1988 was a year of transition which afforded the Commissioners and staff the opportunity to evaluate the demands placed upon the Commission and to determine and project the Commission's programs for the future. The cooperative effort of the Commission and staff during 1988 and careful consideration of Commission proposals by the Supreme Court has resulted in reorganization, increased funding and moderate expansion of staff for 1989.

On March 31, 1988 Carl H. Rolewick, the Commission's founding Administrator, submitted his resignation to the Supreme Court. Mr. Rolewick's fifteen years of service to the Commission and the leadership he provided contributed in substantial part to the Commission's successful operations over the years. On May 1, 1988 John C. O'Malley, the Commission's Deputy Administrator, was appointed to serve as Administrator.

## B. Developments in Disciplinary Law

During 1988, the Supreme Court imposed disbarment, suspension or censure in 112 matters and discharged 6 matters. Of those, 21 resulted in opinions of the Court involving a variety of issues of professional responsibility. For the information of the public and profession, decisions of the Court regarding the duty to report misconduct, the duty to supervise subordinates, bench-bar relations and lawyer advertising are discussed below:

### 1. Duty to Report Misconduct

On September 22, 1988, an attorney was suspended from the practice of law for one year for failing to report the misconduct of another lawyer as mandated by Rule 1-103(a) of the Illinois Code of Professional Responsibility. *In re Himmel*, 125 Ill.2d 531, 533 N.E.2d 790 (1988).

Respondent possessed unprivileged knowledge that another lawyer had converted \$23,233.34 in client settlement proceeds. Instead of reporting the misconduct, Respondent entered into a settlement agreement with the corrupt attorney whereby no criminal, civil or attorney disciplinary action would be taken if the client was paid \$75,000. Respondent agreed to take one-third of any funds recovered in excess of \$23,233.34 as his fee. The corrupt lawyer converted the funds of several other clients after Respondent's duty to report

arose.

In another case, the Court denied a petition for the reinstatement of a disbarred attorney based upon his inability to comprehend the obligation he would assume as a reinstated attorney to comply with Rule 1-103. *In re Anglin*, 122 Ill.2d 531, 524 N.E.2d 550 (1988). Petitioner was convicted of a crime and disbarred in 1974. Petitioner later refused to identify persons involved in the scheme for which he was convicted. He received immunity, declined to testify and was held in contempt of court. In 1984, he filed a petition for reinstatement to the practice of law. Petitioner again refused to answer questions regarding the scheme. The Court held that Petitioner's belief in a "code of silence" indicated he was not rehabilitated or fit to practice law.

### 2. Duty to Supervise Subordinates

On January 19, 1988, a lawyer was censured for neglect and failing to supervise the activities of an associate attorney. *In re Weinberg*, 119 Ill.2d 309, 518 N.E.2d 1037 (1988). Respondent had delegated the task of writing an appellate brief to another attorney. Eighteen months later the appeal was dismissed because no brief had been filed. Respondent was disciplined because he failed to monitor the progress of the appeal. The Court noted Respondent could not avoid his professional obligations by delegating the work to another.

### 3. Bench-Bar Relations

During 1988, numerous opinions considered the social, professional and financial relations between bench and bar. The cases all involved Rule 7-110(a) of the Illinois Code of Professional Responsibility. Prior to 1988, the rule provided that lawyers could not give or loan anything of value to judges, officials, or employees of a tribunal except for contributions to campaign funds of judicial candidates. On June 20, 1988, the Court amended Rule 7-110(a) to permit gifts or loans from lawyers to judges if those gifts or loans were permitted by the Illinois Code of Judicial Conduct. An attorney may make a gift or loan to a judge only if the attorney has not practiced, does not practice and is unlikely to appear before the judge. The Court noted that the policy of Rule 7-110(a) is the preservation of an independent and impartial judiciary. The rule is designed not only to forestall lawyers from seeking to exercise improper influence over the judiciary, but also to eliminate even the appearance of improper influence. See *In re Corboy, et al.*, 124 Ill.2d 29, 528 N.E. 2d 694 (1988).

During 1988, opinions were filed imposing various sanctions for violations of Rule 7-110(a). Where a gift or loan was made to curry favor or improperly influence a judge, disbarment was determined to be appropriate. See, e.g., In re D'Angelo, 126 Ill.2d 45, 533 N.E.2d (1988) (free rental cars to judges and public officials); In re Heller and Morris, 126 Ill.2d 94, 533 N.E.2d 824 (1988) (loans made, guaranteed or arranged for a judge who regularly heard attorneys cases); In re Green, 104 Ill.2d 65, 470 N.E.2d 316 (1984) (loan made to a judge while case in which Respondent had an interest was pending); (case dismissed after Respondent's death); and In re Powell, 126 Ill.2d 15, 533 N.E.2d 831 (1988) (attorney importuned litigant to post collateral for loan to a judge). Suspension was determined to be appropriate where Rule 7-110(a) violations were aggravated by certain factors. See, e.g., In re Ketchum, 124 Ill.2d 50, 528 N.E.2d 689 (1988) (two year suspension where Respondent's loans to a judge could benefit attorney's law practice in future); and In re Karzoy, 126 Ill.2d 33, 533 N.E.2d 856 (1988) (eighteen month suspension for loan made to avoid possible retaliation by a judge).

Additional cases involving Rule 7-110(a) pend before the Supreme Court.

#### 4. Advertising and Solicitation; Assisting in the Unauthorized Practice of Law; Conflict of Interest; Fraud

An attorney was suspended for three years for misconduct arising from improper solicitation of employment. In re Komar, 125 Ill. 2d 427, 532 N.E.2d 801 (1988). Respondent formed a business corporation with non-lawyers. The corporation solicited owners of dwellings which were the subject of mortgage foreclosure actions. These solicitations, sent by mail, created an unrealistic sense of urgency and contained false assurances that the corporation would prevent foreclosure. They implied falsely that the services were financial in nature. The circulars did not disclose that Respondent had an interest in the corporation. On behalf of the corporation, Respondent met with the homeowner and gave the homeowner legal advice. In most instances, Respondent suggested that the "solution" to the client's foreclosure problem was referred to another lawyer for the filing of a bankruptcy proceeding. Under the contract between the corporation and the client, once such a "solution" was obtained, the client would become obligated to pay the corporation \$1,000, no part of which was applied to pay the fee of the bankruptcy attorney. The corporation compensated Respondent for providing the services to the client.

### C. Status of Proceedings Related to "Operation Greylord"

As of December 31, 1988, 50 attorneys or judges convicted or implicated in the "Operation Greylord" federal criminal proceedings have been disbarred or suspended. In addition, 23 matters were pending before the Hearing and Review Boards or the Court arising from testimony or disclosure made in Operation Greylord proceedings. The Supreme Court handed down 10 opinions in contested disciplinary matters related to or arising from Operation Greylord.

### D. The Caseload

In 1988, the disciplinary caseload continued to increase. 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 key factors in the growth of the caseload and staff. Charts 6 and 7 indicate the classification of investigations at the time of docketing as to area of law involved and principal violation alleged, respectively.

During 1988 the Commission, with the cooperation of the volunteers serving on the Boards, maintained the gains made in reducing the calendar of cases pending at all levels of the system. The Hearing and Review Boards are current.

The Commission has focused its attention on the calendars of matters pending before the Inquiry Board and under investigation by the Administrator to insure that unnecessary delay at these levels is eliminated. The Commission and Administrator have developed expanded systems to monitor the caseload at these levels and established time guidelines for the disposition of investigations. The Commission has established an Administrative Oversight Committee to insure that matters concluded by the Administrator were processed in a timely and proper manner.

### Chart 1 - Investigations and Inquiry

During 1988, the Administrator initiated 4,945 investigations containing charges related to 6,348 attorneys. During the year 5,284 investigations containing charges related to 6,659 attorneys were terminated. The Administrator considered and closed 5,278 of these charges: 909 after an initial review disclosed that the charges did not state misconduct against an attorney and 4,369 after a full investigation revealed that there was insufficient evidence to establish that the attorney engaged in misconduct. The Inquiry Board considered and concluded 1,381 charges referred to it which resulted in the voting of 214 complaints and the dismissal of 1,167 charges.

#### Trend of Investigations During 1988

Pending Jan 01 88	Docketed During 1988	Terminated During 1988	Pending Dec 31 88
3572	4945	5284	3233

#### Action Taken\*

Closed-No Misconduct Stated	Closed by Administrator	Dismissed or Closed by Inquiry	Complaint Voted by Inquiry
909	4369	1167	214

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

### Chart 2 - Hearing

During 1988, 75 complaints and petitions were filed with the Hearing Board and 95 were terminated.

#### Trend of Matters in the Hearing Board During 1988

Pending Jan 01 88	Filed During 1988	Terminated During 1988	Pending Dec 31 88
91	75	95	71

### Chart 3 - Review

During 1988, 32 matters were filed with the Review Board and 51 were terminated. In addition, 27 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 1988

Pending Jan 01 88	Filed During 1988	Terminated During 1988	Pending Dec 31 88
27	32	51	8

### Chart 4 - Supreme Court

During 1988, the Supreme Court again handled a record number of matters arising from the Commission. The matters filed with and terminated by the Court are detailed below.

#### Trend of Attorney Related Matters In the Supreme Court During 1988

Pending Jan 01 88	Filed During 1988	Terminated During 1988	Pending Dec 31 88
103	390	352	141

### Description of Cases Terminated

#### By Supreme Court

Supreme Court Rule Number	Description	Number
753, 761, 762, 763 & 774	Disciplinary Cases	104
754	Failure to comply with subpoena or court order	61
756	Failure to register	5
757 & 770	Transfer to inactive status	145
759 & 767	Reinstatement and restoration	13
772	Probation terminated, revoked, ordered	10
	Other	14
<b>Total</b>		<b>352</b>

#### Action by Supreme Court

##### Disciplinary

Disbarred	32
Suspended	55
Censured	25
<b>Total</b>	<b>112</b>

##### Non-Disciplinary

Transferred to Inactive Status	144
- allowed	1
- not allowed	1
Petitions for Reinstatement	3
- allowed	1
- not allowed	3
Petitions for Restoration	9
- allowed	0
- not allowed	0
<b>Total</b>	<b>158</b>

### 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	Investigations					Matters Filed with			Staff Size	
	Number of Registered Attorneys	Investigations Docketed	Terminated by			Hearing Board	Review Board	Supreme Court	Attorneys	Investigators
			Closure By Administrator	Closure By Inquiry	Complaint Voted					
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	49,177	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
1988	52,611	4,945	4,369	1,167	214	75	32	390	16.0	8.5

### CLASSIFICATION OF CHARGES RECEIVED BY THE ADMINISTRATOR IN 1988

**Chart 6**

AREA OF LAW	NUMBER
Domestic Relations	819
Tort(Personal Injury/Property Damage)	783
No Misconduct Charged	697
Criminal and Quasi Criminal	612
Real Estate /Including Landlord-Tenant	422
Contract	296
Undeterminable	251
Probate	233
Other	185
Labor Relations	159
Bankruptcy	116
No Case	115
Corporate Matters	77
Immigration	47
Tax	40
Local Government Problems	36
Civil Rights	22
Adoption	13
Patent and Trademark	8
Mental Health	4

**Chart 7**

VIOLATION ALLEGED	NUMBER
Neglect	1,178
Failure to Communicate with Client	640
Conduct Involving Dishonesty or Fraud	564
Improper Handling of Funds of Others	306
Other	193
Excessive Fee	187
Incompetence	140
Conduct which Tends to Bring Legal Profession into Disrepute	104
Relationship with Client Disclosing Confidential Information...Improper Withdrawal ...Abandonment... Failure to protect Interest of Client	101
Conduct Prejudicial to the Administration of Justice	95
Failure to Treat Others with Courtesy	73
Aiding the Unauthorized Practice of Law	56
Employment Where Interest of Another Client May Impair Judgment	52
Failure to Register	49
Solicitation	48
Greyford Related	41
Improper Ex Parte Communication	37
Employment Involving Unwarranted Position	32

## E. Amendments to Rules During 1988

On March 17, 1988 the Court amended Supreme Court Rule 751. Effective that date, the Commission was empowered to appoint, with the approval of the Court, the Administrator to serve as principal executive officer of the registration and disciplinary system. The Commission has the responsibility of setting the salary of the Administrator. Prior to that time, the Court appointed the Administrator and established the appropriate salary. On March 17, 1988 Supreme Court Rule 752 was also amended to reflect that the Administrator was subject to the direct supervision of the Commission.

On June 20, 1988 the Court amended Disciplinary Rule 7-110(a) of the Illinois Code of Professional Responsibility by incorporating Rule 65(c)(4) of the Code of Judicial Conduct into the rule. The revision clarifies the circumstances under which an attorney may give or lend a thing of value to a judge.

On December 1, 1988 the Court amended Supreme Court Rule 756 to provide that the annual registration fees required of attorneys would be raised. As a result, attorneys admitted to the bar for more than three years shall pay an annual registration fee of \$140. Attorneys admitted for more than one year but less than three years shall pay an annual registration fee of \$70. Attorneys licensed to practice for more than one year but who neither reside nor practice in this state shall pay an annual registration fee of \$35.

On April 22, 1988 the Commission amended Commission Rule 303 to provide that briefs before the Review Board are limited to twenty pages unless the Board grants leave for a greater number of pages. The previous limit had been twelve pages.

On October 21, 1988 the Commission amended Commission Rules 54, 55, 236 and 260 and deleted Rule 271.

Commission Rules 54 and 55 were amended to clarify the standards pursuant to which the Administrator determines, respectively, whether to terminate an investigation or refer an investigation to the Inquiry Board for consideration.

Commission Rule 236 was amended to clarify the consequences of an attorney-respondent's failure to answer or otherwise plead to a complaint filed before the Hearing Board, and to clarify the nature of the hearing to be held following the entry of an order of default.

Commission Rule 260 was amended to clarify the scheduling of prehearing conferences and hearings. The amendment of Rule 260 rendered former Rule 271 obsolete.

For the convenience of the Court, profession, and public, the Commission publishes and distributes a booklet containing the rules related to admission, registration, professional responsibility and discipline of attorneys, and judicial ethics.

## F. Commissioners, Members of Review, Hearing and Inquiry Boards and Staff

During 1988, seven Commissioners and 117 members of the Review, Hearing and Inquiry Board made a substantial contribution of their time and talents to assist the Court in fulfilling its obligation to regulate the legal profession. During 1988, 77 members of the Administrator's staff also contributed to the regulation of the profession.

## G. Committee to Study the Operation and Function of The Commission

During 1988 the Commission and staff met with and provided information to the Blue Ribbon Committee to study the function and operation of the Attorney Registration and Disciplinary Commission. The Commission has been advised that the Committee's report is near completion and will be submitted to the Supreme Court.<sup>1</sup>

1. On April 14, 1989 the Committee filed its report with the Court.

## II. COMMISSION'S FINANCIAL REPORT FOR FISCAL 1988

### A. Fiscal 1988

The Commission approved the fiscal 1988 budget on December 4, 1987. The budget provided funds to expand the staff by an assistant clerk, an assistant registrar, a secretary, a receptionist/typist and a personnel manager.

The new Hewlett Packard Model 3000/930 computer main frame that was provided for in the fiscal 1988 budget was not delivered until March 1989. The HP Model 3000/930 was updated to HP Model 3000/935. The approved budget expenditure was carried over to the fiscal 1989 budget.

The Commissioners and Administrator managed operations within the projections provided in the fiscal 1988 budget. A schedule comparing budget revenue and expenditure figures with the actual fiscal 1988 revenue and expenditures follows.

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
ACCOUNTING OF MONIES RECEIVED AND EXPENDED  
FOR THE YEAR ENDED OCTOBER 31, 1988

	-----OPERATING FUND-----		
	BUDGET AMOUNT	ACTUAL AMOUNT	VARIANCE *
<b>REVENUE</b>			
. TOTAL FEES	\$4,027,325	\$4,071,147	(\$43,822)
. COSTS RECOVERED	\$18,000	\$54,330	(\$36,330)
. INTEREST	\$75,000	\$169,714	(\$94,714)
. OTHER	\$0	\$4,493	(\$4,493)
... TOTAL REVENUE	\$4,120,325	\$4,299,684	(\$179,359)
. BUDGETED 1987 .. NOT DELIVERED... COMPUTER	\$210,000	\$210,000	\$0
... TOTAL REVENUE AND COMPUTER	\$4,330,325	\$4,509,684	(\$179,359)
<b>EXPENDITURES</b>			
. SALARIES AND RELATED EXPENSES	\$2,744,025	\$2,568,518	\$175,507
. TRAVEL EXPENSES	\$105,000	\$86,549	\$19,451
. CONTINUING EDUCATION EXPENSES	\$42,500	\$41,747	\$753
. GENERAL OFFICE EXPENSES	\$740,000	\$628,437	\$113,563
. COMPUTER ASSETS AND EXPENSES	\$311,000	\$70,334	\$240,666
. OTHER ASSETS	\$180,000	\$160,322	\$19,678
. OTHER EXPENSES	\$207,000	\$186,623	\$20,377
... TOTAL EXPENDITURES	\$4,330,525	\$3,740,530	\$589,995
. EXCESS OF REVENUE OVER EXPENDITURES	(\$200)	\$769,154	(\$769,354)

\* BRACKETED ITEMS INDICATE ACTUAL REVENUE OR EXPENSES OVER BUDGET

### B. Audit Conducted by Alexander X. Kuhn & Co.

The Commission engaged the services of Alexander X. Kuhn & Co., Certified Public Accountants, to conduct an independent annual audit as required by Rule 751(e)(7). The audit report is attached as Appendix III.

### C. Administrator's Staff

As of December 31, 1988 the full time staff of the Administrator's office consisted of:

#### ADMINISTRATOR

#### DEPUTY ADMINISTRATOR

#### LEGAL SERVICES

Chief Counsel  
Senior Counsel in Charge  
Senior Counsel (3)  
Counsel (12)  
Special Counsel (1)  
Senior Lawyer Assistant  
Lawyer Assistant (8)  
Senior Investigator (3)  
Investigator (6)  
Investigative Assistant  
Manager Secretarial Services  
Senior Secretary (3)  
Secretary (9)  
Receptionist Typist (5)  
Senior Office Aide (2)  
Office Aide (1)

#### ADMINISTRATIVE SERVICES

Manager Administrative Services  
Administrative Assistant (2)  
Comptroller  
Manager Computer System  
Registrar  
Deputy Registrar  
Assistant Registrar (2)  
Bursar  
Manager Personnel  
Clerk  
Deputy Clerk (2)  
Docket Clerk (2)  
Assistant Clerk

### D. Registration

On October 31, 1988 the Master Roll of Attorneys contained the names of 52,611 attorneys.

The registration categories of those attorneys are contained in the audit report which follows.

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 I of this report.

Appendix II of this report reflects the 1988 in-state registered attorney population by county of principal office.

## E. Registration of Group Legal Service Plans

Pursuant to Rule 730, 84 plans registered for the year ending June 30, 1989 and paid the \$50 registration fee.

Pursuant to Rule 730(c), the Administrator maintains an index of these registered plans.

## F. Litigation Relating to the Nature of Commission Funds

On September 6, 1988 oral argument was heard before the Appellate Court of Illinois, First District in the case of Chicago Bar Association, et al. v. Cronson No. 87-2634. Case No. 87-2634 is the appeal of a declaratory judgment of the Circuit Court which held that the Auditor General of Illinois is not entitled to audit the funds of the Commission and the State Board of Law Examiners. The matter is under advisement.

### III. EVALUATION AND RECOMMENDATIONS

During 1988 the Commissioners examined the resources and effectiveness of the disciplinary system. The Commissioners determined that the Commission was operating effectively and efficiently, but also concluded that there was opportunity to improve. The Commissioners determined that greater resources were necessary to assist the Court in handling an ever increasing caseload in a timely fashion. In response to the Commissioners' recommendation, the Court increased the attorney registration fee to provide for a moderate staff expansion during 1989.

The Commissioners, together with the Administrator and his staff, also examined the rules related to disciplinary proceedings. They concluded that various amendments were necessary to improve the efficiency in handling the caseload. The Commission adopted the amendments to its rules reflected above in Section I. E. The Commission also submitted to the Court its recommendation for the amendment of various rules of the Court related to disciplinary rules.

**APPENDIX I**

REGISTERED ATTORNEYS AS OF OCTOBER 31, 1988

IN THE

JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	1984	1985	1986	1987	1988
<b>FIRST DISTRICT</b>					
Cook County	26240	26916	27739	29872	30710
<b>SECOND DISTRICT</b>					
15th Circuit	179	181	170	175	174
16th Circuit	698	697	722	778	806
17th Circuit	475	479	493	509	533
18th Circuit	1658	1697	1803	1972	2075
19th Circuit	1191	1227	1311	1438	1556
<b>TOTAL</b>	<b>4201</b>	<b>4281</b>	<b>4499</b>	<b>4872</b>	<b>5144</b>
<b>THIRD DISTRICT</b>					
9th Circuit	215	206	204	209	201
10th Circuit	665	657	665	684	691
12th Circuit	527	518	513	538	561
13th Circuit	280	275	278	292	285
14th Circuit	430	444	443	453	447
<b>TOTAL</b>	<b>2117</b>	<b>2100</b>	<b>2103</b>	<b>2176</b>	<b>2185</b>
<b>FOURTH DISTRICT</b>					
5th Circuit	277	273	273	281	278
6th Circuit	690	671	681	709	693
7th Circuit	903	909	930	983	991
8th Circuit	186	185	179	177	178
11th Circuit	388	389	394	402	414
<b>TOTAL</b>	<b>2444</b>	<b>2427</b>	<b>2457</b>	<b>2552</b>	<b>2554</b>
<b>FIFTH DISTRICT</b>					
1st Circuit	279	302	304	320	318
2nd Circuit	287	291	297	315	300
3rd Circuit	365	384	403	435	454
4th Circuit	253	256	247	262	257
20th Circuit	544	563	595	652	677
<b>TOTAL</b>	<b>1728</b>	<b>1796</b>	<b>1846</b>	<b>1984</b>	<b>2006</b>

**APPENDIX II**

COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS
Adams	102	Lee	34
Alexander	12	Livingston	54
Bond	12	Logan	30
Boone	28	Macon	216
Brown	8	Macoupin	43
Bureau	51	Madison	442
Calhoun	4	Marion	54
Carroll	13	Marshall	17
Cass	12	Mason	15
Champaign	400	Massac	21
Christian	44	Mc Donough	44
Clark	16	Mc Henry	298
Clay	18	Mc Lean	292
Clinton	22	Menard	12
Coles	86	Mercer	11
Cook	30710	Monroe	29
Crawford	25	Montgomery	37
Cumberland	9	Morgan	47
De Kalb	126	Moultrie	16
De Witt	19	Ogle	43
Douglas	21	Peoria	557
Du Page	2075	Perry	23
Edgar	31	Piatt	21
Edwards	4	Pike	15
Effingham	37	Pope	2
Fayette	17	Pulaski	7
Ford	20	Putnam	8
Franklin	53	Randolph	29
Fulton	40	Richland	24
Gallatin	10	Rock Island	317
Greene	15	Saline	35
Grundy	45	Sangamon	862
Hamilton	12	Schuyler	10
Hancock	20	Scott	9
Hardin	6	Shelby	19
Henderson	6	St. Clair	582
Henry	51	Stark	11
Iroquois	27	Stephenson	59
Jackson	151	Tazewell	98
Jasper	9	Union	14
Jefferson	92	Vermilion	136
Jersey	15	Wabash	21
Jo Daviess	25	Warren	27
Johnson	8	Washington	14
Kane	656	Wayne	16
Kankakee	107	White	21
Kendall	24	Whiteside	68
Knox	64	Will	427
Lake	1258	Williamson	68
La Salle	189	Winnebago	505
Lawrence	16	Woodford	18

Alexander K. Ruhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
ILLINOIS CPA SOCIETY  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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22nd STREET at BUTTERFIELD ROAD  
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TELEPHONE 953-1900  
AREA CODE 312

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, 1988 as indexed on the  
preceding page.

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.

ACCOUNTANT'S OPINION

In our opinion, the accompanying Financial Statements  
present fairly the financial position of the Attorney Registra-  
tion and Disciplinary Commission of the Supreme Court of Illinois  
at October 31, 1988, and the results of its operations and the  
changes in its Cash Flows 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 K. Ruhn & Co.*

Certified Public Accountants

Dated: February 3, 1989  
Oakbrook Terrace, Illinois

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS**

**EXHIBIT I**

**BALANCE SHEET**

October 31, 1988

<u>ASSETS</u>	<u>GENERAL OPERATING FUND</u>	<u>FIXED ASSETS &amp; REPLACE- MENT FUND</u>	<u>DEFERRED FEES AND INVESTMENT FUND</u>	<u>GROUP LEGAL SERVICE REGISTRATION FEE FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>	<u>COMBINED FUNDS</u>
<b>CURRENT ASSETS</b>						
Cash On Hand and In Bank						
Illinois National Bank of Springfield	141,708.70					141,708.70
First National Bank of Springfield	1,500.00					1,500.00
N.B.D. Chicago Bank	1,500.00					1,500.00
Petty Cash	300.00					300.00
Accounts Receivable - Other Than Fees	2,243.48					2,243.48
Investments (At Cost)	517,866.49	182,226.30	668,685.08	33,337.79	188,362.23	1,590,477.89
Prepaid Expenses	38,606.95				881.75	39,488.70
<b>Total Current Assets</b>	<u>703,725.62</u>	<u>182,226.30</u>	<u>668,685.08</u>	<u>33,337.79</u>	<u>189,243.98</u>	<u>1,777,218.77</u>
<b>FIXED ASSETS</b>						
Computer and Related Equipment		420,989.79				420,989.79
Office Furniture and Equipment		706,174.10				706,174.10
Library		52,376.56				52,376.56
Leasehold Improvements		77,269.84				77,269.84
<b>Total</b>		<u>1,256,810.29</u>				<u>1,256,810.29</u>
Less: Accumulated Depreciation		<u>614,458.39</u>				<u>614,458.39</u>
<b>Net Fixed Assets</b>		<u>642,351.90</u>				<u>642,351.90</u>
<b>TOTAL ASSETS</b>	<u>703,725.62</u>	<u>824,578.20</u>	<u>668,685.08</u>	<u>33,337.79</u>	<u>189,243.98</u>	<u>2,419,570.67</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	69,507.90					69,507.90
Notes Payables	90,198.58					90,198.58
Deferred Fees (Note M)			668,685.08			668,685.08
Reinstatement Deposits	9,500.00					9,500.00
Group Legal Service Registration Fees				33,337.79		33,337.79
<b>Total Current Liabilities</b>	<u>169,206.48</u>		<u>668,685.08</u>	<u>33,337.79</u>		<u>871,229.35</u>
<b>FUND BALANCES</b>						
Operating Fund	534,519.14					534,519.14
Other Fund Balances		824,578.20			189,243.98	1,013,822.10
<b>Total Fund Balances</b>	<u>534,519.14</u>	<u>824,578.20</u>			<u>189,243.98</u>	<u>1,548,341.32</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>703,725.62</u>	<u>824,578.20</u>	<u>668,685.08</u>	<u>33,337.79</u>	<u>189,243.98</u>	<u>2,419,570.67</u>

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

EXHIBIT II

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
STATEMENT OF FUND BALANCE**

October 31, 1988

	<u>OPERATING FUND</u>	<u>MEDICARE REPLACEMENT RESERVE TRUST</u>
<b>BALANCE, November 1, 1987</b>	831,518.72	129,245.46
<b>ADD: Excess of Revenue Over Expenditures (Exhibit III)</b>	<u>527,578.62</u>	<u>59,998.52</u>
<b>BALANCE, October 31, 1988</b>	<u>1,359,097.34</u>	<u>189,243.98</u>

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

EXHIBIT III

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
STATEMENT OF REVENUE AND EXPENDITURES  
Year Ended October 31, 1988

	<u>OPERATING</u> <u>FUND</u>	<u>MEDICARE</u> <u>REPLACEMENT</u> <u>RESERVE</u> <u>TRUST</u>
<b>REVENUE</b>		
Attorney Registration Fees and Charges Earned	4,046,761.68	
Interest on Investments	169,714.70	11,345.36
Miscellaneous Income	4,493.05	
Contribution from Operating Fund		74,718.04
Decrease in Market Value of Investments		(604.80)
Disciplinary Costs Collected	<u>54,329.64</u>	
Total Revenues	<u>4,275,299.07</u>	<u>85,458.60</u>
<b>EXPENDITURES</b>		
Salaries and Related Expenses	2,568,518.70	
Travel Expenses	83,077.88	
Library and Continuing Education Expenses	37,441.62	
General Expenses	642,787.89	
Computer Expenses	46,547.67	
Depreciation Expense	175,082.34	
Outside Professional and Investigative Expenses	186,623.49	
Disability and Hospitalization Insurance Premium		25,460.08
Disposition of Obsolete Assets	<u>7,640.86</u>	
Total Expenditures	<u>3,747,720.45</u>	<u>25,460.08</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>527,578.62</u>	<u>59,998.52</u>

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

EXHIBIT IV

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
STATEMENT OF CASH FLOWS  
Year Ended October 31, 1988

<u>PARTICULARS</u>	<u>OPERATING</u> <u>FUND</u>	<u>MEDICARE</u> <u>REPLACEMENT</u> <u>RESERVE</u> <u>TRUST</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Revenue Over Expenditures	527,578.62	59,998.52
Adjustments To Reconcile Income To Net Cash Provided By Operations		
Depreciation	175,082.34	
Disposal Of Assets	7,640.86	
Accounts Receivable	1,722.95	
Prepaid Expenses	16,218.45	43.62
Accounts Payable	971.55	
Deferred Fees	23,985.32	
Reinstatement Deposits	<u>1,750.00</u>	
Net Cash Provided By Operating Activities	<u>754,950.02</u>	60,042.14
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer And Related Equipment	(23,786.50)	
Office Furniture And Equipment	(60,631.29)	
Library	(4,305.61)	
Leased Improvements	<u>(421.03)</u>	
Net Cash Used By Investing Activities	<u>(89,144.43)</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Notes Payable	<u>(54,708.46)</u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	611,097.20	60,042.14
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>902,689.37</u>	<u>128,320.09</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>1,513,786.57</u>	<u>188,362.23</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  
ATTORNEY REGISTRATION FEES AND CHARGES COLLECTED  
Year ended October 31, 1988

<u>CATEGORIES</u>	<u>NUMBER</u>	<u>AMOUNT</u>
<b>INITIALLY ADMITTED TO THE BAR</b>		
Oath Not Administered	1	-
Between 1-01-87 and 12-31-88	2,798	-
Between 1-01-85 and 12-31-86	4,620	230,950.00
Before 1-01-85	36,030	3,599,702.50
Active Military Duty	193	-
Birthday Before 12-31-12	2,076	-
Neither Practice, Nor Reside, Nor Are Employed in Illinois	6,792	169,826.00
Fee Waived	<u>101</u>	
<b>TOTAL ATTORNEYS ACTIVE AND CURRENTLY REGISTERED</b>	<u>52,611</u>	<u>4,000,478.50</u>
<b>REMOVED FROM MASTER ROLL (DECEASED, INACTIVE AND DISCIPLINED ATTORNEYS)</b>	<u>566</u>	<u>11,632.00</u>
<b>PRIOR YEARS REGISTRATION FEES AND DELINQUENT CHARGES COLLECTED</b>		<u>58,636.50</u>
<b>TOTAL REGISTRATION FEES AND DELINQUENT CHARGES</b>		<u>4,070,747.00</u>
<b>DEFERRED FEES (Note M)</b>		
October 31, 1987	644,699.76	
October 31, 1988	(668,685.08)	<u>(23,985.32)</u>
<b>EARNED FEES AND CHARGES (To Exhibit III)</b>		<u>4,046,761.68</u>

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
October 31, 1988

**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. 1988 UNCOLLECTED FEES**

As of October 31, 1988, there were 835 attorneys unregistered and \$25,650.00 in registration fees uncollected. Of the unregistered attorneys, 138 were not residents of Illinois, 5 had fees waived, 326 were removed from the Master Roll, 128 were more than 75 years of age, and 238 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$25,650.00 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 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 with the registration and billing records. The system is test checked by our auditors 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, 1988:

- Chicago Office - April 1, 1988 through March 31, 1995 (floors 18, 19, and 20 and Suite 2118). Present value of the lease commitment is \$2,226,353.00. The Commission is also leasing on a month to month basis, storage space @ \$602.50 per month;
- Springfield Office - November 1, 1985 through October 31, 1990, (Suite 330). Present value of lease commitment \$97,409.28 plus possible escalations based on all operating expenses of building;
- 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 - \$608.00 per month; and
- Various rental and maintenance agreements on computer software, hardware and office equipment amounts to approximately \$56,000.00 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.....	429,008
Springfield.....	21,378
Umbrella Liability.....	5,000,000
(\$10,000.00 Deductible)	
Directors & Officers Liability.....	1,000,000
(\$500.00 Deductible except for losses in excess of \$500.00, then there is no 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.....	100,000
Theft of Personal Property.....	2,500
Valuable Papers/Accounts Receivable.....	10,000
Employer Group Coverage	
Life and Disability.....	12/65,000
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 a Favorable Determination Letter that the Plan was approved.

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

The amended and restated Retirement Plan was filed with the Internal Revenue Service and the Commission was notified by a Favorable Determination Letter that the Plan was approved.

The Internal Revenue Service has examined the Retirement Plan Return Form 5500-C for the year ended December 31, 1985 and has 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 non-disciplinary case is 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 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. Briefs were filed and on September 6, 1988, the case was argued before the Appellate Court. The matter is now under advisement.

**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.

**N. CONTINGENT LIABILITY**

The Commission has entered a purchase agreement with Sys-tech, Inc. for the purchase of a HP3000 series 935 computer and accessories for \$194,500.00 As of October 31, 1988 the above equipment has been scheduled for delivery in early 1989.

On November 1, 1988 a deposit of \$18,000.00 was made on this agreement.