



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

Chicago  
April 5, 1991

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 1990 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 1990 and an accounting and audit of the monies received and expended during the twelve-month period which ended December 31, 1990.

Respectfully submitted,  
James H. Bandy, Chair  
John P. Clarke  
David M. Hartigan  
Watts C. Johnson  
Frederick T. King, Sr.  
Carole R. Nolan  
Mary T. Robinson

## I. Introduction

In February 1990, the Court announced the adoption of the Illinois Rules of Professional Conduct, to be effective on August 1, 1990. Following the announcement, the Commission undertook to assist the profession in learning and understanding the new rules by providing a copy of the rules to each Illinois attorney and by making staff available to present educational programs to groups, organizations and firms. (See Section II-E, *infra* at pages 4-5).

During 1990, the number of disciplinary matters filed continued to increase. Nevertheless, the Commission maintained the caseload in a current fashion.

During 1990 the Court imposed discipline in 100 matters by disbarring 33 attorneys, suspending 46 attorneys, censuring 18 attorneys, placing 2 attorneys on probation and transferring 1 attorney to inactive status. The trend of disciplinary matters is set forth in charts 1 through 11. (See Section III, *infra* at pages 5-7).

During 1990, the Commission authorized the Inquiry Board to undertake remedial or rehabilitative programs where the administrator and the attorney involved consent and formal prosecution is not warranted. By its adoption of Commission Rule 108, the Commission acknowledged that impairment, incapacity, or poor management skills may be the basis for some unprofessional conduct. Remedial or rehabilitative efforts may in some cases best serve the interest of the profession and public.

Further, the Commission implemented procedures related to the Court's 1989 authorization of discipline on consent (Supreme Court Rule 762(b)). Submission of disciplinary matters pursuant to Rule 762(b), where appropriate, has expedited the disciplinary process and reduced the docket of contested matters pending before Court. (See Section III, Chart 8, *infra* at page 7).

1990 represents the first full year in which lay people have served as members of the Inquiry Board. The participation of the lay members has enhanced the perspective which the boards bring to the disciplinary process.

1990 also represents the first full year in which proceedings before the Hearing and Review Board have been public resulting in an increased awareness of the nature of disciplinary proceedings.

## II. Developments During 1990

### A. Composition of Boards

As of December 31, 1990, the Review, Hearing and Inquiry Boards consisted of 113 officers. Twenty-three of the Inquiry Board members are non-lawyers. The Commission conducted a background review and a personal interview of each officer prior to appointment to the Inquiry Board.

The board members hail from twenty-six different Illinois counties. Eighty-five percent of the members are male, fifteen percent are female. The majority of the board members are between 35 and 50 years of age.

Ninety-four percent of all lawyer board members have been engaged in the practice of law for ten years or more. Six percent have practiced between five and ten years.

Fifty percent of the lawyer board members are associated with firms consisting of 1 to 5 attorneys. Seventeen percent of the board members are associated with firms consisting of 5 to 14 attorneys. Twenty-five percent of the board members are associated with firms consisting of 15 or more attorneys. Six percent of the members are associated with educational institutions. Two percent of the board members are retired from the practice of law.

The majority of lawyer board members concentrate their practices in general civil litigation, tort, real estate, probate and labor

law. The occupations of non-lawyer board members include accounting, finance, education, medicine, mental health, public affairs and business.

### **B. Training of Board Members**

In January 1990, orientation and training seminars were conducted for the newly appointed non-lawyer members of the Inquiry Board.

During August and September 1990, seminars on the Illinois Rules of Professional Conduct were conducted for all board members in both Chicago and Springfield. The program featured a comprehensive discussion on the new rules.

On December 1, 1990, a seminar for all Inquiry Board members on commission procedure and recent developments in professional responsibility law was conducted in Chicago. A videotape of this seminar is available upon written request to the Commission's Chicago office.

### **C. Staff Development**

During 1990, the number of attorneys on the administrator's legal staff increased from 23 to 24 attorneys. Staff attorneys are supported by paralegals, investigators, secretaries and law clerks.

The legal staff provides a great deal of experience, both in terms of practice at the Commission and practice prior to employment at the Commission. The Chief Counsel and seven Senior Counsel each has five or more years experience handling disciplinary cases. Eleven of the 24 attorneys have practice experience prior to joining the staff.

The administrator provides in-house education and training for attorneys and support staff and encourages participation in other relevant continuing education programs.

## **D. Changes and Amendments to the Rules**

### **1. Rules of the Supreme Court**

In February 1990, the Court announced the adoption of the Illinois Rules of Professional Conduct, effective August 1, 1990. The rules replaced the 1980 Code of Professional Responsibility.

The Court adopted Rules 712, 713, and 777 to provide for the licensing, registration and discipline of foreign legal consultants.

In the amendments to Rule 753(c)(4), the Court repealed provisions related to the scheduling of hearings and authorized the Commission to promulgate rules related to the scheduling of matters.

The Court amended Rule 753(d)(2) to clarify the procedure in cases in which the Court determines not to adopt a recommendation submitted as an agreed matter.

The Court amended Rule 753(d)(4) to permit modification of Hearing Board findings where such findings are against the manifest weight of the evidence. The Court amended Rule 753(e) to provide that both the administrator and a respondent may seek review of a report of the Review Board by filing in the Court a petition for leave to file exceptions.

Rule 754 as amended clarifies the authority to issue subpoenas and provides the method of review for issues related to compliance.

Rules 758(a)(c) and 759(c) as amended allow the imposition of reasonable conditions upon either a disabled attorney's continued practice of law or return to the practice of law following a period of inactive status resulting from a disability.

Rule 764(a)(4) as amended requires a disciplined attorney to maintain financial records for a period of seven years preceding the imposition of discipline.

Rule 765(a) and (b) as amended provides for service of any document by delivery to the address listed on the Master Roll of Attorneys and for substitute service upon the Clerk of the Supreme Court in certain circumstances.

Rule 769(2) as amended requires attorneys to maintain financial records for a period of seven years.

## 2. Rules of the Commission

Commission Rule 102 was amended to provide the authority for the Inquiry Board to defer further proceedings under circumstances set forth in Rule 108.

Commission Rule 108 authorizes the Inquiry Board to defer further proceedings under certain circumstances pending the attorney's completion of appropriate remedial or rehabilitative programs.

Commission Rule 275 was adopted to provide for the exclusion of witnesses from public hearings.

Commission Rules 277 and 314 were adopted to conform with Supreme Court Rule 753(c)(3) and to provide the method by which the fact of an attorney's prior discipline is brought to the attention of the boards following a finding of misconduct.

Commission Rules 282 and 312 were amended to conform with amended Supreme Court Rule 771 which identifies the imposition of a reprimand as a form of discipline.

Commission Rule 402 was amended to require that petitioners seeking reinstatement to the practice of law provide the administrator with original authorization and consent forms and photographs.

## E. Outreach Programs

During 1990, the Commission endeavored to inform the public and the legal profession about the new Rules of Professional Conduct, the structure and operation of the disciplinary system and recent developments in disciplinary caselaw.

The Commission assisted in the publication of the Annotated Guide to the Illinois Rules of Professional Conduct, by Thomas R. Mulroy, Jr. (IICLE 1991). The guide provides a digest and case summaries of notable disciplinary law.

Commission counsel presented educational programs to the following organizations, groups and firms in 1990:

Abramson & Fox  
Adams County Bar Association  
Advocate Society  
Allstate Insurance  
Alzheimer & Gray  
Alton-Wood River Bar Association  
American Bar Association Product Liability Section  
American Inns of Court, Peoria Chapter  
American Inns of Court, Rock Island Chapter  
Appellate Lawyers Association  
Arnstein & Lehr  
Asher, Gittler, Greenfield, Cohen & D'Alba, Ltd.  
Boone County Bar Association  
Burke, Wilson & McIlvaine  
Champaign County Bar Association  
Champaign County State's Attorneys & Public Defenders  
Chicago Bar Association (various committees)  
Cook & Egan  
Cook County Court Watchers  
Cook County Public Defenders  
Decatur Bar Association  
Defrees & Fiske  
DeHahn & Richter  
DuPage County Bar Association  
DePaul University College of Law  
F.M.C. Corporation  
Foley & Lardner  
Ford County Bar Association  
Francis E. Goodman, P.C.  
Hopkins & Sutter  
Illinois State Bar Association  
John Marshall Law School  
Joyce & Kubasiak  
Kane County Bar Association  
Katten, Muchin & Zavis

Lake County Bar Association  
 Landau, Omahana & Kopke, Ltd.  
 Laner, Muchin, Dombrow, Becker, Levin &  
 Tominberg, Ltd.  
 Lawyers Assistance Program  
 Leydig, Voit & Mayer, Ltd.  
 Lord, Bissell & Brook  
 Loyola University School of Law  
 Masuda, Funai, Eifert & Mitchell, Ltd.  
 McAndrews, Held & Malloy, Ltd.  
 McDonough County Bar Association  
 McKenna, Storer, Rowe, White & Farrug  
 Morgan County Bar Association  
 National Association of Law Firm Marketing  
 Agents  
 National Conference of Appellate Court Clerks  
 National Organization of Bar Counsel  
 North Suburban Bar Association  
 Northern Illinois University College of Law  
 Northwest Suburban Bar Association  
 Northwestern University School of Law  
 Office of Cook County State's Attorney (Felony  
 Trial Division)  
 Pattishall, McAuliff, Newbury, Hilliard &  
 Geraldson  
 Pedersen & Houpt, P.C.  
 Pekin Bar Association  
 Phelan, Pope & John  
 Phi Alpha Delta legal fraternity  
 Protection & Advocacy, Inc.  
 Roosevelt University Paralegal Program  
 Sangamon County Bar Association  
 Schwartz & Freeman  
 Sidley & Austin  
 Silets and Martin, Ltd.  
 Southeast Illinois Bar Association  
 Tazewell County Bar Association  
 Tressler, Sonderstrom, Maloney & Priess  
 United States District Court Northern District of  
 Illinois Bankruptcy Judges  
 University of Chicago Law School  
 United States Government Attorneys (Rock  
 Island Arsenal)  
 University of Illinois Staff Counsel  
 Vedder, Price, Kaufman & Kammholz  
 Whiteside County Bar Association  
 Will County Pro Bono Advocates Association  
 Winnebago County Bar Association  
 William, Brinks, Olds, Hofer, Gilson & Lione  
 Winnebago County Bar Association  
 Winston & Strawn  
 Y.W.C.A. (Springfield)

Commission counsel are available to speak to bar associations, law schools, law firms, professional organizations and public

groups on topics of professional responsibility, lawyer discipline and the Illinois Rules of Professional Conduct. There is no charge for this service. Any person interested in obtaining a speaker should send a written request to James J. Grogan, Chief Counsel, at the Commission's Chicago office.

### III. Report on Disciplinary Matters

During 1990, the number of charges filed continued to increase. Nevertheless, the Commission maintained the caseload in a current manner. In September 1990, the administrator assigned additional staff to screen disciplinary charges in order that serious matters may be identified and assigned for investigation and other charges concluded promptly. In addition, the Commission implemented programs relating to discipline on consent and modified its facilities and procedures to accommodate public hearings and review. Charts 1 through 11 account for the investigations conducted by the administrator and the Inquiry Board and the disciplinary and reinstatement matters before the Hearing and Review Boards and in the Supreme Court. Charts 12 and 13 indicate the classification of investigations at the time of docketing as to the area of law involved and principal violation alleged.

**Chart 1: Trend of Investigations  
(By investigative files)**

During 1990, the number of investigations docketed increased by 647, an 11 percent increase. 691 of the 6,469 investigations were docketed as a result of a report of misconduct from a member of the profession.

Pending Jan 01 90	Docketed During 1990	Terminated During 1990	Pending Dec 31 90
2,689	6,469	6,214	2,944

As of December 31, 1990, 2,058 attorneys were the subject of investigation. The difference between investigative files pending and attorneys under investigation is due to the fact that some attorneys are the subject of more than one investigation.

**Chart 2: Description of Actions Taken in Investigations (By Attorneys involved in investigative files)**

Closed by the Administrator: No misconduct alleged	1,023
Closed by the Administrator after investigation	5,254
Closed by Inquiry	1,410
Complaint Voted by Inquiry	349
<b>Total actions taken</b>	<b>8,036</b>

The number of actions taken is greater than the number of investigative files because some investigative files contain charges against more than one attorney.

**Chart 3: Trend of Matters in the Hearing Board**

During 1990, the number of matters filed before the Hearing Board increased by 16 over 1989, an 18 percent increase.

Pending Jan 01 90	Filed During 1990	Terminated During 1990	Pending Dec 31 90
83	105	83	105

The difference between the number of complaints voted by the Inquiry Board and the number of matters filed before the Hearing Board is due to the consolidation of multiple charges against an attorney in one complaint before the Hearing Board.

**Chart 4: Disposition of Matters by the Hearing Board**

Closed as the attorney consented to disbarment	10
Approval of submission of petition to impose other discipline on consent	25
Recommendation for discipline submitted to court as agreed matter	6
Closed as attorney transferred to inactive status	2
Recommendation submitted to Review Board as contested matter	23
Reprimand	8
Dismissal	4
Awaiting exceptions	5
<b>Total</b>	<b>83</b>

**Chart 5: Trend of Matters in the Review Board**

The matters filed before the Review Board during 1990 constitute those Hearing Board reports to which the respondent, administrator or both parties filed exceptions.

Pending Jan 01 90	Filed During 1990	Terminated During 1990	Pending Dec 31 90
6	23	15	14

**Chart 6: Trend of Attorney Related Matters in the Supreme Court**

Pending Jan 01 90	Filed During 1990	Terminated During 1990	Pending Dec 31 90
146	578	600	124

**Chart 7: Description of Cases Terminated by the Supreme Court**

Disciplinary cases pursuant to 753, 761, 762, 763 & 774	108
Failure to comply with subpoena pursuant to Rule 754	46
Failure to register pursuant to Rule 756	2
Transfer to inactive status pursuant to Rules 758 & 770	387
Reinstatement and restoration pursuant to Rules 759 & 767	31
Probation terminated or revoked pursuant to Rule 772	4
Other	22
<b>Total</b>	<b>600</b>

**Chart 8: Discipline on Consent Pursuant to Supreme Court Rule 762**

**A. DISBARMENT ON CONSENT PURSUANT TO RULE 762(a)**

Pending Jan 01 90	Filed During 1990	Allowed During 1990	Pending Dec 31 90
4	30	29	5

**B. OTHER DISCIPLINE ON CONSENT PURSUANT TO RULE 762(b)**

Pending Jan 01 90	Filed During 1990	Terminated During 1990	Pending Dec 31 90
3	29	25	7

Disposition of Matters

Petitions denied	.2
Petitions allowed	23

Discipline Imposed

Suspension	13
Censure	.9
Probation	.1
<b>Total</b>	<b>23</b>

**Chart 9: Disciplinary Action by the Supreme Court**

Disbarred	33
Suspended	46
Censured	18
Probation	2
Transfer to Inactive Status until further order	1
<b>Total</b>	<b>100</b>

**Chart 10: Non-Disciplinary Action by the Supreme Court**

<u>Transferred to Inactive Status</u>	
Motions allowed	386
Motions denied	1
<u>Petitions for Reinstatement</u>	
Petitions allowed	4
Petitions denied	2
<u>Petitions for Restoration</u>	
Petitions allowed	24
Petitions denied	1
<b>Total</b>	<b>418</b>

**Chart 11: A Comparison**

	Number of Registered Attorneys	Investigations Docketed	Actions Taken				Matters Filed With		
			Closure by Administrator/No Misconduct Alleged	Closure by Administrator after full Investigation	Closure by Inquiry after full Investigation	Complaint Voted	Hearing Board	Review Board	Supreme Court
1980	37,100	2,098	*	1,095	660	130	62	29	58
1981	39,280	1,924	*	1,098	608	130	49	38	104
1982	41,274	2,285	*	1,384	723	116	50	27	90
1983	43,116	2,388	*	1,340	855	134	69	40	150
1984	45,171	2,721	*	1,182	1,021	179	49	28	139
1985	47,400	3,935	*	1,730	1,239	184	68	27	211
1986	49,177	4,535	223	2,846	1,094	219	120	49	228
1987	50,635	4,886	765	4,542	1,275	229	103	40	364
1988	52,611	4,945	910	4,369	1,167	214	75	32	390
1989	54,866	5,822	818	5,552	1,266	343	89	23	791
1990	56,896	6,469	1,023	5,254	1,410	349	105	23	578

\*not available

**Chart 12: Classification of Investigations Docketed in 1990 by Area of Law Involved**

Area of Law	Number
Tort (Personal Injury/Property Damage)	1,181
Domestic Relations	990
Criminal and Quasi Criminal	702
Real Estate/Landlord-Tenant	456
Contract	395
Probate	284
Labor Relations	180
Bankruptcy	143
Corporate Matters	111
Immigration	42
Local Government Problems	41
Civil Rights	24
Tax	22
Adoption	16
Patent and Trademark	14
Mental Health	6

**Chart 13: Classification of Investigations Docketed in 1990 by Violation Alleged**

Violation Alleged	Number
Neglect	1,394
Conduct Involving Dishonesty or Fraud	804
Failure to Communicate with Client	702
Improper Handling of Funds of Others	588
Excessive Fees	237
Incompetence	220
Conduct Prejudicial to the Administration of Justice	214
Failure to Treat Others with Courtesy	82
Employment Where Interest of Another Client May Impair Judgment	76
Conduct Which Tends to Bring Legal Profession Into Disrepute	74
Failure to Register	64
Criminal Conduct	52
Practicing Law in Jurisdiction Where Not Authorized	52
Aiding in Unauthorized Practice of Law	47
Improper Communication — Adverse Party	42
Failure to Represent Client with Undivided Fidelity	38
Acceptance of Employment When Lawyer Interest May Impair Judgment	35

## IV. Financial Report

### A. Calendar 1990

The Commission approved the 1990 budget on February 23, 1990. The budget provided funds to expand the staff to include a Records Clerk.

The Commission managed its operations within the projections contained in the 1990 budget. A schedule comparing revenues and expenditures budgeted with actual revenues and expenditures is as follows.

**ATTORNEY REGISTRATION  
AND  
DISCIPLINARY COMMISSION  
ACCOUNTING OF MONIES RECEIVED AND EXPENDED  
YEAR ENDED DECEMBER 31, 1990**

**OPERATING FUND**

	BUDGET AMOUNT	ACTUAL AMOUNT	VARIANCE
<b>Revenue</b>			
Total Fees	6,099,500	6,160,157	(60,657)
Costs Recovered	75,000	96,908	(21,908)
Interest	325,000	485,547	(160,547)
Other		103	(103)
Total Revenue	<u>6,499,500</u>	<u>6,742,715</u>	<u>(243,215)</u>
<b>Expenditures</b>			
Salaries and Related Expenses	4,204,400	3,791,850	412,550
Travel Expenses	117,160	101,415	15,745
Library and Continuing Education Expense	72,500	74,508	(2,008)
General Office Expenses	820,400	757,939	62,461
Computer Assets and Expenses	172,900	122,735	50,165
Other Assets	288,900	139,469	149,431
Other Expenses	<u>304,000</u>	<u>281,879</u>	<u>22,121</u>
Total Expenditures	<u>5,980,260</u>	<u>5,269,795</u>	<u>710,465</u>
Excess of Revenue Over Expenditures	<u>519,240</u>	<u>1,472,920</u>	<u>(953,680)</u>

BRACKETED ITEMS INDICATE ACTUAL REVENUE OR EXPENSE OVER BUDGET

## B. Registration

The 1990 Master Roll of Attorneys contained the names of 56,896 attorneys.

The distribution throughout the state of those attorneys who reside, practice, or are employed in Illinois is contained in Appendix 1.

## C. Audited Financial Statements

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 audited financial statements for the year ended December 31, 1990 are attached as Appendix 2.

## D. Administrator's Staff

As of December 31, 1990 the full time staff of the Administrator's office consisted of:

Administrator  
Deputy Administrator

### Legal Services

Chief Counsel  
Senior Counsel..7  
Counsel..16  
Paralegal..9  
Senior Investigator..3  
Investigator..5  
Investigative Assistant  
Senior Secretary..3  
Secretary..15

### Record Keeping

Clerk  
Deputy Clerk..2  
Docket Clerk..2  
Assistant Clerk  
Records Clerk

### Administrative Services

Director Administrative Services  
Manager Administrative Services  
Manager Computer Services  
Manager Personnel  
Administrative Assistant..3  
Registrar  
Deputy Registrar ..2  
Assistant Registrar  
Accountant  
Bursar  
Collection Officer  
Manager Secretarial Services  
Receptionist..3  
Senior Office Aide..2  
Office Aide..2

## V. Evaluations and Recommendations

As noted above, the Court and Commission have made significant, positive changes in the rules and procedure affecting the legal profession. The Commission has implemented those changes which open the disciplinary system to the public, which promote fair and expeditious disposition of disciplinary matters, and which involve the Commission in the education of the legal profession. The Commission is mindful, however, of the need to continue to assist the legal profession in providing legal services in a competent and ethical manner and will continue to look into opportunities to do so.

# APPENDIX 1

## DISTRIBUTION OF IN-STATE REGISTERED ATTORNEYS

BY JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS						BY COUNTY OF PRINCIPAL OFFICE			
	1986	1987	1988	1989	1990	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	COUNTY OF PRINCIPAL OFFICE	NUMBER OF ATTORNEYS
<b>FIRST DISTRICT</b>									
Cook Co.	27739	29872	30710	31839	32374	Adams	100	Lee	32
<b>SECOND DISTRICT</b>						Alexander	11	Livingston	53
15th Circuit	170	175	174	164	166	Bond	13	Logan	31
16th Circuit	722	778	806	802	839	Boone	27	Macon	216
17th Circuit	493	509	533	553	569	Brown	9	Macoupin	43
18th Circuit	1803	1972	2075	2084	2178	Bureau	47	Madison	474
19th Circuit	1311	1438	1556	1620	1755	Calhoun	5	Marion	50
TOTAL	4499	4872	5144	5223	5507	Carroll	12	Marshall	15
<b>THIRD DISTRICT</b>						Cass	13	Mason	16
9th Circuit	204	209	201	200	200	Champaign	427	Massac	18
10th Circuit	665	684	691	716	732	Christian	46	McDonough	49
12th Circuit	513	538	561	561	597	Clark	15	McHenry	319
13th Circuit	278	292	285	284	280	Clay	17	McLean	295
14th Circuit	443	453	447	452	457	Clinton	21	Menard	12
TOTAL	2103	2176	2185	2213	2266	Coles	83	Mercer	12
<b>FOURTH DISTRICT</b>						Cook	32374	Monroe	38
5th Circuit	273	281	278	280	265	Crawford	22	Montgomery	34
6th Circuit	681	709	693	714	722	Cumberland	7	Morgan	48
7th Circuit	930	983	991	1011	1003	De Kalb	120	Moultrie	19
8th Circuit	179	177	178	179	178	De Witt	20	Ogle	43
11th Circuit	394	402	414	412	417	Douglas	19	Peoria	606
TOTAL	2457	2552	2554	2596	2585	Du Page	2178	Perry	19
<b>FIFTH DISTRICT</b>						Edgar	30	Piatt	21
1st Circuit	304	320	318	317	322	Edwards	5	Pike	13
2nd Circuit	297	315	300	298	288	Effingham	33	Pope	4
3rd Circuit	403	435	454	478	487	Fayette	16	Pulaski	7
4th Circuit	247	262	257	249	243	Ford	20	Putnam	7
20th Circuit	595	652	677	695	694	Franklin	51	Randolph	26
TOTAL	1846	1984	2006	2037	2034	Fulton	38	Richland	27
						Gallatin	10	Rock Island	328
						Greene	14	Saline	33
						Grundy	49	Sangamon	875
						Hamilton	13	Schuyler	10
						Hancock	18	Scott	7
						Hardin	5	Shelby	18
						Henderson	5	St. Clair	594
						Henry	51	Stark	11
						Iroquois	26	Stephenson	54
						Jackson	155	Tazewell	93
						Jasper	8	Union	15
						Jefferson	92	Vermilion	130
						Jersey	16	Wabash	19
						Jo Daviess	25	Warren	29
						Johnson	6	Washington	17
						Kane	693	Wayne	13
						Kankakee	107	White	14
						Kendall	26	Whiteside	66
						Knox	61	Will	464
						Lake	1436	Williamson	73
						La Salle	184	Winnebago	542
						Lawrence	17	Woodford	18

# Alexander X. Kuhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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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

We have audited the accompanying Balance Sheet of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 1990 and the related Statements of Fund Balance, Revenue and Expenditures and Cash Flows for the year then ended. These financial statements are the responsibility of the Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 1990, and results of its operation and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedules A is presented for the purpose of additional analysis and is not a required part of the basic financial statements, and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Alexander X. Kuhn & Co.*  
Certified Public Accountants

Dated: March 1, 1991  
Oakbrook Terrace, Illinois

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
Year Ended December 31, 1990**

**EXHIBIT I**

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION**

**OF THE SUPREME COURT OF ILLINOIS**

**BALANCE SHEET**

December 31, 1990

ASSETS	GENERAL	DEFERRED	PHYSICAL	GROUP LEGAL	MEDICARE	COMBINED
	OPERATING	FEEES AND	ASSET AND	SERVICE	REPLACEMENT	
	FUND	INVESTMENT	REPLACEMENT	REGISTRATION	RESERVE	FUNDS
		FUND	FUND	FEE FUND	TRUST	
<b>CURRENT ASSETS</b>						
Cash On Hand and In Bank						
First of America Bank -						
Springfield, N.A.	189,529.77					189,529.77
First National Bank of Springfield	1,500.00					1,500.00
NBD Chicago Bank	1,500.00					1,500.00
Petty Cash	300.00					300.00
Accounts Receivable - Other Than Fees	9,977.98					9,977.98
Investments (Cost)	3,473,993.24	4,458,163.91	440,007.22	48,831.85	444,202.55	8,865,198.77
Prepaid Expenses	42,660.14					42,660.14
Total Current Assets	<u>3,719,461.13</u>	<u>4,458,163.91</u>	<u>440,007.22</u>	<u>48,831.85</u>	<u>444,202.55</u>	<u>9,110,666.66</u>
<b>FIXED ASSETS</b>						
Computer and Related Equipment			508,468.00			508,468.00
Office Furniture & Equipment			769,394.44			769,394.44
Library			67,035.75			67,035.75
Leasehold Improvements			18,828.27			18,828.27
Total			1,363,726.46			1,363,726.46
Less: Accumulated Depreciation			709,394.83			709,394.83
Net Fixed Assets			<u>654,331.63</u>			<u>654,331.63</u>
<b>TOTAL ASSETS</b>	<u>3,719,461.13</u>	<u>4,458,163.91</u>	<u>1,094,338.85</u>	<u>48,831.85</u>	<u>444,202.55</u>	<u>9,764,998.29</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	38,617.26					38,617.26
Deferred Fees (Note J)		4,458,163.91				4,458,163.91
Reinstatement Deposits	5,500.00					5,500.00
Group Legal Service Registration Fees				48,831.85		48,831.85
Total Current Liabilities	<u>44,117.26</u>	<u>4,458,163.91</u>	<u>0.00</u>	<u>48,831.85</u>	<u>0.00</u>	<u>4,551,113.02</u>
<b>FUND BALANCES</b>						
General Operating Fund	3,675,343.87					3,675,343.87
Other Fund Balances			1,094,338.85		444,202.55	1,538,541.40
Total Fund Balances	<u>3,675,343.87</u>	<u>0.00</u>	<u>1,094,338.85</u>	<u>0.00</u>	<u>444,202.55</u>	<u>5,213,885.27</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>3,719,461.13</u>	<u>4,458,163.91</u>	<u>1,094,338.85</u>	<u>48,831.85</u>	<u>444,202.55</u>	<u>9,764,998.29</u>

**EXHIBIT II**

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
STATEMENT OF FUND BALANCE  
December 31, 1990**

	OPERATING	MEDICARE
	FUND	REPLACEMENT
		TRUST
<b>BALANCE, January 1, 1990</b>	3,286,482.14	306,358.37
<b>ADD: Excess of Revenue Over Expenditures (Exhibit III)</b>	<u>1,483,200.58</u>	<u>137,844.18</u>
<b>BALANCE, December 31, 1990</b>	<u>4,769,682.72</u>	<u>444,202.55</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 December 31, 1990**

	OPERATING	MEDICARE
	FUND	REPLACEMENT
		RESERVE
		TRUST
<b>REVENUE</b>		
Attorney Registration Fees and Charges Collected (Schedule A)	6,160,157.00	
Income on Investments	513,168.58	31,391.88
Miscellaneous Income	103.20	
Contributions from Operating Fund		111,408.16
Disciplinary Costs Collected	96,908.37	
<b>Total Revenues</b>	<u>6,770,337.15</u>	<u>142,800.04</u>
<b>EXPENDITURES</b>		
Salaries and Related Expenses	3,791,849.57	
Travel Expenses	101,452.88	
Library and Continuing Education	65,097.42	
General Expenses	750,880.26	
Computer Expenses	89,883.57	
Depreciation Expense	205,238.86	
Outside Professional and Investigative Expenses	281,878.45	
Disability and Hospitalization Insurance Premiums		4,955.86
Disposition of Obsolete Assets	855.56	
<b>Total Expenditures</b>	<u>5,287,136.57</u>	<u>4,955.86</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>1,483,200.58</u>	<u>137,844.18</u>

**EXHIBIT IV**

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 1990**

	OPERATING	MEDICARE
	FUND	REPLACEMENT
		RESERVE
		TRUST
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of Revenue Over Expenditures	1,483,200.58	137,844.18
<b>Adjustments to Reconcile Excess of Revenue Over Expenditures to Net Cash Provided by Operations:</b>		
Depreciation	205,238.86	
Disposal of Assets	855.56	
Accounts Receivable	(2,794.64)	
Other Assets	1,372.43	
Accounts Payable	(48,410.85)	(844.58)
Deferred Fees	240,462.91	
Reinstatement Deposits	(1,750.00)	
<b>Net Cash Provided by Operating Activities</b>	<u>1,878,174.85</u>	<u>136,999.60</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of Capital Assets -		
Computer and Related Equipment	(32,851.80)	
Office Furniture and Equipment	(14,958.54)	
Library	(9,410.92)	
Leasehold Improvements	(358.55)	
Proceeds from the Sale of Fixed Assets	50.00	
<b>Net Cash Used By Investing Activities</b>	<u>(57,529.81)</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Reduction of Notes Payable	(27,076.36)	
<b>Net Cash Used By Financing Activities</b>	<u>(27,076.36)</u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>1,793,568.68</u>	<u>136,999.60</u>
<b>CASH AND CASH EQUIVALENTS JANUARY 1, 1990</b>	<u>6,771,425.46</u>	<u>307,202.95</u>
<b>CASH AND CASH EQUIVALENTS DECEMBER 31, 1990</b>	<u>8,564,994.14</u>	<u>444,202.55</u>

The Accompanying Letter of Opinion and Notes to Financial Statements Are An Integral Part of This Statement.

SCHEDULE A

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
ATTORNEY REGISTRATION FEES AND CHARGES COLLECTED

Year Ended December 31, 1990

<u>CATAGORIES</u>	<u>NUMBER</u>	<u>AMOUNT</u>
<u>INITIALLY ADMITTED TO THE BAR</u>		
Oath Not Administered	--	--
Between 01-01-89 and 12-31-90	2,806	--
Between 01-01-87 and 12-31-88	4,373	305,305.00
Before 01-01-87	39,246	5,501,951.00
Active Military Duty	223	105.00
Birthday Before 12-31-14	2,271	110.00
Neither Practice, Nor Reside, Nor are Employed in Illinois	<u>7,977</u>	<u>285,018.00</u>
<u>TOTAL ATTORNEYS ACTIVE AND CURRENTLY REGISTERED</u>	<u>56,896</u>	<u>6,092,489.00</u>
<u>REMOVED FROM MASTER ROLL (ARREARS, DECEASED, INACTIVE AND DISCIPLINED ATTORNEYS)</u>	<u>668</u>	<u>17,564.00</u>
<u>PRIOR YEARS REGISTRATION FEES AND DELINQUENT CHARGES COLLECTED</u>		<u>50,104.00</u>
<u>TOTAL REGISTRATION FEES AND DELINQUENT CHARGES COLLECTED</u>		<u>6,160,157.00</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  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1990

**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 claims against Illinois attorneys whose conduct might tend to defeat the administration of justice or 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 1st each year.

On August 9, 1983, the Illinois Supreme Court adopted rule 773, effective October 1, 1983. The rule provided that an attorney-respondent could be responsible for paying the costs incurred in proceedings which led to the imposition of disciplinary sanction.

On October 13, 1989, rule 773 was amended effective immediately. Attorney-respondents have a duty to pay costs involved in the enforcement of certain Supreme Court rules, costs incurred to compel witness testimony where the lawyer has not cooperated with Commission proceedings, and costs incurred to obtain records from a financial institution when the institution's production followed a lawyer's failure to provide records.

On October 20, 1989, the Supreme Court adopted rule 769, effective November 1, 1989. It is now the duty of every attorney to retain all financial records related to the attorney's practice for a period of not less than ten years.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The books and other financial records of the Commission are recorded on an accrued basis. The accounting year of the Commission is December 31, as established by a resolution by the Commissioners dated September 8, 1989.

The Commission adopted Statement of Financial Accounting Standards No. 95 (SFAS 95), "Statement of Cash Flows" in fiscal 1988. In accordance with SFAS 95, the Commission has classified all investments as cash equivalents.

Property, plant and equipment are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets or asset groups principally on the straight-line method for financial reporting purposes. Generally, upon disposal of assets, cost less any proceeds from sale is charged or credited to accumulated depreciation and gains or losses are then included in current income. Leasehold improvements are amortized over the lease period.

**C. INVESTMENTS**

All investment transactions are handled by the Trust Department of the First America Bank - Springfield, N.A. and are held in safekeeping at the bank. Investments are carried at cost, which approximates market.

**D. 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 lock box is under the sole supervision of First America Bank - Springfield, N.A. The contents of the lock box are accounted for solely by the bank and all receipts are deposited to the Commission's account. An accounting for these funds is sent regularly to the Commission's registration 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.

**E. LEASE AND MAINTENANCE COMMITMENTS**

The Commission leases premises under various operating lease agreements. The aggregate of lease payments under operating lease agreements was \$374,748.85. Certain automobile operating leases are subject to excess mileage payments at the end of the lease, and purchase options are available but not exercised. There are no renewal terms associated with the premises operating leases. The future minimum lease payments for the Chicago office are subject to an expansion clause in the lease. The future minimum lease payments as presented here are calculated on the current square footage occupied, due to the uncertainty of the availability of additional space in the future. The future minimum lease payments for the Springfield office are subject to possible escalation based on the operating expenses of the building.

Future minimum lease payments relating to operating lease agreements are:

	<u>Operating Leases</u>	
	<u>Premises</u>	<u>Autos</u>
1991	400,611.00	16,895.58
1992	432,429.00	
1993	452,239.00	
1994	472,633.00	
1995	<u>106,425.00</u>	
Totals	<u>1,864,377.00</u>	<u>16,895.58</u>

Various rental and maintenance agreements on computer software, hardware and office equipment amounts to approximately \$74,891.82 annually.

**F. TAXABLE STATUS**

On January 29, 1976, the Internal Revenue Service officially recognized the Commission as a tax exempt organization under section 501(c)(6) of the Internal Revenue Code. Under the Letter of Determination the Commission is exempt from Federal Income tax. However, it is required to annually file form 990 (an information return) with the Internal Revenue Service. The Internal Revenue Service has examined the return for the year ended December 31, 1978, and made no changes.

**G. PHYSICAL ASSET REPLACEMENT FUND**

Annually, Commission funds have been budgeted and set aside for the replacement of fixed assets. To determine the amount to be funded, the total cost of fixed assets at the end of the fiscal year is reduced by the funds accumulated in the Physical Asset Replacement Fund investment trust. This balance is then projected over 10 years. The annual projection is then budgeted and set aside in the following year.

An appropriate cap for the Physical Asset Replacement Fund is being considered.

**H. 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 had determined to contribute an additional 4% of compensation for each eligible participant.

**I. 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 funds are invested in a trust account at the First of America Bank - Springfield, N.A.

**J. DEFERRED FEES**

The annual registration fee covers a period from January 1 to December 31. Fees collected in November and December 1990 represent 1991 fees.

**K. 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 both employee 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.

The Commission contribution for the year ended December 31, 1990 was \$492,748.40.

**L. LITIGATION**

The following non-disciplinary cases are noteworthy:

**1. LITIGATION AS TO THE NATURE OF DISCIPLINARY FUNDS**

90 ML 4

On March 19, 1990, a complaint was filed in the United States District Court for the Central District of Illinois alleging constitutional violations based upon the removal of plaintiff's name from the Master Roll of Attorneys as a result of a failure to comply with Supreme Court Rule 756.

**L. LITIGATION (continued)**

Plaintiff sought equitable and compensable relief. Greening v. Moran, Randy Robinson, et al., 90-CV-3071. On June 21, 1990, the court entered an order dismissing case no. 90-CV-3071. On December 3, 1990, plaintiff filed a notice of appeal in the United States Court of Appeals for the 7th Circuit. Greening v. Moran, et al., 90-3784.

**2. OTHER NOTEWORTHY LITIGATION**

90 ML 6

On April 9, 1990 the plaintiffs filed a complaint in the Circuit Court of the Third Judicial Circuit, Madison County, Illinois, seeking to limit the access and use of records and seeking costs and monetary damages. John Doe and twenty-four other similarly situated plaintiffs vs. John C. O'Malley and the ARDC, no. 90 MR 164. On July 18, 1990, an order was entered in case no. 90 MR 164 denying the Administrator's motion to dismiss. On August 16, 1990, the Administrator filed a petition for supervisory order in the Supreme Court of Illinois. In the Matter of Paul E. Riley, no. 70684. On October 3, 1990, the Supreme Court granted the Administrator's petition and directed Judge Riley to vacate the July 18, 1990. On October 15, 1990, an order was entered in case no. 90 MR 164 vacating the prior order and granting the Administrator's motion to dismiss.

90 ML 15

On or about September 26, 1990 the plaintiff filed a complaint in the United States District for the Central District of Illinois alleging that the Administrator's use of certain tape recordings violated the federal eavesdropping statute. Storment v. O'Malley, No. 90-CV-3517. The complaint requested money damages and other relief. On December 5, 1990, following a motion to dismiss, the court entered an order in case no. 90-CV-3517 dismissing the plaintiff's complaint and denying the relief requested.