



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

One Prudential Plaza
130 East Randolph Drive
Chicago 60601-6219
(312) 565-2600 (800) 826-8625
Fax (312) 565-2320

1 North Old Capitol Plaza
Springfield 62701-1507
(217) 522-6838 (800) 252-8048
Fax (217) 522-2417

Chicago
April 29, 1994

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 1993 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 activities of the Commission for calendar year 1993 and an accounting and audit of the monies received and expended during the twelve-month period which ended December 31, 1993.

Respectfully submitted,

David M. Hartigan, Chairman
James H. Bandy
John P. Clarke
Eldridge T. Freeman, Jr.
Watts C. Johnson
James J. McDonough
Benedict Schwarz, II, Commissioners

Mary Robinson, Administrator

I. Registration Report

Supreme Court Rule 756 charges the Commission with the responsibility of conducting an annual registration of attorneys licensed to practice law in Illinois, collecting the annual fee prescribed by that rule and maintaining the Master Roll of registered attorneys. The annual registration process begins on November 1st of the year before the registration is effective, and beginning on that date, changes are made in registration data, including information showing the county of an attorney's principal office. The registration data reported here is that recorded as of October 31, 1993.

As of that date, the 1993 Master Roll of attorneys contained the names of 63,328 attorneys. That total does not include the 1,776 attorneys who first took their oath of office in November or December 1993.

Chart A reflects the number of attorneys registered by reference to the categories set forth in Rule 756 for determining the annual fee to be paid.

Chart A: Registration Categories

Admitted between 01-01-92 and 10-31-93:	3,136
Admitted between 01-01-90 and 12-31-91:	4,686
Admitted before 01-01-90:	42,951
Serving military duty:	225
Serving as judge:	896
Birthday before 12-31-17:	2,375
Foreign legal consultant	1
Neither practice, nor reside, nor are employed in Illinois:	<u>9,058</u>
Total attorneys active and currently registered:	63,328

Charts B and C show the distribution by County and by Judicial Circuit of the 49,377 registered attorneys who report a principal business address in Illinois. The

13,951 difference between the 49,377 lawyers accounted for in Charts B and C and the 63,328 registered for 1993 is comprised of the 9,058 attorneys who pay a reduced fee because they neither practice nor reside nor are employed in the state and the 4,893 attorneys who report a business address outside Illinois but register to be able to practice in Illinois.

Chart B: Registered Attorneys by Judicial Districts and Circuits

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
<u>First District</u>					
Cook County	31839	32374	33716	34180	35140
<u>Second District</u>					
15th Circuit	164	166	167	180	189
16th Circuit	802	839	868	929	984
17th Circuit	553	569	592	619	647
18th Circuit	2084	2178	2243	2590	2763
19th Circuit	<u>1620</u>	<u>1755</u>	<u>1810</u>	<u>2066</u>	<u>2182</u>
Total	5223	5507	5680	6384	6765
<u>Third District</u>					
9th Circuit	200	200	195	202	202
10th Circuit	716	732	765	782	796
12th Circuit	422	464	485	487	508
13th Circuit	284	280	285	294	299
14th Circuit	452	457	468	487	501
21st Circuit	<u>139</u>	<u>133</u>	<u>138</u>	<u>150</u>	<u>152</u>
Total	2213	2266	2336	2402	2458
<u>Fourth District</u>					
5th Circuit	280	265	269	277	288
6th Circuit	714	722	738	767	776
7th Circuit	1011	1003	1054	1086	1120
8th Circuit	179	178	180	185	186
11th Circuit	<u>412</u>	<u>417</u>	<u>431</u>	<u>448</u>	<u>469</u>
Total	2596	2585	2672	2763	2839
<u>Fifth District</u>					
1st Circuit	317	322	335	355	377
2nd Circuit	298	288	299	294	290
3rd Circuit	478	487	487	508	515
4th Circuit	249	243	242	248	249
20th Circuit	<u>695</u>	<u>694</u>	<u>712</u>	<u>728</u>	<u>744</u>
Total	2037	2034	2075	2133	2175
Grand Total	43,908	44,766	46,479	47,862	49,377

Chart C: Registered Attorneys by County

PRINCIPAL OFFICE	NUMBER OF ATTORNEYS		PRINCIPAL OFFICE	NUMBER OF ATTORNEYS	
	1992	1993		1992	1993
Adams	109	110	Lee	36	38
Alexander	11	11	Livingston	53	51
Bond	13	14	Logan	34	37
Boone	32	32	Macon	233	236
Brown	8	7	Macoupin	47	47
Bureau	48	48	Madison	495	501
Calhoun	3	4	Marion	48	45
Carroll	15	15	Marshall	14	13
Cass	12	12	Mason	16	16
Champaign	451	460	Massac	23	26
Christian	46	44	McDonough	50	50
Clark	15	16	McHenry	359	383
Clay	14	14	McLean	325	345
Clinton	21	22	Menard	14	14
Coles	86	90	Mercer	12	13
Cook	34,180	35,140	Monroe	39	39
Crawford	20	20	Montgomery	40	39
Cumberland	6	6	Morgan	50	52
DeKalb	146	152	Moultrie	19	18
DeWitt	21	22	Ogle	43	45
Douglas	17	18	Peoria	642	653
Du Page	2590	2763	Perry	22	25
Edgar	36	38	Piatt	26	22
Edwards	6	5	Pike	11	11
Effingham	36	38	Pope	3	4
Fayette	17	18	Pulaski	6	6
Ford	19	18	Putnam	6	6
Franklin	51	53	Randolph	26	26
Fulton	42	38	Richland	26	25
Gallatin	9	8	Rock Island	356	368
Greene	16	14	Saline	6	38
Grundy	53	53	Sangamon	949	982
Hamilton	17	13	Schuyler	12	12
Hancock	16	16	Scott	7	6
Hardin	5	6	Shelby	18	21
Henderson	5	7	St Clair	621	635
Henry	51	50	Stark	13	14
Iroquois	27	26	Stephenson	55	59
Jackson	171	176	Tazewell	107	110
Jasper	8	8	Union	19	22
Jefferson	97	97	Vermilion	134	138
Jersey	17	19	Wabash	20	18
Jo Daviess	31	32	Warren	31	30
Johnson	8	6	Washington	20	19
Kane	752	792	Wayne	12	13
Kankakee	123	126	White	13	14
Kendall	31	40	Whiteside	68	70
Knox	58	61	Will	487	508
Lake	1707	1799	Williamson	78	88
LaSalle	193	198	Winnebago	587	615
Lawrence	18	18	Woodford	17	18

Chart D reports age, gender, and tenure information for Illinois attorneys registered for 1993.

Chart D: Age, Gender and Years in Practice for Attorneys Registered for 1993

Gender	
Male	76%
Female	24%
	100%

Age	
21-29	9%
30-49	65%
50-74	22%
75-or over	4%
	100%

Years in Practice	
Less than 10	37%
10 or More	63%
	100%

II. Report on Disciplinary Matters and Non-Disciplinary Action Affecting Attorney Status

A. Investigations

The Attorney Registration and Disciplinary Commission is charged with the responsibility of investigating and, when appropriate, prosecuting charges of misconduct by attorneys. Charges typically come from clients, other attorneys, judges, and other persons connected with transactions or litigation in which the attorney is involved.

During 1993, the Commission docketed 6345 investigations, involving charges against 4106 different attorneys. When investigations are docketed, a staff attorney makes an initial assessment of the nature of the misconduct alleged, if any, and the type

of legal context in which the facts apparently arose. Charts 1 and 2 report the classifications recorded for investigations docketed in 1993.

As with prior years, the three areas of practice most likely to lead to a complaint

of attorney misconduct are tort, domestic relations, and criminal law. Similarly, the violations most commonly reported track those for prior years. Neglect of the client's cause and failure to communicate with the client remain high on the list.

Chart 1: Complainants' Classification of Charges Docketed in 1993 by Violation Alleged

<u>Type of Misconduct</u>	<u>Number</u>
Neglect or lack of diligence	1,308
Fraudulent or deceptive activity, including lying to clients, knowing use of false evidence or making a misrepresentation to a tribunal	645
Failure to communicate with client, including failure to communicate the basis of a fee	566
Improper management of client or third party funds, including commingling, conversion, failure to promptly pay litigation costs or client creditors, or issuing N.S.F. checks	479
Incompetence	459
Excessive fees, including failure to refund unearned fees	379
Conflict of interest, including improperly entering into business transactions with clients	178
Failure to properly withdraw from representation, including failure to return client files or documents	165
Conduct prejudicial to the administration of justice, including conduct which is the subject of a contempt finding or court sanction	164
Failure to treat others with courtesy	136
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf	110
Improper commercial speech, including inappropriate written and oral solicitation	108
Criminal activity, including criminal convictions, counselling illegal conduct, public corruption	64
Filing frivolous or non-meritorious claims or pleadings	55
Lawyer is the subject of grand jury subpoena or other lawful government process	52
Practicing law in a jurisdiction where not authorized	51
Aiding in the unauthorized practice of law, including sharing fees with nonlawyers	46
Improper trial conduct, including suppressing evidence where there is a duty to reveal	41
Threatening criminal prosecution to gain advantage in a civil matter	34
Incapacity due to chemical addiction or mental condition	33
Improper communication with a party known to be represented by counsel	32
Failure to register	30
Avoiding in bad faith the repayment of an educational loan guaranteed by a governmental entity	30
Improper communications with or harassment of jurors	26
Sexual harassment or abuse	21
Failing to preserve client confidences or secrets	18
Improper ex parte communication	14
Prosecutor's bad faith initiation of criminal charges	11
Failure to disclose fraud on a tribunal or lawyer misconduct	11
Improper advances or loans to clients	8
Attempting to circumvent the ethics rules through the actions of others	5
Giving or lending something of value to judicial officials	5
False statements concerning judicial officials	3
Failure to pay tax obligation	3
No misconduct alleged	974
Other	81
Total	6345

**CHART 2: Classification Of Charges
Docketed In 1993 by Area
Of Law**

Area of Law	Number
Tort (Personal Injury/ Property damage)	1,034
Domestic Relations	983
Criminal/Quasi-Criminal	869
Real Estate/Landlord-Tenant	491
Contract	467
Probate	306
Labor Relations	206
Bankruptcy	140
Corporate Matters	89
Immigration	43
Local Government Problems	34
Other	35
Civil Rights	29
Tax	27
Adoption	24
Patent and Trademark	13
Mental Health	11
No specific area of law identified	570
Complaints alleged no misconduct	974
Total	6345

In furtherance of its duty to protect the public and the integrity of the profession, the Commission requires its counsel to fully investigate all facially viable complaints. Although the primary obligation is to investigate serious cases of misconduct, when feasible, staff counsel will attempt to intervene to resolve underlying difficulties. Frequently, complainants are referred to other organizations that provide assistance in mediating disputes.

If an investigation fails to reveal provable misconduct, staff counsel will seek authorization to close the file. Counsel is required to explain in writing to the complainant the basis for closing an investigation.

If an investigation produces evidence of misconduct, the case is referred to the Inquiry Board. The Inquiry Board operates in panels of three, composed of two attorneys and one nonlawyer, all appointed by the Commission. An Inquiry Panel has authority to vote a formal complaint if it finds evidence to support a charge, to close an investigation if it does not so find, or to defer the investigation and place an attorney on supervision under the direction of the panel pursuant to Commission Rule 108. The Administrator cannot pursue formal charges without authorization by an Inquiry Panel.

Comparatively few investigations result in the filing of formal charges. Charts 3 and 4 show the number of investigations docketed and terminated during 1993, and the type of action which terminated the investigations.

CHART 3: Trend of Investigations

YEAR	PENDING JANUARY 1st	DOCKETED DURING YEAR	CONCLUDED DURING YEAR	PENDING DECEMBER 31
1992	2894	7338	6849	3383
1993	3383	6345	6774	2954

B. Hearing Matters

Once an Inquiry Panel authorizes the filing of charges, a formal complaint setting forth all allegations of misconduct pending against the attorney is filed, and the matter proceeds before the Hearing Board. Upon filing and service of the complaint, the case becomes public. In addition to complaints alleging misconduct filed pursuant to Supreme Court

CHART 4: Action Concluding Investigations In 1993

Concluded by Administrator: Closed because no misconduct was stated:	974
Closed after investigation:	5,422
Concluded by Inquiry: Closed after investigation:	137
Complaint or impairment petition voted:	241
TOTAL	6,774

Rule 753, and complaints alleging conviction of a criminal offense under Rule 761, the Hearing Board also entertains petitions for reinstatement pursuant to Rule 767, petitions for transfer to inactive status because of impairment pursuant to Rule 758, and petitions for restoration to active status pursuant to Rule 759.

Chart 5 shows the number and types of new cases filed before the Hearing Board during 1993.

Charts 6A and 6B show the types of misconduct alleged in the 93 disciplinary complaints filed during 1993 and the areas of practice in which the alleged misconduct arose. In large part, the categories most frequently seen in formal charges track the categories most frequently seen in client complaints, as reported in Charts 1 and 2. As was true in 1992, neglect and conversion remain the most frequent charges, and tort law remains the area of practice that generates the largest number of client

CHART 5: Trend of Matters Before The Hearing Board

Cases Pending on January 1, 1993	128
New Cases Filed in 1993:	
Disciplinary Complaints Filed: Rule 753,761(d)	93*
Reinstatement Petitions Filed: Rule 767	8
Petitions Alleging Impairment: Rule 758	2*
Contested Restoration Petitions: Rule 759	3
Total New Cases:	106
Cases Concluded During 1993	115
Cases Pending December 31, 1993	119

*The number of cases filed at hearing is significantly lower than the number of matters voted by Inquiry because multiple investigations against a particular attorney in which an Inquiry Panel has voted a complaint are consolidated into a single complaint for purposes of filings at hearing.

complaints and formal charges.

The Hearing Board sits in panels of three. By amendment effective October 15, 1993, the Hearing Board is comprised of one nonlawyer for every two lawyer members. Hearing Board members are appointed by the Commission.

A Hearing Panel can terminate a case on the pleadings, after a contested hearing, or by approving the filing of a petition for discipline on consent pursuant to Rule 762(b). After a hearing has been held in a disciplinary case, the Hearing Board issues a report and recommendation either dismissing the complaint, or finding misconduct and recommending what sanction should be imposed. Findings of misconduct must be supported by clear and convincing evidence. In

CHART 6A: Area of Law Involved In Complaints Filed Before Hearing in 1993

Area of Law	Number (out of 93 filed)*	Approx.% of cases filed*
Tort	25	26%
Real Estate	15	16%
Probate	13	14%
Domestic Relations	13	14%
Corporate Matters	9	9%
Criminal	8	8%
Bankruptcy	7	7%
Labor Relations	6	6%
Contract	4	4%
Debt Collection	4	4%
Insurance Law	3	3%
Other Areas	3	3%

*Totals exceed 93 cases and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

impairment cases, the Hearing Board can dismiss the Administrator's petition or find evidence of impairment and recommend that the respondent be transferred to inactive status. In reinstatement and restoration cases, the Hearing Board issues a report recommending that reinstatement or restoration to active status be allowed or denied.

Chart 7 shows the type of action by which the Hearing Board concluded the 114 cases terminated during 1993.

C. Matters Before the Review Board

Either the respondent or the Administrator can file exceptions as a

CHART 6B: Types of Misconduct Alleged in Complaints Filed Before Hearing Board in 1993

Type of Misconduct	Number (out of 93 filed)*	% of cases filed*
Neglect Of the 35 cases where neglect was charged, the neglects were accompanied by the following facts in the number of cases noted	35	38%
Prejudice to clients	21	
Misrepresentations to client	27	
Failure to return unearned fees	13	
Improper handling of funds	30	32%
Criminal conduct	20	22%
Fraudulent or deceptive activity, including schemes to defraud clients or others, falsifying evidence, false statements to tribunal	19	20%
Incompetence	17	18%
Conflict of interest arising from sexual relationship with client	12	13%
Excessive or unauthorized fees	8	9%
Failure to respond to ARDC request for information	7	8%
Aiding or engaging in unauthorized practice of law	4	4%
Entering agreement with client not to pursue ARDC complaint	3	3%
Withdrawing from employment without court approval	3	3%
Violating client privilege	2	2%
Counseling or assisting client in unlawful conduct	1	1%
Refusal to accede to reasonable requests of opposing counsel	1	1%
Failure to report attorney misconduct	1	1%
Avoiding in bad faith repayment of education loan	1	1%
Failure to report criminal conviction to ARDC	1	1%

*Totals exceed 93 cases and 100% because most complaints allege more than one type of misconduct.

CHART 7: Actions Taken by Hearing Board in Matters Terminated in 1993

A. DISCIPLINARY CASES: RULES 753 & 761(d)		
Recommendation of dismissal or discharge:	4	
Recommendation of discipline:	59	
Cases closed by disbarment on consent:	17	
Cases closed by filing of petition for discipline on consent:	19	
Cases stayed by Supreme Court:	1	
TOTAL DISCIPLINARY CASES:		100
B. REINSTATEMENT PETITIONS: RULE 767		
Recommend petition be allowed:	2	
Recommend petition be denied:	3	
Petition withdrawn before hearing:	2	
TOTAL RULE 767 PETITIONS:		7
C. IMPAIRMENT CASES: RULE 758		
Cases closed by voluntary transfer to inactive status:	3	
Report of fact finding entered:	1	
TOTAL RULE 758 PETITIONS:		4
D. RESTORATION CASES: RULE 759		
Recommend petition be allowed:	1	
Recommend petition be denied:	1	
Petition dismissed without prejudice:	1	
TOTAL RESTORATION CASES:		3
TOTAL MATTERS TERMINATED:		114

matter of right from the recommendation of the Hearing Board. Those exceptions are heard by the Review Board consisting of nine lawyers appointed by the Supreme Court. The Review Board entertains briefs and oral arguments, and then issues a report and recommendation

affirming or reversing the recommendation of the Hearing Board. The Review Board can also dispose of a case by approving the filing of a petition for discipline on consent pursuant to Rule 762(b). Chart 8 shows the data on cases filed before, and disposed of by, the Review Board.

D. Supreme Court - Disciplinary Cases

Only the Supreme Court has authority to sanction attorneys for misconduct, and under the rules of the Court, no sanction other than a Board reprimand can be imposed in a disciplinary case without order of the Court. Disciplinary cases reach the Court in several ways.

CHART 8: Trend Of Matters In The Review Board

Cases Pending on January 1, 1993:	38
Cases filed during 1993:	
Exceptions filed by Administrator:	9
Exceptions filed by Respondent:	31
Exceptions filed by both parties:	1
Remanded by Supreme Court:	3
TOTAL :	44
Cases decided in 1993:	
Hearing Board affirmed:	16
Hearing Board reversed as to findings or sanction:	19
Exceptions withdrawn, matter presented to Court on motion to approve Hearing Board Report:	3
Exceptions mooted by filing of motion for disbarment on consent:	1
Petition for discipline on consent:	1
Case dismissed as moot due to death of Respondent:	1
TOTAL :	41
Cases pending December 31, 1993	41

In cases that have been heard by the Review Board, either party can petition the Court for leave to file exceptions to the Review Board report and recommendation. Review by the Court in such cases is discretionary. If neither party excepts, the matter is presented to the Court by motion to approve and confirm the Review Board report. In either event, the Court may affirm the Review Board report and enter the sanction or other relief recommended; decide to review the matter on the merits and order briefs and argument; or reject the Review Board recommendation and impose a sanction or other disposition different from that recommended by Review without briefs or argument.

Similarly, if a case has proceeded to hearing, and neither party files exceptions to the Review Board, the matter is presented to the Supreme Court by motion to approve and confirm the report and recommendation of the Hearing Board. The Court may grant that motion and impose the sanction recommended by the Hearing Panel; deny the motion and remand the case for further proceedings; or alter the Hearing Board recommendation without further proceedings.

In addition, under Rule 762, matters can be presented to the Court by consent. An attorney may move for disbarment on consent under Rule 762(a) at any point in time. If the motion is allowed, the attorney can apply for reinstatement after three years, as opposed to the normal five years when disbarment is involuntary. If the motion is denied, the matter proceeds through the regular disciplinary process.

Rule 762(b) provides for consent discipline other than disbarment. While a case is pending before any of the boards, Inquiry, Hearing or Review, the appropriate Board can approve the filing of a petition for discipline on consent by which the parties agree to the misconduct that has occurred and the sanction that should be imposed. The Court may grant the petition and impose the agreed sanction or deny the petition and remand the case for further proceedings.

During 1993, the Court entered 114 sanctions against 113 attorneys in cases presented through one of the above procedures. Chart 9 reflects the nature of the orders entered, and Chart 10 provides demographic information on the lawyers who were disciplined.

**CHART 9: Disciplinary Sanctions
Ordered By The Supreme
Court In 1993**

Disbarred	45
Suspended	47*
Censured	13
Probation	8
Reprimand	<u>1</u>
Total	114

*The number reported for suspensions in prior years included interim suspensions ordered pursuant to Rule 761 and 774. The 47 suspensions reported for 1993 were all final orders entered after hearings or pursuant to consent petitions. In addition to those, the Court ordered 9 interim suspensions during 1993, as reported in Charts 11G and 11J.

**CHART 10: Age, Gender, and Years
In Practice For Attorney
Disciplined During 1993**

<u>GENDER</u>	
Male	94%
Female	6%
	100%
<u>AGE</u>	
21-29	1%
30-49	63%
50-74	36%
75 or over	0%
	100%
<u>YEARS IN PRACTICE</u>	
Less than 10	14%
10 or more	86%
	100%

Chart 11 reflects the actions taken by the Supreme Court in disciplinary matters in the varying procedural contexts in which those matters are presented.

During 1993, the Court heard arguments and issued opinions in three disciplinary cases. In re Jordan, (1993) 156 Ill.2d 202; In re Rosin, (1993) 157 Ill.2d 266; In re Timpone, (1993) 157 Ill.2d 178. The attorney in Rosin was discharged, and sanctions of probation (Jordan) and suspension (Timpone) were ordered in the other cases. Thus 112 of the 114 sanction orders entered by the Court in 1993 were entered pursuant to a consent petition, a motion to approve and confirm the report of the Hearing Board or Review Board, or a petition for reciprocal discipline. In several cases presented to the Court on exceptions to the Review Board recommendation or a motion to approve the Review Board recommendation, the Court ordered different sanctions than those recommended by Review without entertaining briefs or oral argument. As Chart 11 reflects, the Court accepted two disciplinary cases for plenary review

during 1993. In re Chandler, No. 76145; In re Discipio, No. 76460.

**CHART 11: Orders entered by Supreme
Court in Disciplinary Cases**

A. <u>Petitions for disbarment on consent: Rule 762(a)</u>	
Allowed	32
Denied	4
Withdrawn	1
TOTAL	37
B. <u>Petitions for discipline on consent: Rule 762(b)</u>	
Allowed:	
Suspended	16
Probation	6
Censured	6
Total	28
Denied	1
TOTAL	29
C. <u>Petitions for leave to file exceptions to report and recommendation of review board: Rule 753(e)(1)</u>	
Allowed	2
Allowed, and different sanction imposed without briefs	4
Denied	11
TOTAL	17
D. <u>Motions to approve and confirm report of review board: Rule 753 (e)(6)</u>	
Allowed	4
Denied, and different sanction imposed without briefs	1
TOTAL	5
E. <u>Motions to approve and confirm report of hearing board: Rule 753(d)(2)</u>	
Allowed	23
Denied	1
TOTAL	24
F. <u>Petitions relating to enforcement of subpoenas: Rule 754</u>	
Motion to quash subpoena allowed	1
Motion to quash subpoena denied	3
Petition for rule to show cause for failure to honor subpoena denied, with leave to resubmit	1
TOTAL	5

G. <u>Petitions for interim suspension due to conviction of a crime: Rule 761(b)</u>	
Allowed	6
Rule continued	5
Rule discharged	2
TOTAL	13

H. <u>Petitions for reciprocal discipline: Rule 763</u>	
Allowed	9
Denied	0
TOTAL	9

I. <u>Petitions for reinstatement: Rule 767</u>	
Referred to Hearing Board	8
Allowed after hearing	0
Denied after hearing	1
Withdrawn before hearing	2
Withdrawn after hearing	1
TOTAL	12

J. <u>Petition for interim suspension: Rule 774</u>	
Allowed	3
Denied	0
TOTAL	3

E. Supreme Court - Non-Disciplinary Action

In addition to activity in disciplinary cases, the Supreme Court entertains pleadings in non-disciplinary matters that affect an attorney's status. Chart 12 reflects the orders entered in such cases during 1993.

CHART 12: Non-Disciplinary Actions By the Supreme Court

A. <u>Voluntary motions for transfer to inactive status: Rule 770</u>	
Allowed	330
Denied	0
TOTAL	330
B. <u>Petition for restoration to active status: Rule 759</u>	
Allowed	52
Denied	1
Referred to Hearing Board	3
Referred to Review Board	1
TOTAL	57

C. <u>Petitions for involuntary transfer to inactive status due to mental disability or substance addiction: Rule 758</u>	
Allowed	2
Denied	0
TOTAL	2

D. <u>Petition by complainant to require Administrator to further investigate charges or expedite proceedings: Rule 752</u>	
Allowed	0
Denied	16
TOTAL	16

E. <u>Motion for Supervisory order: Rule 383</u>	
Allowed in part	2
Denied	1
Dismissed as moot	2
TOTAL	5

F. Summary

Chart 13 continues the effort from previous years to show a comparison of data on caseload for a ten year period.

The method of tracking investigations docketed in the year was altered during 1992. In prior years, a complaint of misconduct against several attorneys was counted as one file. Beginning in 1992, a separate investigation was docketed for each attorney named so that investigations would be tracked on a theory consistent with action taken throughout disciplinary proceedings, including the imposition of sanctions, which are entered by the Supreme Court against each individual attorney, not based upon the subject matter of a complaint. The 1992 annual report listed the investigations docketed during that year by both methods of counting, showing 6291 investigations docketed under the old method and 7338 under the new. To facilitate comparison, Chart 13 includes an estimate of the number of investigations that would have been reported for past years under the new tracking method, using the percentage difference in the 1992 data.

CHART 13: A Comparison

	NUMBER OF REGISTERED ATTORNEYS	INVESTIGATIONS DOCKETED ¹	INVESTIGATIONS DOCKETED PER ATTORNEY ²	CLOSURE BY ADMINISTRATOR NO MISCONDUCT ALLEGED	CLOSURE BY ADMINISTRATOR AFTER INVESTIGATION	CLOSURE BY INQUIRY AFTER INVESTIGATION	COMPLAINT VOTED BY INQUIRY BOARD
1984	45,171	2,721	est. 3201	*	1,182	1,021	179
1985	47,400	3,935	est. 4629	*	1,730	1,239	184
1986	49,177	4,535	est. 5335	223	2,846	1,094	219
1987	50,635	4,886	est. 5748	765	4,542	1,275	229
1988	52,611	4,945	est. 5817	910	4,369	1,167	214
1989	54,866	5,822	est. 6849	818	5,552	1,266	343
1990	56,896	6,489	est. 7634	1,023	5,254	1,410	349
1991	58,953	5,969	est. 7022	608	5,701	839	325
1992	61,107	6,291	7338	889	5,210	473	277
1993	63,328		6345	974	5,422	137	241

- 1 This figure represents the number of complaints received, whether or not they included charges against more than one attorney, as reported through 1992.
 2 This column represents the number of complaints received counting a separate investigation for each attorney named in each complaint, a tracking method commenced in 1992.
 * Not available

	MATTERS FILED WITH HEARING BOARD	MATTERS FILED WITH REVIEW BOARD	MATTERS FILED WITH SUPREME COURT ³	SANCTIONS ORDERED BY COURT
1984	49	28	139	33
1985	68	27	211	88
1986	120	49	228	86
1987	103	40	463	103
1988	75	32	390	112
1989	89	23	791	132
1990	105	23	578	100
1991	127	25	604	78
1992	122	37	560	89
1993	106	44	593	114

3 The data reported in this column represent both disciplinary and non-disciplinary matters filed with the Court. Non-disciplinary filings account for 479 of the filings reported for 1993.

The comparison shows that the number of complaints against lawyers dropped during 1993. Based on the estimates for prior years, the 1993 investigations represent the lowest number docketed in 5 years.

The trend toward concluding matters without referral to Inquiry which was discussed in the 1992 annual report continued. Although fewer cases were referred, Inquiry panels continued to vote to authorize complaints in about the same percentage of files, 241 in 1993 compared to 277 in 1992, in both years, about 4% of the total number of investigations docketed for each year. Indeed, that ratio remained consistent for all ten years reported. Thus, while allowing investigations to be concluded more expeditiously, the effort to close files without referral to Inquiry panels has not lessened the number of formal charges filed.

Disciplinary cases proceed through several levels of review, and trends take several years to fully develop. The high number of investigations docketed in 1989 and 1990 produced increased formal charges and increased activity at the Hearing Board in 1991 and 1992. In 1993 the impact appeared at Review and at the Court, with increased activity at both of those levels. The number of filings before the Review Board was the second highest for the ten years reported, and the number of sanctions ordered by the Court was, likewise, the second highest for the ten year period.

III. Developments During 1993

A. Public Members Added To Hearing Board.

The Supreme Court amended Rule 753(c), effective October 15, 1993, to include nonlawyer members on the Hearing Board. Under the amendment, Hearing Board members are to be appointed in a ratio of two lawyers for each nonlawyer, and one of the lawyer members of each panel hearing cases will be designated to act as chair. The Court added nonlawyer members to the Inquiry Board in 1989, after the Court's Blue Ribbon Committee to Study the Function and Operations of the Attorney Registration and Disciplinary Commission recommended that step. The Blue Ribbon Committee suggested that the Court observe the impact of nonlawyer members at Inquiry before determining whether to include nonlawyer members at Hearing. Having found that nonlawyer members brought perspective and provided valuable contributions to the Inquiry Board, the Commission recommended that the Court include nonlawyer members on the Hearing Board.

The amendment adding nonlawyers to Hearing was implemented immediately, with the Commission initially asking several nonlawyer members serving on the Inquiry Board to accept appointments to the Hearing Board. Nonlawyer members served on Hearing Board panels for eight hearings between the effective date of the amendment and the end of the year.

B. Review Board Restructured

The number of cases pending at the Review Board increased significantly during 1992 and

1993, with concomitant increases in the time taken by the Review Board to decide cases. Effective May 26, 1993, the Supreme Court amended Rule 753(d) to provide that the nine member Review Board would operate in panels of three. After the amendment, the Review Board increased the number of cases it heard for oral argument each month from three to six. Of the 41 cases decided by the Review Board during 1993, 28 were heard by the full Board and 13 were heard by panels of three. At the end of the year, the Board had under advisement 6 cases that had been argued to the full Board, and 14 cases argued to panels of three.

Also during 1993, the Commission amended its Rules pertaining to practice before the Review Board. The amendments to Commission Rules 301 through 311 align the requirements for briefs and the procedures governing oral argument before the Review Board with the requirements and procedures set forth in the Supreme Court Rules governing appellate practice in Illinois. The amendments were adopted to eliminate procedures that resulted in unnecessary delay, and to assure that the parties to any appeal to the Review Board will be required to make a comprehensive presentation of the material facts and of their contentions of law in a manner most likely to facilitate review.

C. Anti-Discrimination Rule.

Effective October 15, 1993, the Supreme Court amended the Illinois Rules of Professional Conduct to prohibit lawyers from violating a federal, state or

local statute or ordinance that prohibits discrimination based on race, sex, religion or national origin. The amendment, Rule 8.4(a)(9), provides that the determination of whether a discriminatory act reflects adversely on a lawyer's fitness to practice will be made upon consideration of all circumstances, including the seriousness of the act, whether the lawyer knew the act was prohibited, whether the act was part of a pattern of prohibited conduct, and whether the act was committed in connection with the lawyer's professional activities. Rule 8.4(a)(9)(B) provides that no complaint of professional misconduct based on an unlawfully discriminatory act may be brought until a court or administrative agency has made a final and enforceable determination that the lawyer has violated a statute or ordinance prohibiting discrimination.

D. Relocation of Chicago Office

On June 11, 1993, after 20 years of operating from offices at 203 North Wabash in Chicago, the Commission relocated its Chicago operation to new quarters at the Prudential Building at 130 East Randolph Drive.

The new offices occupy twice the square footage of the former space to allow for more appropriate accommodations for all Commission functions and for staff expansion that had been restricted until the move could be accomplished. Space reserved for public proceedings was tripled. In addition to two hearing rooms, both larger than the one room available in the former space, the new office has conference rooms, waiting rooms adjacent to the hearing rooms, additional meeting and deposition rooms, a separate Clerk's office with room for public viewing of files, and interview rooms for members of the public who come to the Commission seeking information or to initiate

complaints.

Pursuant to auditors' advice, the Commission had set aside funds over the years to allow for replacement of physical assets, and those funds were used to purchase furniture for the new office. In addition, the Commission purchased and had installed at the time of the move a personal computer network. The network will operate in tandem with an existing mini-computer until registration and case data systems can be moved to the network environment. Word processing applications were immediately transferred to the network, and plans are underway to use the more versatile technology of the personal computer environment for several new projects, including publication of Hearing and Review Board reports.

Concessions from the new landlord allowed the Commission to retire the remaining obligations under its former lease, to finance moving costs, and to have the new space constructed to better accommodate Commission operations. Favorable market conditions allowed the Commission to double and upgrade its space, purchase new furnishings, and install the new computer system with no significant impact on cash flow for almost three years. The improvements accomplished through the move will not require the Commission to seek an increase in the annual fee.

E. Expungement Rule Implemented.

The adoption of Supreme Court Rule 778 on Retention of Records, effective January 5, 1993, required the

Commission to destroy records and computer data for investigations closed by the Administrator or the Inquiry Board three years after closure, unless destruction was deferred by the initiation of formal proceedings or the imposition of discipline. Pursuant to the rule, computer data for 36,803 investigative files was destroyed during 1993. Many of the paper files in those cases had already been destroyed pursuant to Commission policy. Those that had not previously been destroyed have been identified and have either been shredded or set aside for shredding.

F. Audit By Auditor General.

Pursuant to the agreement between the Illinois Supreme Court and the Illinois Auditor General announced October 1, 1992, the Auditor General conducted fiscal and compliance audits of the Attorney Registration and Disciplinary Commission for 1992. Although the Commission has been audited on an annual basis by a privately retained auditor, this was the first audit conducted under the auspices of the Auditor General. The audit report, published May 4, 1993, concluded that the financial statements were accurate, that the Commission had adequate internal controls, and that the Commission complied in material respects with its internal control procedures.

G. Programs.

The Commission continued its efforts to familiarize lawyers with ethics rules and concerns through presentations to bar associations, law firms and law schools, and through participation in seminars. In addition, the Commission created the new position of administrative counsel, who will develop educational materials and programs to assist

lawyers in avoiding conduct that might result in disciplinary complaints.

Mary Andreoni was appointed to fill that position in February, 1994. Ms. Andreoni is a 1983 graduate of Loyola University Law School. She served in the research department of the Illinois Appellate Court for the Second District and clerked for Justice Mel R. Giganti of the First District Appellate Court. In 1986, she joined Peterson & Ross as an associate. From 1989 to 1993, Ms. Andreoni served on both the Inquiry and Hearing Boards of the Commission.

Administrative counsel's plans include production of a handbook on proper management of client funds and development of an ethics education program that could be ordered as a component of a sanction in a disciplinary case.

IV. Financial Report

The Commission engaged the services of Miller, Cooper & Co. Ltd., 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, 1993 are attached as Appendix 1.

In addition, the Auditor General conducted an audit of the Attorney Registration and Disciplinary Commission for 1993. The Auditor General will prepare a separate report to be presented to the Court independently.

V. Evaluation and Recommendations

Despite the unavoidable disruption resulting from the relocation of the Chicago offices and the delay in filing various staff vacancies until after the move, progress was seen during 1993 in concluding investigations and in bringing formal disciplinary cases to conclusion. Investigations pending at the conclusion of the year had been reduced by over 400 cases compared to those pending at the end of 1992. Since fewer cases were docketed during the year, further progress in reducing the number of pending files should be possible in 1994. Efforts at reducing the pending investigative files will focus on the oldest matters and the goal will be to reduce the amount of time the average case pends.

At the other end of the procedural spectrum, 1993 saw a substantial increase in the number of discipline cases submitted to the Supreme Court. That increase was, in part, attributable to the Commission's focus on bringing formal cases to resolution through directions to Commission's counsel, revision of Commission rules, and through the Office of Adjudication, provision of additional support and direction for the boards. Efforts to expedite proceedings before the Inquiry Board, the Hearing Board, and the Review Board will continue with the goal of bringing serious cases of misconduct to the attention of the Court without delay.

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Commissioners and Administrator of the
Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
Chicago, Illinois

We have audited the accompanying statements of financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 1993, and the related statements of activities 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, 1993 and 1992, and results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note B to the financial statements, the Commission changed its method of financial reporting in 1993. As discussed in Note G, the Commission changed its method of accounting for post-retirement benefits in 1993.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.
Certified Public Accountants

Northbrook, Illinois
February 3, 1994

Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
STATEMENTS OF FINANCIAL POSITION
December 31, 1993

A S S E T S

Cash and cash equivalents	\$ 266,160
Accounts receivable - other than fees	19,767
Accrued interest receivable	161,074
Short-term investments	6,365,291
Prepaid expenses	61,553
Physical assets	1,190,310
Long-term investments	<u>6,203,600</u>
	<u>\$ 14,967,755</u>

LIABILITIES AND NET ASSETS

Accounts payable and other accruals	\$ 126,099
Accrued compensated absences	108,199
Accrued medicare replacement funding	512,350
Deferred fees	4,982,556
Deferred rent expense	1,558,960
Reinstatement deposits	9,500
Group legal service registration fees	<u>69,456</u>
Total liabilities	<u>7,367,120</u>
Commitments	
Net assets	
Unrestricted	<u>7,600,635</u>
	<u>\$ 14,967,755</u>

The accompanying notes are an integral part of this statement.

-4-

Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
STATEMENT OF ACTIVITIES
Year ended December 31, 1993

Revenues	
Attorney registration fees and charges earned	\$ 6,754,589
Investment income	704,236
Costs collected	64,058
Miscellaneous income	<u>3,729</u>
	<u>7,526,612</u>
Expenses	
Salaries and related	4,602,956
Travel	93,705
Post-retirement benefits	36,279
Library and continuing education	77,804
General	1,996,673
Computer	130,433
Other	468,795
Insurance premiums	4,816
Depreciation	231,677
Loss on disposition of physical assets	<u>62,043</u>
	<u>7,705,181</u>
<Decrease> in unrestricted net assets before cumulative effect of a change in accounting principle	<178,569>
Cumulative effect on prior years (to December 31, 1992) of changing to the accrual method in accounting for post-retirement benefits	<u><476,071></u>
INCREASE <DECREASE> IN UNRESTRICTED NET ASSETS	<654,640>
Net assets at beginning of year	<u>8,255,275</u>
Net assets at end of year	<u>\$ 7,600,635</u>

The accompanying notes are an integral part of this statement.

-5-

Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
STATEMENT OF CASH FLOWS
Year ended December 31, 1993

Cash flows from operating activities	
Increase <decrease> in unrestricted net assets	\$ <654,640>
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities	
Depreciation	231,677
Post-retirement benefits	512,350
Loss on disposition of physical assets	62,043
<Increase> decrease in assets	
Accounts receivable	<11,158>
Other assets	7,345
Reimbursable leasehold improvements	78,476
Increase <decrease> in liabilities	
Accounts payable and other accruals	<11,250>
Deferred fees	39,347
Deferred rent expense	1,558,960
Other liabilities	<u>27,344</u>
Net cash provided by operating activities	<u>1,841,094</u>
Cash flows from investing activities	
Proceeds from sale of physical assets	276
Acquisition of physical assets	
Computer and related equipment	<317,903>
Office furniture and equipment	<725,066>
Library	<11,458>
Leasehold improvements	<58,039>
Purchases of investments - net	<u><1,056,982></u>
Net cash used in investing activities	<u><2,169,173></u>
NET <DECREASE> IN CASH AND CASH EQUIVALENTS	<328,079>
Cash and cash equivalents at beginning of year	<u>594,239</u>
Cash and cash equivalents at end of year	<u>\$ 266,160</u>

The accompanying notes are an integral part of this statement.

-6-

Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1993

NOTE 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 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 a 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 seven years.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial results of all of the Commission's activities. Effective January 1, 1993, the Commission elected a partial adoption of the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations" (SFAS 117). The statement requires a reporting of net assets and a focus on the organization as a whole. The Statement of Activities under SFAS 117 is intended to report expenses by functional classification between program expenses and management and general expenses. This allocation of expenses is not practical for the Commission in the preceding financial statements. Prior to the partial adoption of SFAS 117 in 1993, the activities of the Commission were reported in an operating fund, physical asset and replacement fund, group legal services fund and medicare replacement reserve fund.

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all investments with a maturity of three months or less. Cash included in investments has not been reclassified as cash and cash equivalents since the Commission intends to reinvest these funds.

-7-

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Investments

Investments are stated at cost.

3. Physical Assets

Physical assets 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. 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.

4. Deferred Fees

Deferred fees represent the annual registration fees received prior to year end which relate to the subsequent calendar year.

5. Deferred Rent Expense

Deferred rent expense consists of a combination of "free rent" and a lease incentive payment received from the landlord. These rent deferrals and incentive payment are being amortized over the life of the lease on a straight line basis (see Note F).

6. Income Taxes

The Commission is an exempt organization as determined by the Internal Revenue Service under section 501(c)(6) of the Internal Revenue Code.

NOTE 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 consist of the following:

	Cost	Market
U.S. Treasury notes and bills	\$ 11,019,517	\$ 11,328,984
Money market and related funds	2,249,374	2,249,374
	<u>\$ 13,268,891</u>	<u>\$ 13,578,358</u>

Investments are classified in the financial statements as follows:

	<u>1993</u>
Short-term	\$ 6,365,291
Long-term	6,903,600
	<u>\$ 13,268,891</u>

-8-

NOTE F - LEASE AND MAINTENANCE COMMITMENTS (Continued)

Future minimum lease payments, including estimated liability for taxes and operating expenses, relating to lease agreements are:

Year	Amount
1994	\$ 1,056,148
1995	1,056,148
1996	1,056,148
1997	1,056,148
1998	1,056,148
1999 through 2003	5,280,740
2004 through 2007	4,664,654
	<u>\$15,226,134</u>

NOTE G - MEDICARE REPLACEMENT RESERVE TRUST

On August 9, 1985, the Commission formed a trust to replace the medicare coverage lost by its employees at that time when the Social Security Administration ruled the Commission was ineligible for benefits. The Federal Unemployment Insurance refunds were used to initiate the trust which increases annually by the Commission contributing 4% of compensation for each eligible participant.

In a prior year, the Commission committed to pay the future cost of medicare premiums for former employees meeting certain criteria who were employed by the Commission before March 31, 1986. Furthermore, the Commission agreed to pay eligible former employees reimbursement credits for supplemental medical and hospitalization insurance coverage beginning at age 65.

Beginning in 1995, the Commission will be required to record the liability connected with the previously described commitment in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post Retirement Benefits Other than Pensions" (SFAS 106). In anticipation of this required change in accounting method, the Commission has recorded management's estimate of this future obligation by the accrual method of accounting. The Commission booked an estimated liability in 1993 for the present value of the expected future benefits to be paid to employees.

In computing the obligation, the Commission made the following assumptions:

- Supplemental insurance coverage will increase at an average of 2% per year.
- Medicare premiums will increase an average of 10% for the period 1994 through 1996 and 5% thereafter.
- Eligible employees will retire at age 65 and live until the last month of age 77.
- 50% of eligible employees will be employed through the Commission's early retirement date.
- Expected future benefit payments have been discounted at 3% to arrive at the current net present value.

The liability will increase or decrease in future years due to changes in eligible employees, benefits paid, and possible changes in assumptions based on experience factors.

-10-

NOTE D - PHYSICAL ASSETS

Physical assets consist of the following:

Computer and related equipment	\$ 719,582
Office furniture and equipment	1,205,952
Library	89,478
Leasehold improvements	<u>58,039</u>
	2,073,051
Less accumulated depreciation and amortization	<u>882,741</u>
	<u>\$ 1,190,310</u>

NOTE E - COLLECTION OF FEES

The Commission is funded by an annual registration fee assessed Illinois attorneys. The annual fee is sent directly by registering attorneys 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 independent auditors and the lock box system is also checked by the internal auditors of the bank and the National Bank Examiners.

NOTE F - LEASE AND MAINTENANCE COMMITMENTS

The Commission leases its Chicago and Springfield offices under operating lease agreements. Total payments under all lease agreements were \$1,498,162 in 1993. The future minimum lease payments for the Springfield office are subject to possible escalation based on the operating expenses of the building.

The commission entered into a new lease agreement in December, 1992, effective May, 1993 for new office facilities in Chicago, Illinois. The lease payoff on the previous office space which ran through March, 1995 has been settled in the amount of \$525,000.

The terms of the new office lease are for 15 years and provide for a minimum annual base rent plus related taxes and operating expenses. In addition, the lease provides a period of 32 months "free rent" with the first rent payment due January 1, 1996. Pursuant to the lease, the landlord advanced a sum equal to the present value of estimated taxes and operating costs for the 32 month period, and the commission makes monthly payments for actual tax and operating cost assessments during that period. This amount and the value of the "free rent" is included in deferred rent.

-9-

NOTE H - GROUP LEGAL SERVICE REGISTRATION FEES

All registration fees received for group legal service plans are held by the Commission as a custodial liability and 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.

NOTE I - EMPLOYEE BENEFIT PLAN

On October 15, 1977, the Commission established a Retirement Plan and Trust for the benefit of all eligible 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 Commission contributes 18% of compensation for eligible employees, which totalled \$630,319 in 1993.

NOTE J - LITIGATION

Various complaints and actions were filed against the Commission in 1993. Several of these matters have been dismissed. Those pending are not perceived as presenting any serious prospect of financial consequences.

-11-

Board Members of 1993:

James L. Coghlan, Chairman
William F. Costigan
Robert J. Downing
Robert J. Egan
Gary V. Johnson

Review Board

Martin H. Katz
Timothy R. Neubauer
Albert S. Porter
Neil K. Quinn

Hearing Board

Michael R. Albert
Mary Frances Andreoni
William Eugene Arnold
Louis T. Ascherman
Jack O'Hair Asher
Chris Averkiou
Charles T. Beckman
Stephen P. Bedell
Bernard H. Bertrand
Robert M. Birndorf
John Magruder Bowlus
Scott Mackinnon Boyd
Terrence M. Eurns
William F. Carmody
W. Thomas Coghill, Jr.
David L. Coghlan
Melanie Rovner Cohen
Joseph Patrick Condon
Michael John Costello
Bruce Kent David
Champ W. Davis, Jr.
Philip Ambrose Doran
Patrick T. Driscoll

Stuard T. Dubin
Joan Myers Eagle
Matthew James Egan
Thomas Feehan
Joseph E. Fitzgerald
Melvin Gaines
William R. Galliani
James E. Gorman
William T. Gotfryd
Richard Alan Green
Michael C. Greenfield
Robert Handley
Demetri Hassakis
Paul Carter Hendren
Terence Michael Heuel
Burton S. Hochberg
William H. Hooks
Edward W. Huntley
Robert M. Klein
Leo Henry Konzen
Kenneth T. Kubiesa
Harold I. Levine
Nancy K. Needles

Dennis S. Nudo
Patrick W. O'Brien
James Leon Palmer
James Dudley Parsons
John S. Pennell
Raymond Clark Persin
Joseph Carmen Polito
Lon Mason Richey
Jerome Rotenberg
Donald S. Rothschild
Judith Sherwin
Arthur B. Smith, Jr.
John M. Steed, III
Ernest Summers, III
Paul S. Tillman
Gary Miro Vanek
Harland D. Warren
John B. Whiton
Raymond G. Wigell
Henry P. Wolff
E. Kenneth Wright

Inquiry Board

Albert C. Baldermann
Robert Beckner, Jr.
Carolyn Berning
Charles C. Bingaman
Sol Brandzel
Howard H. Braverman
Susan L. Brody
Penny T. Brown
Anthony E. Cascino, Jr.
William M. Cox, Jr.
Lallie J. Coy
Albert O. Eck, Jr.
Nathaniel Friedman
Janet L. Grange
Stanley J. Gros, Jr.

Michael S. Harley
Pamela E. Hill
Terrance A. Hilliard
Mark Lionel Karasik
Delmar Oliver Koebel
Philip E. Koenig
Jaimee Horwitz Levin
Paul Michael Lisnek
John J. Lowery
J. William Lucco
Richard A. Makarski
Lee Bert McClain
Edward J. Miller
Donald J. Moran
David T. Osborn

Seymour S. Raven
Richard Roberts
David F. Rolewick
Marshall R. Rowe
Jean Rudd
Kaarina Salovaara
Carolyn Sartor
Richard D. Schiller
Lee J. Schoen
Jason S. Sharps
Geraldine C. Simmons
Lute Smith
John C. Taylor
Theodore M. Utchen
James D. Wascher
Valerie C. Wells