

# ARDC



ATTORNEY  
REGISTRATION  
& DISCIPLINARY  
COMMISSION

## Annual Report of 2017

Attorney Registration & Disciplinary Commission

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## ARDC Mission

As an administrative agency of the Supreme Court of Illinois, the ARDC assists the Court in regulating the legal profession through attorney registration, education, investigation, prosecution and remedial action.

Through our annual registration process, we compile a list of lawyers authorized to practice law. We provide ready access to that list so that the public, the profession and courts may access lawyers' credentials and contact information.

We educate lawyers through seminars and publications to help them serve their clients effectively and professionally within the bounds of the rules of conduct adopted by the Court. We provide guidance to lawyers and to the public on ethics issues through our confidential Ethics Inquiry telephone service.

The ARDC handles discipline matters fairly and promptly, balancing the rights of the lawyers involved and the protection of the public, the courts and the legal profession. Grievances are investigated confidentially. Disciplinary prosecutions are adjudicated publicly and result in recommendations to the Court for disposition. Our boards consist of independent, diverse groups of volunteer lawyers and non-lawyers who make recommendations in disciplinary matters.

We advocate for restitution and other remedial action in disciplinary matters. We seek to provide reimbursements through our Client Protection Program to those whose funds have been taken dishonestly by Illinois lawyers who have been disciplined.





ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

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Chicago  
April 27, 2018

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 2017 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 2017 and an accounting and audit of the monies received and expended during the twelve-month period that ended December 31, 2017.

Respectfully submitted,

James R. Mendillo, Chairperson  
David F. Rolewick, Vice-Chairperson  
Timothy L. Bertschy  
Karen Hasara  
Bernard M. Judge  
John H. Simpson  
Cedric D. Thurman, Commissioners

Jerome Larkin, Administrator  
James J. Grogan, Deputy Administrator &  
Chief Counsel

# A Report of the Activities of the ARDC in 2017

## I. Educational and Outreach Programs

Education and outreach programs are a significant part of the ARDC's mission in protecting the public, maintaining the integrity of the legal profession, and meeting the needs of a constantly evolving and diverse legal profession and the community it serves. Through seminars, publications and outreach on the ethical duties of lawyers, the ARDC strives to help lawyers serve their clients effectively and professionally, avoid potential harm to clients and minimize possible grievances later, and assist the public in understanding the legal system and the duties of lawyers.

The educational and outreach efforts of the ARDC in 2017 include:

### A. Proactive Management Based Regulation (PMBR) Initiative

Proactive Management Based Regulation (PMBR) is a new initiative announced by the Illinois Supreme Court on January 25, 2017. PMBR is an innovative approach to the regulation of lawyers. Beginning with the 2018 registration year, Illinois lawyers in private practice who do not have malpractice insurance must complete a four-hour interactive, online self-assessment regarding the operation of their law firm. The PMBR course is based on the Illinois Rules of Professional Conduct and best business practices necessary to fulfilling the requirements to running an ethical practice. The intent of PMBR is to assist lawyers in developing ethical law practice systems that in turn will improve lawyers' competence and minimize practices that result in malpractice and disciplinary misconduct. Illinois became the first state in the country to adopt the PMBR approach. *See* Illinois Supreme Court Press Release, Jan. 25, 2017. Lawyers required to take the PMBR course must complete the entire course or obtain malpractice insurance in order to register for 2019.

Launched in late December 2017, the PMBR course is a four-hour interactive, e-learning and self-assessment program. The course is divided into eight interactive modules intended to help practitioners, particularly sole and small firms, to minimize many of the risks that lawyers face in the private practice of law. The PMBR course teaches lawyers the professional responsibility requirements for practicing law and operating a law firm on a variety of topics, and includes instruction on best business practices and skills from a number of experienced professionals. Through interactive scenarios, knowledge checks and quiz questions, lawyers are required to demonstrate an understanding of these requirements. At the end of each course module, lawyers are provided with helpful resources, including sample forms and letters, articles, ethics opinions and fact sheets. Lawyers receive an individualized self-assessment printout documenting the results of each module's self-assessment quiz. The results of the self-assessment are solely for the educational benefit of the lawyer taking the module and are confidential. Initial reviews from lawyers that have taken the course has been very positive.

Lawyers who take all eight parts earn up to four hours of free Illinois professional responsibility credit. Lawyers in private practice who maintain malpractice insurance and lawyers not in private practice are able to take the course and are encouraged to do so. The PMBR course is in addition to other free ARDC CLE on-demand recorded webcasts available on the ARDC website. The PMBR course modules can be accessed directly on the ARDC website at <https://www.iardc.org/pmbr.html>.

The development of the PMBR course was the result of a partnership with various organizations including the Illinois Commission on Professionalism, the Lawyers Trust Fund of Illinois, the Lawyers' Assistance Program, and the Minimum Continuing Legal Education Board, the Illinois State Bar Association (ISBA), the Chicago Bar Association (CBA) and many international and national regulators and law professors. The ARDC will continue to partner with these organizations in crafting future PMBR courses.

The Commission extends its thanks to the following professionals who volunteered their time and talent in participating as presenters in the PMBR project:

*PMBR Module #1: The Intersection of Technology & Ethics: Protecting Client Information*

Catherine Sanders Reach, Director, Law Practice Management and Technology for the Chicago Bar Association

Steven M. Puiszis, JD, Partner, Hinshaw & Culbertson LLP

Randy J. Curato, JD, Vice President & Senior Loss Prevention Counsel, Attorneys' Liability Assurance Society, Inc. (ALAS).

*PMBR Module #2: Conflicts of Interest: Ensuring Undivided Loyalty*

Anne E. Thar, JD, Deputy General Counsel, Sidley Austin, LLP

Mary K. Foster, JD, Adjunct Professor, Northwestern School of Law

Allison L. Wood, JD, Legal Ethics Consulting, PC

*PMBR Module #3: Fees, Costs and Billing Practices: Getting Paid Ethically*

Stephen S. Mitchell, JD, The Stephen Mitchell Law Group, P.C.

John A. Fairman, JD, Lee & Fairman LLP;

Brigid A. Duffield, JD, Law Office of Brigid A. Duffield, P.C.

*PMBR Module #4: Attorney-Client Relations: Effectively Connect and Communicate with Clients*

Thomas L. Browne, JD

Rebecca J. McDade, JD, Rebecca J. McDade Law Offices

*PMBR Module #5: Client Trust Accounts*

David T. Holtermann, JD, General Counsel, Lawyers Trust Fund of Illinois

Terri L. Smith-Ashford, Director of Banking, Lawyers Trust Fund of Illinois

*PMBR Module #6: Attorney Wellness*

Dr. Stafford Henry, MD, General Adult Forensic and Addiction Psychiatric Services

Tony Pacione, MSW, Deputy Executive Director, Illinois Lawyers' Assistance Program

*PMBR Module #7: Civility and Professionalism*

Jayne Reardon, JD, Executive Director, IL Commission on Professionalism

## B. Diversity and Inclusion Initiative

Established by the ARDC in July 2015, the ARDC Diversity and Inclusion (D&I) initiative provides leadership and direction for diversity and inclusion at the ARDC, enhances the diversity and cultural competence in all levels of the Commission, and contributes to efforts to increase diversity and inclusion in the legal profession and in the community in general.

The ARDC is committed to sustained and pervasive efforts to incorporate diversity and inclusion into the Commission's work both within the organization and through its outreach work in the legal community and the public. The Commission is focused on improving the disciplinary process and the delivery of its services in a way that is fair and responsive to a rapidly changing demographic population.

Over the last two years, the Commission's D&I efforts have become more structured, strategic, and focused, and have included initiatives undertaken by the Commission, D&I Director and Committee, and staff. Those efforts include:

## **Launch of Formal Diversity and Inclusion Structure**

- Appointment of a Director of Diversity and Inclusion.
- Formation of the Diversity and Inclusion Committee.
- Defining and adopting the concepts of Diversity and Inclusion.
- Creating and adopting Diversity and Inclusion Mission and Vision statements.

## **Diversity and Inclusion Outreach Efforts in the Legal and Broader Community**

- Strengthening relationships with affinity bar associations and establishing staff liaisons/point of contact to 14 local affinity bar associations for historically marginalized groups.
- Hosting annual affinity bar luncheon meetings to foster open communication and exchange of ideas.
- Providing an MCLE program on the ARDC website that is approved for the Court's mandatory D&I credit.
- Offering our CLE services to a broader audience.
- Establishing relationships with pre-law high school programs at Wells and Farragut high schools.
- Creating a D&I PMBR module.

## **Diversity and Inclusion Efforts within the Commission**

- Extending and improving efforts to recruit a more diverse pool of board members<sup>[1]</sup>.
- Engaging consultants to conduct confidential interviews to identify D&I strengths and opportunities and development training sessions for ARDC staff and leadership.
- Educating the entire ARDC staff on issues of bias, cultural identity, and inclusive leadership.
- Implementing senior leadership team education sessions to learn to use D&I to enhance communication, align on organizational goals, and clarify roles and responsibilities as the Commission conducts a succession planning analysis.
- Reinstating exit interview procedures.
- Educating ARDC Board members on the topic of unconscious bias at the annual ARDC Board seminar.
- Capturing demographic data of staff and board members.
- Partnering with local not-for-profit organizations to include artwork in ARDC offices.

## **C. Lawyer Well-Being Initiative**

At least 25% of lawyers facing disciplinary charges are identified as suffering from an addiction or mental illness. The National Task Force for Lawyer Well-Being, a collaboration of the ABA Commission on Lawyer Assistance Programs (CoLAP), the National Organization of Bar Counsel (NOBC), and the Association of Professional Responsibility Lawyers (APRL), issued its 2017 report with a number of recommended changes to improve the well-being of the profession and take practical steps for positive change. The report recommends that regulators adopt regulatory objectives that prioritize lawyer well-being; modify the rules of professional conduct to endorse well-being as part of a lawyer's duty of competence; expand continuing education requirements to include well-being topics; implement Proactive Management-Based Programs that include lawyer well-being components; adopt a centralized grievance

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[1] The Commission is committed to diversity on its boards. The composition of the Hearing Board is currently 22% people of color and 68% white (12% are not declared), and 34% female and 45% male (21% are not declared). The Inquiry Board is currently 19% people of color and 50% white (31% are not declared), and 25% female and 56% male (19% are not declared).

system; modify confidentiality rules to allow sharing of lawyer well-being information from regulators to lawyer assistance programs; and adopt diversion programs. The Task Force report, *The Path to Lawyer Well Being: Practical Recommendations for Positive Change: The Report of the National Task Force on Lawyer Well-Being (8/14/17)* can be found at <https://www.americanbar.org/content/dam/aba/images/abanews/ThePathToLawyerWellBeingReportRevFINAL.pdf>.

The ARDC has implemented, or is in the process of implementing, many of the recommendations in the task force report. Those efforts include:

- Increased Referrals to the Illinois Lawyers' Assistance Program (LAP). Supreme Court Rule 766 allows the Administrator to make referrals to the LAP during an otherwise confidential stage of a matter, when investigation has revealed reasonable cause to believe that a lawyer is or may be addicted to or abusing drugs or alcohol, experiencing a mental health condition or other problem impairing the lawyer's ability to practice law. In addition to continuing to refer all cases in which there is an indication of a substance or mental health issue, the ARDC implemented new LAP referral guidelines in 2017 to include the referral to LAP of all respondents subject to a DUI or criminal case involving substance abuse or mental illness issues as well as lawyers who default in their disciplinary proceedings. Since implementing the above LAP referral guidelines, the documented ARDC referrals to LAP have greatly increased. In 2017, there were 40 referrals made to LAP from the ARDC as compared to 11 referrals in 2016.
- Creation of the Diversion Program under Com. Rules 54 and 56. The addition of a Diversion Program allows for closure of an investigation by the ARDC in certain matters if the lawyer agrees to complete one or more activities, services or programs that address the issues that may be causing grievances. Diversion is available in all circumstances except those involving misappropriation, certain criminal acts, unreimbursed injury, and dishonesty, fraud, deceit or misrepresentation. The objective of the diversion program is to encourage early identification and resolution of issues that negatively affect an attorney's ability to properly represent clients and that contribute to grievances and, in addition, to provide assistance to the attorney to rectify those issues and engage with appropriate services.
- Production of ARDC Attorney Wellness Webcasts. The ARDC produced and posted to the ARDC website two new on-demand webcasts accredited for mental health/substance abuse professional responsibility CLE credit in Illinois:
  - *Attorney Well-Being: The Intersection of Physical, Spiritual and Emotional Wellness*, (1 hr.); and
  - *Attorney Wellness*, a PMBR module (0.25 hr.).

#### D. MCLE Accredited Seminars Sponsored by the Commission

Lawyers earned over 15,000 hours of Illinois-accredited CLE credit from 19 on-demand, recorded webcasts in 2017. As an accredited MCLE provider in Illinois, the ARDC produces recorded MCLE accredited webcasts, free of charge and available on the ARDC website, to provide professional responsibility training and ethics education to the profession. ARDC webcast offerings aid Illinois lawyers in fulfilling the required six hours of professional responsibility CLE including the new mental health and diversity and inclusion CLE requirements. Those recorded webcasts, including the PMBR course, can be accessed on the ARDC website at [https://www.iardc.org/CLE\\_Opening\\_Page.pdf](https://www.iardc.org/CLE_Opening_Page.pdf).

## E. Speaking Engagements

As part of the ARDC's outreach efforts and as a service to the Illinois bar, the ARDC has offered experienced presenters to speak to lawyer and citizen groups. In 2017, ARDC Commissioners and staff members made 271 presentations, at no charge, to bar associations, government agencies, law-related organizations, schools and civic organizations throughout the state and country on a variety of subjects related to lawyer regulation. Most of these presentations were in-person and gave lawyers and the public the opportunity to meet with ARDC staff. Also, several ARDC staff lawyers serve as instructors at National Institute for Trial Advocacy Training (NITA) teaching legal advocacy skills, course instructors of professional responsibility and legal ethics at Illinois law schools, and participate in local pre-law high school programs.

## F. Ethics Inquiry Program

The ARDC Ethics Inquiry Program was created by the ARDC to assist attorneys and the general public when they have general questions about a lawyer's professional responsibilities or attorney disciplinary case law. The Program provides research assistance and guidance regarding ethics issues and the Illinois Rules of Professional Conduct free of charge. The goal of the Program is to help lawyers understand their professional obligations and assist them in resolving important issues in their practice and provides lawyers with information about professional responsibility law, legal precedent, bar association ethics opinions, law review articles and practical guidelines. The Program also aids the public in understanding the obligations that lawyers owe to the courts, clients and the profession.

Since the Program began in October 1995, the Program has provided help to thousands of callers each year. In 2017, staff lawyers responded to 4,289 calls from lawyers with questions. A lawyer's mandatory duty to report lawyer or judicial misconduct under Rule 8.3 of the Illinois Rules of Professional Conduct and the handling of client trust funds continue to be the greatest areas of inquiry posed to the Commission's Ethics Inquiry Program.

Lawyers with inquiries are requested to present their questions in the hypothetical form, and callers may remain anonymous if they so choose. No record is made of the identity of the caller or the substance of the specific inquiry or response. The fact that an inquiry has been made, its content or the response are inadmissible in any attorney discipline proceeding. To make an inquiry, please call the Commission offices in Chicago (312-565-2600) or Springfield (217-546-3523). Additional information about the Program can be obtained at: [www.iardc.org/ethics.html](http://www.iardc.org/ethics.html).

## G. Publications

ARDC lawyers frequently write alerts, e-blasts, newsletters and articles on a wide range of legal ethics topics and emerging trends for publication including authoring a series of articles that appear in the Illinois Supreme Court monthly newsletter, *Illinois Courts Connect*. The ARDC website also provides links for lawyers and the public to the rules governing Illinois as well as press releases on the latest developments concerning lawyer regulation. These publications and resources can be explored on the ARDC website at <https://www.iardc.org>.

## H. Commission Website

The ARDC website ([www.iardc.org](http://www.iardc.org)) continues to be a vital element of the ARDC's education and outreach efforts and an important source of information regarding all aspects of the regulation of the legal

profession in Illinois and recent developments affecting Illinois lawyers. The ARDC website also handles all registration matters providing ready access to the public, the profession and courts of lawyers' credentials and contact information.

In 2017, there were over 1.4 million visits the website. The most visited feature on the website is the Lawyer Search function with over 2 million page lookups last year. The Lawyer Search feature enables visitors to search the Master Roll for certain basic public registration information about lawyers, including principal address and public disciplinary information. The site also includes information about the ARDC investigative process and how to request an investigation, a schedule of public hearings and arguments on public disciplinary matters pending before the Hearing and Review Boards, and a searchable database of disciplinary decisions issued by the Supreme Court and reports filed by the disciplinary boards. Also available on the site is information about the Client Protection Program and claim forms as well as information about the Ethics Inquiry Program, and links to other legal ethics research sites.

## I. Community Artwork Project

As part of the ARDC's outreach efforts to community organizations, the Commission decided during recent renovations to ARDC Springfield and Chicago offices to acquire artwork, at very local cost, from local artists and not-for-profit and social service organizations that support the professional development of talented artists and crafts people who had significant life issues. During recent renovations to the Commission's Chicago office in 2017, the Commission acquired a number of different drawings, paintings and other art works from such organizations as Thresholds Gallery, the Center for the Arts of the Little City Foundation, the Project Onward Gallery, and the Center for Enriched Living. The images of many of these works appear in the design of the PMBR CLE modules on the ARDC website.

## II. Registration Report

### A. Master Roll Demographics

The 2017 Master Roll of Attorneys for the state of Illinois numbered 94,778 attorneys as of October 31, 2017, comprised mostly of Active and Inactive status lawyers; an increase of only 168 more lawyers than in 2016. *See* Chart 2, at Page 10. After that date, the Commission began the 2018 registration process, so that the total reported as of October 31, 2017 does not include the 1,375 attorneys who first took their oath of office in November or December 2017. *See* Chart 25A, at Page 43.

Each year lawyers are required to register on-line and provide certain practice-related information. Charts 1 through 5 provide general Master Roll demographic information for the lawyer population and Charts 6 through 7 provide more detailed practice-related information. The information contained in these charts provides valuable insight into the practice of law in Illinois.

Chart 1 provides information on age, gender and years in practice. There were no significant changes in this data over the prior year.

**Chart 1: Age, Gender and Years in Practice for Attorneys Registered in 2017**

<b>Age</b>	
21-29 years old .....	2.8%
30-49 years old .....	48.9%
50-74 years old .....	44.8%
75 years old or older .....	3.5%
<b>Gender</b>	
Female .....	38.2%
Male .....	61.8%
Non-binary .....	<0.01%
<b>Years in Practice</b>	
Fewer than 5 years .....	8.8%
Between 5 and 10 years .....	15.1%
Between 10 and 20 years .....	26.3%
Between 20 and 30 years .....	21.7%
30 years or more .....	28.1%

Chart 2 provides the breakdown by the registration categories set forth in Supreme Court Rule 756.

**Chart 2: Registration Categories for 2017**

<i>Category</i>	<i>Number of Attorneys</i>
Admitted between January 1, 2016, and October 31, 2017 .....	2,090
Admitted between January 1, 2014, and December 31, 2015.....	4,253
Admitted before January 1, 2014.....	72,602
Serving active military duty.....	378
Spouse of active military attorney under Rule 719.....	3
Serving as judge or judicial clerk .....	1,795
In-House Counsel under Rule 716.....	553
Foreign Legal Consultant under Rule 713 .....	16
Legal Service Program Counsel under Rule 717.....	18
<i>Pro Bono</i> Authorization under Rule 756(k).....	86
<i>Pro Hac Vice</i> under Rule 707 .....	1,376
Inactive status .....	<u>11,608</u>
<b>Total Active and Inactive Attorneys Currently Registered .....</b>	<b>94,778</b>

64,175 or 67.7% of registered active and inactive attorneys reported a principal address in Illinois, a 0.2% decrease over the last year. Charts 3 and 4 show the distribution by Judicial District, Circuit and County. There was no material change in the lawyer population by Judicial District. Similarly, the 102 counties experienced a negligible change in their lawyer population over 2016.

**Chart 3: Registered Active and Inactive Attorneys by Judicial Districts: 2013-2017**

	2013	2014	2015	2016	2017		2013	2014	2015	2016	2017
<b>First District</b>											
Cook County.....	45,306	45,171	45,487	45,210	45,292						
<b>Second District</b>						<b>Fourth District</b>					
15 <sup>th</sup> Circuit.....	196	200	197	196	185	5 <sup>th</sup> Circuit.....	253	247	238	235	223
16 <sup>th</sup> Circuit.....	1,460	1,171	1,159	1,157	1,144	6 <sup>th</sup> Circuit.....	864	852	848	830	820
17 <sup>th</sup> Circuit.....	786	787	796	778	784	7 <sup>th</sup> Circuit.....	1,275	1,285	1,289	1,280	1,265
18 <sup>th</sup> Circuit.....	4,402	4,362	4,352	4,308	4,299	8 <sup>th</sup> Circuit.....	189	186	181	179	176
19 <sup>th</sup> Circuit.....	3,179	3,123	3,117	3,100	3,021	11 <sup>th</sup> Circuit.....	659	662	657	674	673
22 <sup>nd</sup> Circuit.....	572	563	568	570	572	<b>Total</b>	<b>3,240</b>	<b>3,232</b>	<b>3,213</b>	<b>3,198</b>	<b>3,157</b>
23 <sup>rd</sup> Circuit+ .....	275	277	280	266	263						
<b>Total</b>	<b>10,870</b>	<b>10,483</b>	<b>10,469</b>	<b>10,375</b>	<b>10,268</b>						
+circuit eff. 12/3/12											
<b>Third District</b>						<b>Fifth District</b>					
9 <sup>th</sup> Circuit .....	184	186	185	173	170	1 <sup>st</sup> Circuit.....	447	446	444	448	432
10 <sup>th</sup> Circuit.....	928	917	931	916	890	2 <sup>nd</sup> Circuit.....	301	304	304	285	288
12 <sup>th</sup> Circuit.....	943	945	960	950	957	3 <sup>rd</sup> Circuit.....	729	737	739	759	762
13 <sup>th</sup> Circuit.....	317	319	318	308	306	4 <sup>th</sup> Circuit.....	257	255	256	248	248
14 <sup>th</sup> Circuit.....	502	488	488	486	470	20 <sup>th</sup> Circuit.....	812	814	817	806	801
21 <sup>st</sup> Circuit.....	149	142	138	133	134	<b>Total</b>	<b>2,546</b>	<b>2,556</b>	<b>2,560</b>	<b>2,546</b>	<b>2,531</b>
<b>Total</b>	<b>3,023</b>	<b>2,997</b>	<b>3,020</b>	<b>2,966</b>	<b>2,927</b>						
						<b>Grand Total</b>	<b>64,985</b>	<b>64,439</b>	<b>64,749</b>	<b>64,295</b>	<b>64,175</b>

30,603 or 32.3% of registered attorneys reported a principal address outside Illinois. Last year, the corresponding number was 30,315 or 32%. The top five jurisdictions where these lawyers are located continues to be: Missouri, California, Indiana, Texas, and Florida. These 30,603 attorneys registered as either active (66.8%) and able to practice under the auspices of their Illinois license or inactive (33.2%). None of these attorneys are included in Charts 3 and 4.

**Chart 4: Registered Active and Inactive Attorneys by County for 2016-2017**

<u>Principal Office</u>	<u>Number of Attorneys</u>		<u>Principal Office</u>	<u>Number of Attorneys</u>		<u>Principal Office</u>	<u>Number of Attorneys</u>	
	<u>2016</u>	<u>2017</u>		<u>2016</u>	<u>2017</u>		<u>2016</u>	<u>2017</u>
Adams.....	112	113	Hardin .....	5	4	Morgan .....	42	41
Alexander .....	6	6	Henderson .....	7	8	Moultrie .....	11	11
Bond .....	11	12	Henry .....	56	51	Ogle .....	55	49
Boone .....	46	49	Iroquois .....	20	20	Peoria.....	775	756
Brown .....	10	10	Jackson .....	205	195	Perry .....	22	23
Bureau .....	29	29	Jasper .....	9	9	Piatt.....	19	20
Calhoun .....	5	5	Jefferson.....	114	117	Pike.....	13	11
Carroll.....	14	11	Jersey .....	20	18	Pope.....	6	5
Cass .....	9	9	Jo Daviess .....	38	36	Pulaski .....	4	4
Champaign.....	540	529	Johnson .....	10	11	Putnam.....	10	10
Christian .....	44	40	Kane.....	1,157	1,144	Randolph .....	27	26
Clark.....	14	14	Kankakee .....	113	114	Richland.....	23	22
Clay .....	12	12	Kendall.....	106	100	Rock Island.....	342	335
Clinton.....	25	26	Knox .....	52	53	Saline .....	34	33
Coles.....	89	80	Lake .....	3,100	3,021	Sangamon .....	1,160	1,146
Cook .....	45,210	45,292	LaSalle .....	208	205	Schuyler.....	8	8
Crawford.....	19	18	Lawrence.....	14	15	Scott.....	6	6
Cumberland .....	7	8	Lee .....	35	38	Shelby .....	15	16
DeKalb .....	160	163	Livingston .....	42	43	St. Clair.....	703	701
DeWitt .....	17	17	Logan .....	27	24	Stark .....	7	7
Douglas.....	22	20	Macon .....	221	223	Stephenson.....	54	51
DuPage .....	4,308	4,299	Macoupin .....	37	38	Tazewell .....	114	107
Edgar .....	19	19	Madison .....	748	750	Union.....	27	27
Edwards.....	4	4	Marion.....	42	40	Vermilion.....	106	102
Effingham.....	54	57	Marshall .....	10	10	Wabash .....	16	15
Fayette.....	24	25	Mason .....	11	10	Warren.....	22	19
Ford .....	12	12	Massac .....	16	16	Washington.....	23	21
Franklin .....	50	52	McDonough .....	46	45	Wayne.....	12	11
Fulton .....	32	30	McHenry .....	570	572	White .....	13	12
Gallatin .....	6	8	McLean .....	567	568	Whiteside.....	79	78
Greene .....	15	16	Menard .....	11	10	Will .....	950	957
Grundy.....	71	72	Mercer.....	9	6	Williamson .....	140	135
Hamilton.....	9	10	Monroe.....	31	30	Winnebago.....	732	735
Hancock.....	14	15	Montgomery.....	23	23	Woodford.....	26	26
						<b>Grand Total.....</b>	<b>64,175</b>	

Chart 5A shows the trend of removals from the Master Roll between 2013 and 2017. The most noted change was a 45% increase in the number of lawyers removed for failure to comply with Supreme Court Rule 756 registration requirements.

**Chart 5A: Attorney Removals from the Master Roll: 2013 – 2017 Registration Years**

<i>Reason for Removal</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Registration non-compliance	833	1,228	1,155	1,135	1,644
Deceased	277	348	475	288	223
Retired	815	833	1,334	1,354	1,262
Disciplined	74	68	57	52	52
MCLE General non-compliance	76	70	109	111	128
MCLE Basic Skills non-compliance	15	7	33	24	22
<b>Total</b>	<b>2,090</b>	<b>2,554</b>	<b>3,163</b>	<b>2,964</b>	<b>3,331</b>

Supreme Court Rule 707 was amended in 2014 to permit an eligible out-of-state attorney to appear *pro hac vice* in an Illinois proceeding if the out-of-state lawyer meets licensure and other eligibility requirements, has an association with an active status Illinois attorney who files an appearance in the proceeding, and files a verified Statement with the tribunal. No order of the tribunal permitting the appearance is required. However, the attorney must serve the verified Statement on the ARDC, register annually with the ARDC, and pay an annual registration fee (\$121) as well as a \$250 per-proceeding fee to the ARDC, as required by Supreme Court Rule 707. \$175 of this per-proceeding fee is remitted to the Illinois Supreme Court Commission on Access to Justice (AJC) and \$75 is retained by the ARDC. Chart 5B below shows *pro hac vice* activity for 2014-2017, including the total AJC and ARDC per-proceeding fees collected.

**Chart 5B: Pro Hac Vice Activity: 2014\*-2017**

	<i>Number of Lawyer Pro Hac Vice Submissions</i>	<i>Number of Lawyers Registered</i>	<i>Number of Proceedings</i>	<i>Total AJC Per-Proceeding Fees</i>	<i>Total ARDC Per-Proceeding Fees</i>
<b>2014</b>	772	864	1,097	\$159,540	\$70,800
<b>2015</b>	782	1,078	1,199	\$184,508	\$78,379
<b>2016</b>	946	1,500	1,084	\$190,988	\$81,750
<b>2017</b>	925	1,592	1,134	\$187,283	\$80,471

\* 2014 was the first full calendar year after amended Supreme Court Rule 707 became effective July 1, 2013.

## B. Practice-Related Demographics

Lawyers must report *pro bono*, trust account, malpractice insurance information, and other practice-related information during the annual registration process as required by Supreme Court Rule 756(c) through (g). Under Supreme Court Rule 756(h), a lawyer is not registered if the lawyer fails to provide any of this information. Most of the data collected under the rule is confidential except for the contact information provided in most attorneys' listings on the Master Roll and whether a lawyer maintains malpractice insurance. The following are the aggregate reports received for the 2017 registration year.

### 1. Report on Law Practice Information

Under Rule 756(g), lawyers on Active status and engaged in the practice of law must provide certain practice related information which includes the type of entity at which the lawyer practices law, the number of lawyers in that organization, whether the entity has an ethics or compliance officer or general counsel, and whether that organization has established a written succession plan. Information provided is confidential and is permitted to be reported in the aggregate under the rule. Of the 83,170 responses from lawyers with an Active registration status for 2017, 72,062 or 86.6% indicated that they are currently practicing law. The following are the aggregate reports received for the 2017 registration year for that information.

#### a. Practice Setting

Of the 72,062 Active status lawyers currently engaged in the practice of law, 68.6% or 49,444 are in a private setting.

**Chart 6A: 2017 Practice Setting Disclosure Reports:  
Active Status Lawyers and Currently Practicing Law**

Practice Setting	Number Responding	Practice Size % of Total
Private Practice	49,444	68.6%
Corporate In-house	10,080	14.0%
Government/Judge	8,209	11.4%
Other	2,297	3.2%
Not-for-profit	1,428	2.0%
Academia	604	0.8%
<b>Total</b>	<b>72,062</b>	

***b. Practice Size***

Of the 49,444 of lawyers with an Active status license, engaged in the practice of law, in private practice, 27.9% practice as sole practitioners. Sole practitioners and lawyers in firms of 2 to 10 lawyers account for more than half of lawyers actively practicing in private practice.

***Chart 6B: 2017 Practice Size Disclosure Reports:  
Active Status Lawyers, Currently Practicing Law and In Private Practice***

Practice Size of Lawyers in Private Practice	Number Responding in Practice Category	Practice Size % of Total Engaged in Private Practice
Solo Firm	13,798	27.9%
Firm of 2-10 Attys.	13,282	26.9%
Firm of 11- 25 Attys.	4,854	9.8%
Firm of 26-100 Attys.	5,150	10.4%
Firm of 100 + Attys.	12,360	25.0%
<b>Total</b>	<b>49,444</b>	

***c. Ethics or Compliance Officer or General Counsel***

Active status lawyers engaged in the practice of law must disclose whether the entity at which they practice law has an ethics, compliance officer or general counsel under Rule 756(g). The disclosure reports of the 49,444 Active status lawyers currently engaged in the private practice of law are shown in the chart below.

***Chart 6C: Law Firms with an Ethics, Compliance Officer or  
General Counsel Disclosure Reports:  
Active Status Lawyers, Currently Practicing Law and In Private Practice***

Practice Size of Lawyers in Private Practice	% Responses by Practice Size	
	Yes	No
Solo Firm	11.1%	88.9%
Firm of 2-10 Attys.	15.1%	84.9%
Firm of 11- 25 Attys.	31.1%	68.9%
Firm of 26-100 Attys.	59.7%	40.3%
Firm of 100 + Attys.	96.0%	4.0%

**d. Succession Planning**

Under Rule 756(g), Active status lawyers engaged in the practice of law must disclose whether the entity at which they practice law has established a written succession plan. Of the 49,444 Active status lawyers currently engaged in the private practice of law, 32.9% reported that they have a written succession plan, a 3.6% absolute increase over the prior year. 36.6% reported that they do not have a written succession plan and 30.5% indicated that they are not sure. Only 17.2% of those lawyers that identify as sole practitioners reported that they have a written succession plan, a 1.1% increase over the prior year. 76.7% reported that they did not have a written succession plan and another 6.1% indicated that they were not sure of whether they had a plan in place.

**Chart 6D: 2017 Succession Planning Disclosure Reports:  
Active Status Lawyers, Currently Practicing and In Private Practice**

Practice Size of Lawyers in Private Practice	Number Responding in Practice Category	% Succession Planning Responses By Practice Size		
		Yes	No	Not Sure
Solo Firm	13,798	2,369 17.2%	10,587 76.7%	842 6.1%
Firm of 2-10 Attys.	13,282	3,372 25.4%	4,926 37.1%	4,984 37.5%
Firm of 11- 25 Attys.	4,854	1,535 31.6%	850 17.5%	2,469 50.9%
Firm of 26-100 Attys.	5,150	1,867 36.2%	770 15%	2,513 48.8%
Firm of 100 + Attys.	12,360	7,101 57.5%	963 7.7%	4,296 34.8%
<b>Total</b>	<b>49,444</b>	<b>16,244 32.9%</b>	<b>18,096 36.6%</b>	<b>15,104 30.5%</b>

Of the 10,587 solo firm lawyers that indicated they do not have a written succession plan, the top five practice areas identified by these lawyers are:

**Chart 6E: Top Five Practice Areas\* of Solo Firm Lawyers  
Who Responded “No” to Written Succession Plan**

Practice Area of Law	% of Responses
Real Estate	27.1%
Estate Planning/Probate	19.7%
Criminal	16.6%
Domestic Relations	14.2%
Corporate	12.6%

\* Lawyers can identify multiple practice areas.

## 2. Report on Pro Bono Activities

*Pro bono* service and contributions are an integral part of lawyers' professionalism. See IRPC (2010), Preamble, Comment [6A]. While *pro bono* activities are voluntary under Supreme Court Rule 756(f), Illinois lawyers are required to report voluntary *pro bono* service and monetary contributions on their registration forms. 32,446 attorneys reported that they had provided *pro bono* legal services, as defined by Rule 756, a 1.5% increase over the prior year. Those lawyers reported a total of 1,913,322 *pro bono* legal service hours. Of the 62,332 attorneys who reported that they had not provided *pro bono* legal services, 9,707, or 15.6%, indicated that they were prohibited from providing *pro bono* legal services because of their employment, a 4% decrease over the prior year. The information reported by individual attorneys concerning voluntary *pro bono* service and trust accounts is confidential under Supreme Court Rule 766 and is not reported as part of a lawyer's individual listing under "Lawyer Search" on the ARDC website ([www.iardc.org](http://www.iardc.org)).

Chart 7A provides a five-year breakdown of the *pro bono* hours reported under Rule 756. The reported information does not include hours that legal service or government lawyers provide as part of their employment. Total *pro bono* hours increased by 3.1% from 2016 to 2017, and each type of *pro bono* service category below increased over the prior year.

**Chart 7A: Report on Pro Bono Hours (2013-2017)**

	2013	2014	2015	2016	2017
Type of Pro Bono Services	Service Hours				
Legal services to persons of limited means	1,119,465	1,071,492	1,083,664	1,022,811	1,051,684
Legal services to enumerated organizations designed to address needs of persons of limited means	334,824	354,054	372,601	326,961	335,118
Legal services to enumerated organizations in furtherance of their purposes	592,095	559,543	545,450	462,419	471,646
Training intended to benefit legal service organizations or lawyers providing <i>pro bono</i> services	52,088	45,325	54,272	43,572	54,874
<b>Total:</b>	<b>2,098,472</b>	<b>2,030,414</b>	<b>2,055,987</b>	<b>1,855,763</b>	<b>1,913,322</b>

Chart 7B provides a breakdown of monetary contributions for the same five-year period as Chart 7A. The number of lawyers making monetary contributions to *pro bono* organizations and the total amount contributed both increased in 2017. 21.0% of lawyers made contributions in 2017, a 1.3% increase over the prior year, and \$17,858,268 was contributed, an 11.6 % increase over 2016 and the largest amount since 2007, the first year lawyers were required to report voluntary *pro bono* service and monetary contributions on their registration.

**Chart 7B: Monetary Contributions to Pro Bono Service Organizations (2013-2017)**

	2013	2014	2015	2016	2017
<b>Amount Contributed</b>	\$14,017,816	\$14,270,521	\$14,802,544	\$16,005,396	\$17,858,268
<b>Number of lawyers who made contributions</b>	16,266	17,179	17,565	18,619	19,871
<b>% of lawyers who made contributions</b>	17.9%	18.5%	18.7%	19.7%	21.0%

Not reflected in the above chart is the fact that most Illinois lawyers contribute to the funding of legal aid through the \$95 portion of the full annual registration fee paid by Active status lawyers that is remitted to the Lawyers Trust Fund of Illinois, as well as the contributions lawyers have made to other charitable and not-for-profit organizations. For the 2017 registration year, \$6,995,447 was remitted to the Lawyers Trust Fund, representing a 1.2% increase over 2016. A total of \$59,999,323 has been remitted to the Lawyers Trust Fund since the 2003 registration year, the first year the ARDC began collection and remittance of this fee as provided in Supreme Court Rules 751(e)(6) and 756(a)(1).

### **3. Report on Trust Accounts**

Every Active and Inactive status lawyer is required to disclose in their registration under Supreme Court Rule 756(d), whether they or their law firm maintained a trust account during the preceding year and to disclose whether the trust account was an IOLTA (Interest on Lawyer Trust Account) trust account, as defined in Rule 1.15(f) of the Rules of Professional Conduct. If a lawyer did not maintain a trust account, the lawyer is required to disclose why no trust account was maintained.

Chart 7C shows the responses received from the 94,778 lawyers who were registered for 2017. 50.4% or 47,765 of all registered lawyers reported that they or their law firm maintained a trust account sometime during the preceding 12 months. 81.2% of these trust accounts were IOLTA accounts. Of those who reported that they or their law firm did not maintain a trust account, nearly half explained that they had no outside practice because of their full-time employment in a corporation or governmental agency.

**Chart 7C: Trust Account Disclosure Reports in 2017 Registration**

<b>A. Lawyers with Trust Accounts:</b> .....	<b>47,765</b>
81.1% with IOLTA trust accounts	
18.9% with non-IOLTA trust accounts	
<b>B. Lawyers without Trust Accounts:</b> .....	<b>47,013</b>
Full-time employee of corporation or governmental agency (including courts) with no outside practice .....	23,130
Not engaged in the practice of law.....	12,429
Engaged in private practice of law (to any extent), but firm handles no client or third party funds.....	8,536
Other explanation .....	2,918

Chart 7D looks at the trust account disclosure reports of the 49,444 lawyers with an Active registration status and currently engaged in the practice of law in a private setting.

**Chart 7D: 2017 Trust Account Disclosure Reports: Active Status Lawyers, Currently Practicing Law and in Private Practice**

Practice Size	Number Responding in Practice Category	“Yes” Trust Account Responses		“No” Trust Account Responses
		IOLTA Trust Account	Non-IOLTA Trust Account	
<b>Solo Firm</b>	13,798	8,727 (63.3%)	610 (4.4%)	4,461 (32.3%)
<b>Firm of 2-10 Attys.</b>	13,282	10,903 (82.1%)	952 (7.2%)	1,427 (10.7%)
<b>Firm of 11- 25 Attys.</b>	4,854	4,137 (85.2%)	418 (8.6%)	299 (6.2%)
<b>Firm of 26-100 Attys.</b>	5,150	4,370 (84.9%)	475 (9.2%)	305 (5.9%)
<b>Firm of 100 + Attys.</b>	12,360	10,234 (82.8%)	1,590 (12.9%)	536 (4.3%)
<b>Total</b>	<b>49,444</b>	<b>38,371</b>	<b>4,045</b>	<b>7,028</b>

#### **4. Report on Malpractice Insurance**

Supreme Court Rule 756(e) requires most Illinois lawyers to disclose whether they carry malpractice insurance coverage and, if so, the dates of coverage. The Rule does not require Illinois lawyers to carry malpractice insurance in order to practice law based upon their Illinois license. Lawyers not currently engaged in the practice of law, in-house counsel and government lawyers likely would not require malpractice insurance.

In 2017, 53.5% of all 94,778 registered lawyers reported that they have malpractice insurance, a 1.5% increase over the prior year as shown in Chart 7E. That aggregate figure changes significantly, however, for those lawyers who most likely would have a need to carry malpractice insurance: the 49,444 lawyers with an Active status license currently engaged in private practice. Of the 49,444 Active registration status lawyers in private practice, Chart 7F shows that 84.7% reported that they carried malpractice insurance.

**Chart 7E: Malpractice Disclosure Reports: 2013-2017**

<b>Lawyer Malpractice Insurance</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Yes</b>	47,289 (51.9%)	48,492 (52.3%)	49,250 (52.3%)	49,727 (52%)	50,664 (53.5%)
<b>No</b>	43,794 (48.1%)	44,264 (47.7%)	44,878 (47.7%)	44,883 (48.0%)	44,114 (46.5%)

Chart 7F also breaks down by practice size the lawyers in private practice who carry malpractice insurance. 58.5% of sole practitioners reported that they carried malpractice insurance as compared to 90.9% of lawyers in firms with 2 to 10 lawyers.

***Chart 7F: Malpractice Disclosure Reports: 2017  
Active Status Lawyers, Currently Practicing Law and in Private Practice***

Practice Size	Number Responding in Practice Category	Practice Size % of Total	% Malpractice Responses	
			Yes	No
Solo Firm	13,798	27.9%	8,074 58.5%	5,724 41.5%
Firm of 2-10 Attys.	13,282	26.9%	12,070 90.9%	1,212 9.1%
Firm of 11- 25 Attys.	4,854	9.8%	4,695 96.7%	159 3.3%
Firm of 26-100 Attys.	5,150	10.4%	5,007 97.2%	143 2.8%
Firm of 100 + Attys.	12,360	25%	11,985 97.0%	375 3.0%
<b>Total</b>	<b>49,444</b>	<b>100%</b>	<b>84.6%</b>	<b>15.4%</b>

Of the 41.5% of solo practitioners who responded “No” to the malpractice question, the top five reasons as to why they do not carry malpractice insurance are given below. The most often cited reason by lawyers was the perception of the lawyer that he or she was at minimum risk for being sued in malpractice.

**Chart 7G: Top Five Reasons Identified\* by Solo Firm Lawyers Who Responded “No” to Malpractice Coverage**

Reason for No Malpractice	% of Responses
Nature of practice involves minimal risk of liability	47.0%
Cost of malpractice insurance too high	27.2%
Assets insufficient to require malpractice insurance protection	6.8%
Assets adequately protected without malpractice insurance	4.9%
Never considered or deferred consideration of malpractice insurance	3.0%

\*Some lawyers entered more than one reason.

For the 5,724 solo practitioners who stated that they do not carry malpractice insurance, the top five practice areas identified by these lawyers are:

**Chart 7H: Top Five Practice Areas Identified\* by Solo Firm Lawyers with No Malpractice Coverage**

Practice Area of Law	% of Responses
Real Estate	21.0%
Criminal	16.6%
Estate Planning/Probate	14.3%
Corporate	11.3%
Domestic Relations	11.1%

\* Lawyers can identify multiple practice areas.

### III. Report on Disciplinary and Non-Disciplinary Matters

#### A. Investigations Initiated in 2017

During 2017, the Commission docketed 5,199 investigations, a 3.7% decrease over the prior year and continuing a five-year trend of decline in docketed investigations and an 18.7% decrease since 2012. *See* Chart 25A at Page 43. The types of investigations docketed in 2017 are shown in Chart 8A below.

*Chart 8A: Types of Investigations Docketed in 2013-2017*

Type of Investigation	2013	2014	2015	2016	2017
Disciplinary charge against Illinois lawyer	5,410	5,168	4,925	4,788	4,592
Overdraft notification of client trust account	336	357	283	241	265
Unauthorized Practice of Law	104	112	104	104	105
Monitoring disciplinary compliance	N/A	N/A	71	88	83
Disciplinary charge against out-of-state lawyer	67	65	44	44	48
Receivership	13	20	14	31	33
Reciprocal	12	22	13	32	21
Impairment	0	0	4	1	0
Conditional Admission monitoring	1	2	2	1	0
Investigation related to Petition for Reinstatement	N/A	N/A	N/A	2	0
Reopened investigations	130	89	94	69	52
<b>TOTAL:</b>	<b>6,073</b>	<b>5,835</b>	<b>5,554</b>	<b>5,401</b>	<b>5,199</b>

Those 5,199 investigations involved charges against 3,782 different attorneys, representing 4% of all registered attorneys. About 18% of these 3,782 attorneys were the subject of more than one investigation docketed in 2017, as shown in Chart 8B. Chart 8B also shows the percentage of lawyers who were the subject of a grievance by years in practice. 33.5% of lawyers admitted 30 or more years were the subject of an investigation in 2017 even though they account for 28.1% of the overall legal population.

**Chart 8B: Investigations Docketed in 2017**

<i>Investigations per Attorney</i>	<i>Number of Attorneys</i>
1 .....	3,105
2 .....	475
3 .....	110
4 .....	35
5 or more .....	57
	<b>Total: 3,782</b>
<i>Gender</i>	<i>Years in Practice</i>
Female.....	Fewer than 5 .....
Male .....	Between 5 and 10.....
Non-Binary .....	Between 10 and 20.....
	Between 20 and 30.....
	30 or more.....

Charts 9 and 10 report the classification of the 4,592 disciplinary investigations docketed in 2017, based on an initial assessment of the nature of the misconduct alleged, if any, and the type of legal context in which the facts arose. Chart 9 reflects that more than half of all grievances related to client-attorney relations: neglect of the client’s cause (40%) and failure to communicate with the client (16%).

**Chart 9: Classification of Charges Docketed in 2017 by Violation Alleged**

<i>Type of Misconduct</i>	<i>Number*</i>	<i>Type of Misconduct</i>	<i>Number*</i>
Neglect.....	1,959	Improper communications with a represented person .....	43
Failing to communicate with client, including failing to communicate the basis of a fee .....	670	Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter .....	24
Fraudulent or deceptive activity including misrepresentation to a tribunal, clients, and non-clients .....	623	Failing to supervise subordinates .....	21
Excessive or improper fees, including failing to refund unearned fees.....	516	Improper division of legal fees/partnership with nonlawyer.....	21
Improper management of client or third party funds, including commingling, conversion, failing to promptly pay litigation costs or client creditors or issuing NSF checks .....	479	<i>Ex parte</i> or improper communication with judge or juror.....	19
Criminal conduct, assisting a client in a crime or fraud, and counseling illegal or fraudulent conduct.....	287	Improper communication with an unrepresented person.....	18
Filing frivolous or non-meritorious claims or pleadings .....	271	Incapacity due to chemical addiction or mental condition.....	10
Failing to provide competent representation .....	260	Failing to maintain appropriate attorney-client relationship with client with diminished capacity .....	9
Conduct prejudicial to the administration of justice, including conduct that is the subject of a contempt finding or court sanction .....	235	Improper extrajudicial statement.....	7
Failing to properly withdraw from representation, including failing to return client files or documents .....	221	Stating or implying ability to improperly influence authority .....	6
Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal .....	209	Improper practice after failure to register under Rule 756 .....	5
Conflict of Interest:.....	194	Failing to report misconduct of another lawyer or judge.....	4
Rule 1.7: Concurrent clients .....	109	Aiding judicial misconduct/gift/loan to judge or court employee ..	4
Rule 1.8(a): Improper business transaction with client .....	7	False statements about a judge, judicial candidate or public official.....	3
Rule 1.8(c): Improper instrument or gift from client.....	2	Making false statements in bar admission or disciplinary matter... 3	
Rule 1.8(e): Improper financial assistance to client .....	2	Violation of anti-discrimination statute or ordinance.....	3
Rule 1.8(h)(1): Improper agreement limiting liability .....	2	Improper employment where lawyer may become a witness .....	2
Rule 1.8(i): Acquisition of propriety interest in cause of action .....	3	Judicial candidate's violation of Judicial Code .....	1
Rule 1.8(j): Improper sexual relations with client .....	9	Bad faith avoidance of student loan .....	1
Rule 1.9: Successive conflicts .....	54	Failing to report discipline in another jurisdiction .....	1
Rule 1.10(a): Imputed disqualification.....	4	No misconduct alleged.....	155
Rule 1.13: Organizational client .....	2		
Prosecutorial misconduct.....	114		
Failing to comply with Rule 764 following discipline .....	96		
Practicing in a jurisdiction where not authorized .....	82		
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf.....	54		
Improper commercial speech, including inappropriate written or oral solicitation .....	53		
Failing to preserve client confidences or secrets .....	44		

\* Totals exceed the number of requests for investigations docketed in 2017 because in many requests more than one type of misconduct is alleged.

Consistent with prior years, the top subject areas most likely to lead to a grievance of attorney misconduct are criminal law, domestic relations, real estate and tort, as shown in Chart 10.

**Chart 10: Classification of Charges Docketed in 2017 by Area of Law\***

<i>Area of Law</i>	<i>Number</i>
Criminal/Quasi-Criminal .....	1,218
Domestic Relations .....	652
Real Estate/Landlord-Tenant .....	509
Tort (Personal Injury/Property Damage) .....	486
Probate .....	307
Labor Relations/Workers' Comp .....	211
Contract .....	161
Bankruptcy .....	124
Immigration .....	114
Civil Rights .....	94
Corporate Matters .....	90
Debt Collection .....	86
Local Government Problems .....	71
Tax .....	31
Patent and Trademark .....	17
Social Security .....	12
Mental Health .....	1

\* Does not include charges classified with no area of law indicated or alleged misconduct not arising out of a legal representation.

## B. Investigations Concluded in 2017

If an investigation does not reveal sufficiently serious, provable misconduct, the Administrator will close the investigation. If an investigation produces evidence of serious misconduct, the case is referred to the Inquiry Board, unless the matter is filed directly with the Supreme Court under Rules 757, 761, 762(a), or 763. The Inquiry Board operates in panels of three, composed of two attorneys and one nonlawyer, all appointed by the Commission. An Inquiry Board panel has authority to vote a formal complaint if it finds sufficient evidence to support a charge, to close an investigation if it does not so find, or to 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 Board panel.

Chart 11 shows the number of investigations docketed and concluded for the past five years between 2013 and 2017. Chart 12 shows the type of actions that terminated investigations docketed in 2017. About 3% of investigations concluded in 2017 resulted in the filing of formal charges.

**Chart 11: Investigations Docketed: 2013-2017**

*\* includes reopened investigations*

Year	Pending January 1 <sup>st</sup>	Docketed During Year *	Concluded During Year	Pending December 31 <sup>st</sup>
2013	1,822	6,073	5,732	2,163
2014	2,163	5,835	6,165	1,833
2015	1,833	5,554	5,561	1,826
2016	1,826	5,401	5,496	1,731
2017	1,731	5,199	5,102	1,828

**Chart 12: Investigations Concluded in 2017**

**Concluded by the Administrator:**

Closed after initial review ..... 1,191  
(No misconduct alleged)

Closed after investigation ..... 3,657

Filed at Supreme Court pursuant to  
Supreme Court Rules 757,  
762(a), and 763 ..... 33

**Concluded by the Inquiry Board:**

Closed after panel review ..... 97

Complaint or impairment petition voted ..... 118

Closed upon completion of conditions  
of Rule 108 supervision ..... 6

**Total..... 5,102**

### ***1. Timeliness of Investigations Concluded in 2017***

Of the 5,102 investigations concluded in 2017, 4,881 were concluded by the Administrator. Charts 13A through C show the number of days that the 4,881 investigations concluded in 2017 were pending before either being closed or filed in a formal action. In keeping with the Commission’s policy that disciplinary matters be handled expeditiously, codified in Commission Rule 1, Charts 13A through C show the time periods required to conclude investigations.

Chart 13A shows that 1,191, or 23%, of the 5,102 investigations concluded in 2017 were closed after an initial review of the complainant’s concerns. More than 95% of these 1,191 investigations were concluded within 60 days of the docketing of the grievance. The Intake division of the Administrator’s staff, made up of five staff lawyers, review most incoming grievances and perform the initial inquiry into the facts to determine whether the written submissions from complainants, read liberally, describe some misconduct by a lawyer. Generally, closures made after an initial review are completed without asking the lawyer to respond, although the lawyer and complainant are typically apprised of the determination.

***Chart 13A***

<b>1,191 Investigations Closed After Initial Review in 2017</b>			
<b><i>Number of Days Pending Prior to Closure:</i></b>			
<b>Fewer than 10 days</b>	<b>10 - 20 days</b>	<b>21 - 60 days</b>	<b>More than 60 days</b>
<b>850 (71.4%)</b>	<b>43 (3.6%)</b>	<b>244 (20.5%)</b>	<b>54 (4.5%)</b>

In the remaining 3,663 investigations closed in 2017 by the Administrator, the staff determined that an investigation was warranted. In most cases, these investigations began with a letter from Intake counsel to the lawyer named in the grievance, enclosing a copy of the complainant’s submission and asking the lawyer to submit a written response. The lawyer’s written response was usually forwarded for comment to the complainant, and the file was reviewed by Intake counsel after the complainant’s reply was received or past due. If, at that stage, the submissions and any back-up documentation obtained demonstrated that the lawyer did not violate professional conduct rules, or at least that a violation could not be proved, Intake counsel closed the file. If Intake counsel determined that further investigation was warranted, the file was reassigned to Litigation counsel.

For the 3,663 investigations closed after a determination to conduct an investigation was made, 2,355, or 36%, were closed by Intake counsel, with approximately 96% of those investigations closed within 90 days of receipt.

**Chart 13B**

<b>2,355 Investigations Concluded in 2017 by the Intake Staff After Investigation</b>			
<i>Number of Days Pending Prior to Closure:</i>			
Fewer than 90 days	Between 90 - 180 days	Between 180 - 365 days	More than 365 days
1,932 (82.0%)	335 (14.2%)	63 (2.7%)	25 (1.1%)

Chart 13C indicates that 1,308, or 64%, were closed by Litigation counsel and over 43% of the files referred to Litigation counsel were closed within six months. Investigations referred to Litigation counsel are more extensive and time consuming, in order to determine if the filing of formal action is warranted. The time it takes before an investigation is resolved can be influenced by different factors: whether the lawyer has addressed all concerns raised during the investigation; whether other sources are cooperating with the ARDC’s request for information; the complexity of the issues; and the amount of information and documents that ARDC counsel must review.

**Chart 13C**

<b>1,308 Investigations Concluded in 2017 by the Litigation Staff After Investigation</b>			
<i>Number of Days Pending Prior to Closure:</i>			
Fewer than 90 days	Between 90 - 180 days	Between 180 - 365 days	More than 365 days
313 (23.9%)	255 (19.5%)	336 (25.7%)	404 (30.9%)

## C. Certain Subtypes of Investigations

### 1. *Overdraft Trust Account Notification Investigations*

Chart 14 shows the activity for investigations resulting from client trust account overdraft notifications. 265 overdraft investigations were opened in 2017, 5% of the total number of investigations docketed in 2017. There has been a steady decline in the number of overdraft notifications received each year since 2012, the first full year after the automatic overdraft notification rule took effect. If there is evidence that a lawyer converted client funds, a formal complaint will likely be filed against the lawyer. There were six formal complaints originating from a trust account overdraft notice filed in 2017.

**Chart 14: *Overdraft Notification Investigations (2012-2017)***

<i>Overdraft Notification Investigations</i>	2012	2013	2014	2015	2016	2017	Total
Opened	530	485	370	288	241	265	2,179
Closed	311	363	371	313	242	255	1,855
Formal Complaints Filed	3	5	12	10	6	6	42

In most overdraft investigations, the lawyer is required to provide a written explanation of the facts and circumstances that caused the account shortage, together with copies of relevant financial records. Many overdraft investigations show that the overdraft was the result of error rather than intentional wrongdoing. Typical errors include: checkbook mix-ups; attempting to draw on deposits that have not yet cleared the banking process; arithmetic errors; clicking on the wrong account during online banking activity; failing to account for bank service fees or credit card fees; and failing to adequately monitor account activity.

Although most overdraft notices sent to the ARDC do not result from the lawyer's conversion of client funds, some overdraft investigations reveal problems with the lawyer's use of his or her trust account or with the lawyer's recordkeeping practices. In these situations, the ARDC's focus is to educate the attorney regarding the requirements of Rule 1.15 of the Illinois Rules of Professional Conduct and to ensure that necessary practice corrections are made. To achieve these ends, ARDC counsel may direct lawyers to review sections of the ARDC's *Client Trust Account Handbook* or to view the ARDC's webinars covering the requirements of Rule 1.15 (*see* ARDC [CLE Seminars](#).) Lawyers may also be provided with sample recordkeeping forms or may receive informal one-on-one instruction on trust account recordkeeping. Lawyers who implement changes in their trust accounting practices to correct deficiencies may be asked to complete written reports regarding their improved trust accounting practices to ensure that all rule requirements are being met.

## 2. Unauthorized Practice of Law Investigations

The ARDC investigates allegations of the unauthorized practice of law (UPL) and initiates proceedings against suspended and disbarred Illinois lawyers, out-of-state lawyers licensed in another jurisdiction and persons not licensed in any jurisdiction pursuant to its authority under Supreme Court Rule 779. UPL proceedings against a suspended Illinois lawyer or a lawyer from another U.S. jurisdiction are begun by filing a disciplinary complaint before the Hearing Board and proceeding as Supreme Court Rule 753 directs. UPL proceedings against a disbarred Illinois attorney or against a person, entity or association that is not licensed to practice law in any other United States' jurisdiction may be brought as civil or contempt actions pursuant to the Supreme Court's rules, its inherent authority over the practice of law, or other laws of the state related to the unauthorized practice of law and commenced in the circuit court.

In 2017, there were 113 investigations opened involving UPL charges against 94 unlicensed individuals or entities, 8 against out-of-state lawyers and 6 involving disbarred or suspended Illinois lawyers as shown in Chart 15A.

**Chart 15A: Unauthorized Practice of Law Investigations (2013-2017)**

<i>Type</i>	2013	2014	2015	2016	2017
UPL by suspended lawyer	4	2	3	1	1
UPL by out-of-state lawyer	35	19	12	7	8
UPL by disbarred lawyer	4	15	9	8	6
UPL by unlicensed person	67	72	82	83	94
UPL by unlicensed entity	14	4	10	14	4
<b>Total</b>	124	112	116	113	113

Chart 15B shows the areas of law involved from which the investigations arose. The Administrator's investigations into unauthorized practice of law in 2017 involved a diverse range of Respondents. There were files docketed against paralegals acting without attorney supervision, a foreign attorney lacking domestic licensure handling matters related to foreign laws, out-of-state attorneys acting as in-house counsel without admission to do so, and non-attorney entities and individuals providing legal services in the state on transactional and litigation claims. The Administrator's investigations also included allegations against several disbarred attorneys for representing clients without authorization to practice law. The greatest concentration of UPL investigations continues to involve non-attorneys participating in real estate issues, including matters related to foreclosure defense, loan modification, transactional real estate matters, and real estate tax assessment appeals. Additionally, as in previous years, grievances related to the mishandling of immigration matters by non-attorneys were a significant part of the Administrator's unauthorized practice of law caseload. Finally, two investigations involved Illinois attorneys handling matters in other jurisdictions without permission to practice.

**Chart 15B: Area of Law Involved in UPL Investigations in 2017**

<i>Subject Area</i>	<i>Number of Investigations*</i>	<i>Subject Area</i>	<i>Number of Investigations*</i>
Real Estate.....	31 .....27%	Corporate Matters.....	3 .....3%
Immigration.....	20 .....18%	Criminal.....	3 .....3%
Debt Collection.....	14 .....12%	Tax.....	3 .....3%
Domestic Relations.....	8 .....7%	Patent.....	2 .....2%
Probate.....	7 .....6%	Workers' Comp.....	2 .....2%
Contract.....	4 .....4%	Bankruptcy.....	1 .....1%
Tort.....	4 .....4%	Civil Rights.....	1 .....1%

\* Total less than 113 investigations because ten investigations were designated as “undeterminable” and one as “other”.

During 2017, the Administrator commenced formal action in the circuit court against three different non-attorneys pursuant to Supreme Court Rule 779(b). The areas of law in which the non-attorneys practiced law included tort claims and civil rights litigation. In each of those matters, the non-attorneys attempted to handle court proceedings for others without authorization to practice law. One of the matters involved a non-attorney drafting and filing personal injury claims on behalf of an elderly woman in a nursing home against two different hospitals. Another formal action was filed against a non-attorney for drafting and filing a federal complaint against a state court judge. The Administrator also filed a petition against an out-of-state attorney pursuant to Supreme Court Rule 707 to have him removed as counsel on a circuit court case because he was not eligible for *pro hac vice* admission in Illinois.

### **3. Investigations Assigned to Special Counsel**

Under Supreme Court Rule 751(e)(5), the ARDC Commission appoints former Board members to serve as Special Counsel in matters involving allegations against attorneys associated with the ARDC, including the Administrator, Counsel for the Administrator, Adjudication Counsel, Commissioners and members of ARDC boards. Special Counsel conducts investigations as assigned and has the same authority and responsibilities as the Administrator's counsel under Supreme Court and Commission rules, except that Special Counsel does not take direction from the Administrator or his or her legal staff. Special Counsel exercises independent authority to investigate and to refer an investigation to the Inquiry Board and reports directly to the Commission regarding the status and disposition of investigations assigned.

In 2017, 13 new investigations were opened and one investigation remained pending at the end of the year. Five former Board members served as Special Counsel in 2017. The Commission Policy on the Appointment of Special Counsel can be found on the ARDC website at:

<https://www.iardc.org/policiesandorders.html>.

## D. Disciplinary and Regulatory Proceedings: Supreme Court and Circuit Court Matters

The ARDC initiated the filing of proceedings directly before the Illinois Supreme Court and before the Circuit Court in 41 proceedings in 2017. This is in addition to the 79 disciplinary proceedings filed before the Hearing Board in 2017 as shown in Chart 17A on Page 33. A total of 90 matters involved litigation in 2017: 73 disciplinary proceedings, 13 motions for disbarment on consent, and four formal actions filed in the circuit court.

Chart 16A shows the 37 disciplinary and disability matters filed directly with the Illinois Supreme Court and allowed by the Court in 2017.

***Chart 16A: Proceedings Filed Directly with the Illinois Supreme Court: 2013-2017***

<i>Type</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
Rule 762(a) Motion for Disbarment on Consent	6	9	8	12	13	48
Rule 763 Petitions for Reciprocal Discipline	27	17	13	15	24	96
Rule 757 Transfer to Disability Inactive Status	0	1	3	0	0	4
<b>Total</b>	<b>33</b>	<b>27</b>	<b>24</b>	<b>27</b>	<b>37</b>	<b>148</b>

Chart 16B shows the four unauthorized practice of law (UPL) formal actions filed in the circuit court, pursuant to Supreme Court Rule 779, adopted in 2011, which gives the ARDC the power to investigate and bring civil or contempt actions in the circuit court against disbarred lawyers and unlicensed persons for the unauthorized practice of law.

***Chart 16B: Rule 779(b) UPL Actions Filed in the Circuit Court: 2013-2017***

<i>Rule 779(b) UPL Complaints</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
Filed Against Disbarred Lawyer	1	0	1	1	0	3
Filed Against Non-Lawyer	6	4	2	5	4	21
Filed Against Out-of-State Lawyer	0	0	1	1	0	2
<b>Total</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>4</b>	<b>26</b>

## E. Disciplinary Prosecutions: Hearing Board Matters

A formal complaint setting forth all allegations of misconduct pending against the attorney is filed when an Inquiry Board panel authorizes the filing of charges. The matter then proceeds before a panel of the Hearing Board which functions much like a trial court in a civil case. Each panel is comprised of three members, two lawyers and one nonlawyer, appointed by the Commission. Counsel for Adjudication assists hearing board members in drafting pre-hearing conference orders and reports of the Hearing Board.

Upon filing and service of the complaint, the case becomes public. The panel chair presides over pre-hearing matters. In addition to complaints alleging misconduct filed pursuant to Supreme Court 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 17A shows the activity before the Hearing Board in 2017. There were 79 cases added to the Hearing Board's docket in 2017. Of those, 73 were initiated by the filing of a new disciplinary complaint. Chart 17B shows the demographics of the 73 lawyers who were the subject of a formal disciplinary complaint in 2017.

***Chart 17A: Matters Before the Hearing Board in 2017***

<b>Cases Pending on January 1, 2017</b> .....	90
<b>Cases Filed or Reassigned in 2017:</b>	
<i>Disciplinary Complaints Filed:*</i>	
➤ Rules 753, 761(d) .....	73
➤ Case remanded by Supreme Court after denial of petition on consent .....	1
<i>Reinstatement Petition Filed:</i>	
➤ Rule 767 .....	3
<i>Disability Petition Remanded by Supreme Court for Further Proceedings:</i>	
➤ Rule 758 .....	1
<i>Unauthorized Practice of Law Complaint Reassigned to New Panel After Petition for Discipline on Consent Vacated:</i>	
➤ Rule 779 .....	1
<b>Total New Cases Filed or Reassigned</b> .....	79
<b>Cases Concluded During 2017</b> .....	88
<b>Cases Pending December 31, 2017</b> .....	81
* 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 the Inquiry Board has voted a complaint are consolidated into a single complaint for purposes of filing at the Hearing Board.	

**Chart 17B: Years in Practice, Age and Gender of Lawyers Charged in Disciplinary Complaints Filed in 2017**

	# of Complaints Filed	% of Complaints Filed	% of Lawyer Population
<b>Years in Practice</b>			
Fewer than 5 .....	2	3%	8.8%
Between 5 and 10 .....	8	11%	15.1%
Between 10 and 20 .....	14	19%	26.3%
Between 20 and 30 .....	21	29%	21.7%
30 or more .....	28	38%	28.1%
<b>Age:</b>			
21-29 years old .....	0	0%	2.8%
30-49 years old .....	24	33%	48.9%
50-74 years old .....	47	64%	44.8%
75 or more years old .....	2	3%	3.5%
<b>Gender:</b>			
Female .....	12	16%	38.2%
Male .....	61	84%	61.8%
Non-binary .....	0	0%	<0.01%

Chart 17C shows the types of misconduct alleged in the 73 disciplinary complaints filed during 2017, and Chart 17D indicates the areas of practice in which the alleged misconduct arose. The allegations of fraudulent or deceptive activity, improper handling of trust funds, neglect of a client’s case and failure to communicate, most frequently seen in initial charges as reported in Charts 9 and 10, are also among the most frequently charged in formal complaints.

**Chart 17C: Types of Misconduct Alleged in Disciplinary Complaints\* Filed Before Hearing Board in 2017**

<i>Type of Misconduct</i>	<i>Number of Cases*</i>	<i>% of Cases Filed**</i>	<i>Type of Misconduct</i>	<i>Number of Cases*</i>	<i>% of Cases Filed**</i>
Fraudulent or deceptive activity.....	49	67%	Pursuing/filing frivolous or non-meritorious claims or pleadings .....	6	8%
Improper handling of trust funds .....	24	33%	Excessive or unauthorized legal fees.....	5	7%
Failure to communicate with client.....	23	32%	Unauthorized practice after removal from Master Roll for failure to register .....	4	5%
Criminal conduct/conviction of lawyer.....	19	26%	Failure to supervise non-lawyer staff .....	4	5%
Neglect.....	15	21%	Assisting a client in a crime or fraud.....	1	1%
Conflict of interest .....	12	16%	Unauthorized practice after suspension.....	1	1%
Rule 1.7: concurrent conflicts.....	5		Failure to provide competent representation ...	1	1%
Rule 1.8(a): improper business transaction with client .....	5		False or reckless statement about a judge.....	1	1%
Rule 1.8(c): improper gift from client.....	1				
Rule 1.8(e): financial assistance to client.....	1				
False statement or failure to respond in disciplinary matter .....	10	14%			
Improper withdrawal from employment, including failure to refund unearned fees.....	8	11%			
Misrepresentations to a tribunal.....	8	11%			
Misrepresentation to third persons or using means to embarrass or delay.....	7	10%			

\* Based on complaint initially filed and not on amended charges.

\*\*Totals exceed 73 disciplinary cases and 100% because most complaints allege more than one type of misconduct.

**Chart 17D: Subject Area Involved in Disciplinary Complaints Filed Before Hearing Board in 2017**

<i>Subject Area</i>	<i>Number of Cases*</i>	<i>% of Cases Filed*</i>	<i>Subject Area</i>	<i>Number of Cases*</i>	<i>% of Cases Filed*</i>
Real Estate .....	14	19%	Bankruptcy.....	6	8%
Criminal Conduct/Conviction.....	12	16%	Probate .....	5	7%
Tort .....	11	15%	Workers' Comp/Labor Relations .....	4	5%
Contract .....	10	14%	Criminal .....	3	4%
Domestic Relations .....	9	12%	Immigration .....	1	1%
			Tax.....	1	1%

\*Totals exceed 73 disciplinary complaints and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

Chart 18 shows the type of action by which the Hearing Board concluded 88 matters, including 84 disciplinary cases during 2017.

For the 88 matters that were concluded by the Hearing Board in 2017, 28 cases or 32% proceeded as contested hearings and involved the filing of a comprehensive report and recommendation. The remaining 60 matters were concluded without the need to prepare a detailed report and recommendation from the Hearing Board.

**Chart 18: Actions Taken by Hearing Board in Matters Terminated in 2017**

<b>A. Disciplinary Cases: Rules 753 &amp; 761(d)</b>	
Recommendation of discipline after contested hearing .....	26
Case closed by filing of petition for discipline on consent other than disbarment.....	30
Recommendation of discipline after default hearing .....	13
Case closed by filing of motion for disbarment on consent .....	8
Case closed by administration of a reprimand to respondent by consent .....	4
Complaint dismissed before hearing .....	1
Case closed by filing of petition for permanent retirement status .....	1
Case closed by death of respondent .....	<u>1</u>
<b>Total Disciplinary Cases</b> .....	<b>84</b>
<b>B. Disability Inactive Status Petition: Rule 758</b>	
Case closed by permanent retirement status .....	1
<b>C. Reinstatement Petitions: Rule 767</b>	
Recommendation of petition allowed after contested hearing .....	2
Petition withdrawn.....	<u>1</u>
<b>Total Matters Terminated</b> .....	<b>88</b>

## F. Review Board Matters

Once the Hearing Board files its report in a case, either party may file a notice of exceptions to the Review Board, which serves as an appellate tribunal. The Review Board is assisted by a legal staff hired by the Commission that is separate from the Administrator’s office and the Hearing Board’s adjudication staff. Chart 19 shows activity at the Review Board during 2017.

**Chart 19: Actions Taken by Review Board in 2017**

Cases pending on January 1, 2017 .....	17
<b>Cases filed during 2017:</b>	
Exceptions filed by Administrator.....	13
Exceptions filed by Respondent .....	11
Exceptions filed by both.....	<u>0</u>
<b>Total</b> .....	<b>23</b>
<b>Cases concluded in 2017:</b>	
Hearing Board affirmed.....	11
Hearing Board reversed on findings and/or sanction .....	8
Case dismissed .....	2
Notice of exceptions withdrawn .....	2
Notice of exceptions stricken .....	<u>1</u>
<b>Total</b> .....	<b>24</b>
Cases pending December 31, 2017 .....	16

## G. Supreme Court Matters

### 1. Disciplinary Cases

The Supreme Court has sole authority to sanction attorneys for misconduct, except for a reprimand, which can be imposed in a disciplinary case without order of the Court by either the Hearing or Review Board. Chart 22 on Page 40 reflects the several ways disciplinary cases reach the Court. In 2017, the Court entered 118 sanctions against 118 lawyers as shown in Chart 20.

**Chart 20: Disciplinary Sanctions Ordered by the Supreme Court in 2017**

Disbarment.....	37
Suspension until further order of Court.....	19
Suspension for a specified period.....	21
Suspension for a specified period & conditions .....	16
Probation with partially stayed suspension .....	7
Probation with fully stayed suspension .....	4
Censure .....	9
Censure with probation** .....	1
Reprimand.....	3
Reprimand with probation** .....	<u>1</u>
Total	118*

\*In addition to the 56 suspensions, the Court also ordered 9 interim suspensions, as reported in Chart 22 at (H).

\*\* Reciprocal discipline.

Charts 21A and 21B provide demographic information on the 122 lawyers disciplined in 2017: 118 lawyers disciplined by the Court and four lawyers reprimanded by the Hearing Board in 2017. *See* Chart 18 on Page 36. Other than Board reprimands, the Hearing and Review Boards issue reports that include recommendations to the Supreme Court for disposition.

**Chart 21A: County of Practice of Lawyers Disciplined in 2017**

County	Number Disciplined	County	Number Disciplined
Cook.....	59	Henry .....	1
Out-of-State .....	29	Lee .....	1
DuPage .....	7	Madison .....	1
Lake.....	5	Marion.....	1
McHenry .....	3	McLean .....	1
Will.....	3	Morgan.....	1
Sangamon.....	2	Piatt .....	1
Adams .....	1	Rock Island .....	1
Grundy.....	1		

**Chart 21B: Years in Practice, Age and Gender of Lawyers Disciplined in 2017**

<b>Years in Practice</b>	<b># of Lawyers Disciplined</b>	<b>% of Lawyers Disciplined</b>	<b>% of Lawyer Population</b>
Fewer than 5.....	2.....	2%.....	8.8%
Between 5 and 10.....	9.....	7%.....	15.1%
Between 10 and 20.....	25.....	21%.....	26.3%
Between 20 and 30.....	32.....	26%.....	21.7%
30 or more.....	54.....	44%.....	28.1%
<b>Age:</b>			
21-29 years old.....	0.....	0%.....	2.8%
30-49 years old.....	30.....	25%.....	48.9%
50-74 years old.....	82.....	67%.....	44.8%
75 or more years old.....	10.....	8%.....	3.5%
<b>Gender:</b>			
Female.....	20.....	16%.....	38.2%
Male.....	102.....	84%.....	61.8%
Non-binary.....	0.....	0%.....	<0.01%

Chart 21C shows the practice setting around the time of the misconduct. 65.6% of the 122 lawyers disciplined in 2017 were either sole practitioners or practiced in a firm of 2-10 lawyers at the time of the misconduct.

**Chart 21C: Practice Setting of Lawyers Disciplined in 2017**

<b>Practice Setting</b>	<b>Solo Firm</b>	<b>Firm 2-10</b>	<b>Firm 11-25</b>	<b>Firm 26+</b>	<b>Gov't/ Judicial</b>	<b>In-House</b>	<b>Academia</b>	<b>No Practice</b>
<b>122 Lawyers Sanctioned</b>	65	15	2	4	1	1	1	33

It is frequently seen in discipline cases that an attorney-respondent is impaired by addiction to alcohol or other substance or suffers some mental illness or disorder. Chart 21D reflects only those cases in which one or more impairments were raised either by the lawyer or otherwise known by staff counsel. It is likely that many cases involving impaired lawyers are never so identified. 35 out of the 122 lawyers disciplined in 2017, or 29%, had at least one substance abuse or mental impairment issues. In addition, 23 out of 35 the disciplined lawyers with identified impairments, or 66%, were sole practitioners at the time of the misconduct.

**Chart 21D: Impairments Identified for Lawyers Disciplined in 2017, By Practice Setting**

<i>Practice Setting</i>	<i>Solo Firm</i>	<i>Firm 2-10</i>	<i>Firm 11-25</i>	<i>Firm 26+</i>	<i>Gov't/ Judicial</i>	<i>In-House</i>	<i>Academia</i>	<i>No Practice</i>
<b>35 Lawyers* with Impairments</b>	<b>23</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>Impairment</b>								
Substances:								
<b>Alcohol</b>	6							1
<b>Cocaine</b>			1					
<b>Cannabis</b>								1
<b>Amphetamine</b>	1							
<b>Heroin</b>	2							
<b>Other</b>	1							
Mental Illness:								
<b>Depression</b>	14	2		2			1	
<b>Bipolar</b>	2							2
<b>Schizophrenia</b>	1							
<b>Other</b>								
<b>Gambling</b>	2	1						
<b>Sexual Disorder</b>		1						1
<b>Cognitive Decline</b>		1						
% of 35 lawyers with impairments	65.7%	14.3%	2.9%	5.7%	0%	0%	2.9%	8.5%

\*Some lawyers have more than one impairment identified.

Chart 22 reflects the several ways disciplinary cases reach the Court. Some matters are filed directly with the Court upon petition, unless the court remands the matter for hearing before the Hearing Board. In 2017, 24 lawyers were disciplined on a reciprocal basis in 2017, as provided in Supreme Court Rule 763, because the lawyer had been disciplined in another jurisdiction where they also held a license in addition to their Illinois license. In those cases, the lawyer is subject to the same or comparable discipline in Illinois. In addition, the Court allowed 21 consent disbarments on motions, 12 of which were filed directly in the Court. The remainder of final disciplinary orders arose from matters initiated by the filing of an action before the Hearing Board.

**Chart 22: Orders Entered by Supreme Court in Disciplinary Cases in 2017**

<p><b>A. <u>Motions for disbarment on consent: Rule 762(a)</u></b>  Allowed..... 21  Denied..... <u>1</u>  Total ..... 22</p>	<p><b>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u></b>  Allowed ..... 10  Denied and remanded to Hearing Board .... <u>1</u>  Total ..... 11</p>
<p><b>B. <u>Petitions for discipline on consent: Rule 762(b)</u></b>  Allowed:  Suspension ..... 16  Suspension until further order of Court.... 4  Suspension stayed in part,  probation ordered ..... 3  Suspension stayed in its entirety,  probation ordered ..... 2  Censure ..... <u>6</u>  Total ..... 31  Denied..... <u>1</u>  Total ..... 32</p>	<p><b>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u></b>  Allowed ..... 20  Denied ..... <u>0</u>  Total..... 20</p>
<p><b>C. <u>Petitions for leave to file exceptions to report and recommendation of Review Board: Rules 753(e)(1) and 761</u></b>  Allowed and more discipline imposed  than recommended by Review Board ..... 4  Denied and same discipline imposed  as recommended by Review Board ..... <u>10</u>  Total ..... 14</p>	<p><b>F. <u>Petitions for reciprocal discipline: Rule 763</u></b>  Allowed ..... 24  Denied ..... <u>0</u>  Total..... 24</p>
	<p><b>G. <u>Petitions for reinstatement: Rule 767</u></b>  Allowed with conditions..... 2  Petition withdrawn ..... <u>1</u>  Total..... 3</p>
	<p><b>H. <u>Motions to revoke probation: Rule 772</u></b>  Allowed, probation revoked and respondent  suspended ..... <u>1</u>  Total..... 1</p>
	<p><b>I. <u>Petitions for interim suspension: Rule 774</u></b>  Rule enforced and lawyer suspended..... <u>7</u>  Total..... 7</p>

Chart 23 tracks the type of misconduct that led to the 122 sanctions entered in 2017: 118 sanctions entered by the Court and four Board reprimands administered in 2017.

**Chart 23: Misconduct Committed in the 122 Disciplinary Cases Decided in 2017<sup>1</sup>**

Types of Misconduct	Number of Cases in Which Sanctions Were Imposed				
	Disbarment	Suspension <sup>2</sup>	Probation <sup>3</sup>	Censure	Reprimand <sup>4</sup>
<b>Total Number of Cases:</b>	<b>37</b>	<b>56</b>	<b>11</b>	<b>10</b>	<b>4</b>
Fraudulent or deceptive activity .....	30	54	5	6	1
Criminal conduct/conviction of the lawyer .....	13	8	3	2	0
Improper management of client or third party funds, including commingling and conversion .....	15	28	4	2	0
Failure to communicate with client, including failure to communicate basis of a fee .....	8	26	2	2	2
Neglect/lack of diligence .....	7	31	4	1	0
Excessive or unauthorized legal fees, including failure to refund unearned fees .....	1	4	0	1	0
False statement or failure to respond in bar admission or disciplinary matter .....	4	18	3	1	0
Failure to provide competent representation .....	4	5	0	0	1
Offering false evidence, making false statements to a tribunal or improper trial conduct .....	2	11	0	1	1
Pursuing/filing frivolous or non-meritorious claims or pleadings .....	3	2	0	0	0
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf .....	0	2	0	1	1
Improper withdrawal, including failure to return file .....	1	15	1	1	0
Conflict of interest (1.7: concurrent clients) .....	3	5	0	0	1
Conflict of interest (1.8(a): improper business transaction with client) .....	2	3	0	0	0
Conflict of interest (1.8(c): improper gift from client) .....	1	1	0	0	0
Conflict of interest (1.9: former client) .....	0	1	1	0	1
Conflicts of interest (1.10): imputed disqualification) .....	0	1	1	0	1
Failure to supervise subordinates .....	0	1	0	1	0
Failure to report discipline in another jurisdiction .....	3	0	0	0	0
Failure to report criminal conviction under Rule 761 .....	0	1	0	0	0
Misrepresentation to third persons .....	1	5	0	1	0
Unauthorized practice in jurisdiction not authorized .....	1	1	0	1	0
Unauthorized practice after suspension .....	1	0	0	0	0
Unauthorized practice after removal from the Master Roll .....	2	2	0	0	0
Aiding a suspended lawyer in unauthorized practice of law .....	0	1	0	0	0
Improper division of fees/partnership with nonlawyer .....	0	0	0	0	2
False/reckless statements about integrity of a judge/candidate .....	0	1	0	0	0
Counseling client to engage in fraudulent or criminal activity .....	0	2	0	0	0

1 Totals exceed 122 cases because in most cases more than one type of misconduct was found.  
2 Includes 21 suspensions for a specified period, 19 until further order of the Court and 16 suspensions with conditions.  
3 Includes seven suspensions stayed in part by probation and four suspensions stayed entirely by probation.  
4 Includes four Hearing Board reprimands.

## 2. Non-Disciplinary Actions by the Supreme Court

The Supreme Court also entertains pleadings in non-disciplinary matters that affect an attorney’s status. Chart 24 reflects the orders allowed in such cases in 2017.

**Chart 24A: Non-Disciplinary Actions by the Supreme Court for 2017**

<b>Rule 756(a)(8) Permanent Retirement Status</b>	
Motion to transfer to permanent retirement status allowed .....	6
<b>Rule 758 Transfer to Disability Inactive Status</b>	
Motion for transfer to disability inactive status remanded for further proceedings.....	1
<b>Rule 759 Restoration to Active Status</b>	
<b>After Transfer to Disability Inactive Status</b>	
Petition for restoration to active status allowed.....	1

## 3. Receivership of a Lawyer’s Practice Under Supreme Court Rule 776

If a practice is closing due to the lawyer's death, disability or disappearance and if “no partner, associate, executor or other responsible party capable of conducting the lawyer's affairs is known to exist,” Supreme Court Rule 776 provides for the appointment of a receiver to inventory the law firm files and fulfill the duties necessary to close the practice. The ARDC has provided assistance to the family, friends and professional colleagues who have undertaken to close a lawyer’s practice. In the event that there is no one to assume this responsibility, the ARDC will seek to be appointed receiver to ensure that clients’ interests are not prejudiced by the lawyer’s absence from the practice. Since 2013, the ARDC has been appointed a receiver of a lawyer’s practice in 16 instances. In addition, the ARDC conducted 29 investigations in 2017 to determine if a receivership was necessary. In most instances, the ARDC may make suggestions to family members about how to close a law office of a deceased or disabled lawyer when a formal receivership is unnecessary.

**Chart 24B: ARDC-Appointed Receiverships: 2013-2017**

<b>776 Receivership Appointments</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
	5	3	2	5	1	16

## 4. Non-Disciplinary Litigation

Staff attorneys represent the Commission, staff, or members of the various boards in a variety of matters generally resulting from disciplinary prosecutions. Most matters involve the defense of a suit challenging the authority of the Commission or seeking injunctive relief or damages allegedly caused by disciplinary decisions. In 2017, four lawsuits were either pending or filed against ARDC staff. One matter pending before the Illinois Court of Claims was brought by a lawyer seeking to be reimbursed for his time and expenses in successfully defending himself in a disciplinary prosecution. Two proceedings were filed in federal court, one brought by a complaining witness attempting to have the court order the ARDC to reopen a closed investigation; the other matter was brought by a disciplined lawyer naming the

ARDC in an adversary proceeding in bankruptcy court in which he claimed his inability to repay his student loans was the result of a violation of his due process rights because of an allegedly unfair disciplinary process that rendered him unable to work as a lawyer. Finally, a complaining witness filed suit in the circuit court seeking damages against the ARDC arising out of the closure of an investigation.

### 5. Registration and Caseload Trends (2003-2017)

Charts 25A and 25B show the registration and caseload trends for the past fifteen years.

**Chart 25A: Registration Growth and Disciplinary Investigations (2003-2017)**

Year	Registered Attorneys	% of Growth Over Prior Year	Investigations Docketed	Closure By Administrator: No Misconduct Alleged	Closure By Administrator After Investigation	Closure By Inquiry Board After Investigation	Complaint Voted By Inquiry Board*
2003	76,671	0.17%	6,325	1,396	4,332	61	353
2004	78,101	1.9%	6,070	1,303	4,539	90	320
2005	80,041	2.5%	6,082	1,460	4,239	102	317
2006	81,146	1.4%	5,801	1,319	4,076	76	215
2007	82,380	1.5%	5,988	1,508	4,117	125	279
2008	83,908	1.9%	5,897	1,441	4,305	104	228
2009	84,777	1.0%	5,834	1,322	3,891	79	226
2010	86,777	2.2%	5,617	1,354	3,914	50	271
2011	87,943	1.3%	6,155	1,405	4,293	83	156
2012	89,330	1.6%	6,397	1,649	4,598	75	273
2013	91,083	2.0%	6,073	1,544	3,974	50	142
2014	92,756	1.8%	5,835	1,442	4,468	46	198
2015	94,128	1.5%	5,554	1,343	3,993	52	158
2016	94,610	0.5%	5,401	1,321	3,967	41	142
2017	94,778	0.01%	5,199	1,191	3,657	97	118

\*Totals are higher than number of complaints filed because a complaint may be based on more than one investigation.

**Chart 25B: Disciplinary and Regulatory Proceedings (2003-2017)**

Year	Matters Filed With Supreme Court or Circuit Court	Matters Filed With Hearing Board	Matters Concluded at Hearing Board	Matters Filed With Review Board	Matters Concluded at Review Board	Sanctions Ordered By Supreme Court
2003	53	141	125	35	30	137
2004	32	156	170	45	41	149
2005	41	144	134	28	47	167
2006	33	108	132	25	23	144
2007	37	144	121	32	29	120
2008	36	134	137	31	26	135
2009	39	137	135	30	31	130
2010	49	122	115	27	32	148
2011	45	106	147	35	31	156
2012	30	120	113	36	32	103
2013	40	95	120	29	48	149
2014	31	126	105	29	29	112
2015	28	86	130	31	26	126
2016	34	83	93	21	22	104
2017	41	79	88	23	24	118

## 6. Duty to Report Lawyer Misconduct: Lawyer Reports: 2003-2017

IRPC 8.3 requires a lawyer who knows that another lawyer has committed a violation of Rule 8.4(b) or Rule 8.4(c) or that a judge has committed a violation of applicable rules of judicial conduct that raises a substantial question as to the judge's fitness for office shall inform the appropriate authority. Chart 26 below shows that although investigations opened as a result of attorney reporting account for an average of 9% of all docketed investigations since 2003, an average of 24.5% of the formal disciplinary caseload between 2003 and 2017 included charges generated as a result of a lawyer or judge filing an attorney report. The number of attorney reports resulting in formal complaints increased significantly since 2007. In 2017, a total of 46.6% of 118 grievances that resulted in the filing of a formal complaint emanated from an attorney report. Of the 73 formal disciplinary complaints filed in 2017, 56.2% or 41 formal complaints were the result of an attorney report. For attorney report statistics since the 1988 *Himmel* decision, see *2007 Annual Report of the ARDC*, pages 25-27.

Chart 26 tracks attorney report filings for the past fifteen years from 2003 through 2017.

**Chart 26: Attorney Reports: 2003-2017**

Year	Number of Grievances	Number of Attorney Reports	Percent of Attorney Reports to Grievances	Number of Grievances Voted into Complaints	Number of Attorney Reports Voted into Complaints	Percent of Attorney Reports to Formal Complaints
2003	6,325	510	8.1%	353	44	12.5%
2004	6,070	503	8.3%	320	42	13.1%
2005	6,082	505	8.3%	317	47	14.8%
2006	5,800	435	7.5%	217	35	16.1%
2007	5,988	525	8.8%	284	82	28.9%
2008	5,897	542	9.1%	228	69	30.2%
2009	5,837	489	7.7%	226	60	26.5%
2010	5,617	497	8.8%	271	73	26.9%
2011	6,155	536	8.7%	156	33	21.2%
2012	6,397	651	10.2%	273	86	31.5%
2013	6,073	485	9.2%	144	48	33.3%
2014	5,835	581	9.4%	199	52	26.1%
2015	5,554	583	9.4%	159	62	39.2%
2016	5,401	606	11.1%	142	67	47.2%
2017	5,199	551	10.6%	118	55	46.6%
<b>Totals for 2003-2017</b>	88,230	7,999	--	3,407	855	--
<b>Average For 2003-2017</b>	5,882	533	9.0%	227	57	24.5%

## 7. Reinstatement Cases: 2000-2017

Under Supreme Court Rule 767, a lawyer who has been disbarred may apply for reinstatement 5 years after the effective date of the disbarment, except that a lawyer disbarred on consent may apply for reinstatement 3 years after the effective date of the discipline. Also, a lawyer who has been suspended until further order of the court must comply with the same requirements for reinstatement as those that apply to disbarred lawyers, and may not apply for reinstatement until the period of suspension ordered by the court has expired. Between 2000 and 2017, there were a total of 1,251 lawyers who were either disbarred (612) or suspended and until further order of the court (639). The charts below show the activity of cases filed between 2000 and 2017 where the disciplined lawyer applied for reinstatement and the disposition of the petition for reinstatement. The numbers below illustrate that only 7.8% of all disbarred lawyers and lawyers suspended until further order of the court between 2000 and 2017 sought reinstatement. Of those lawyers that petitioned for reinstatement, only 22 (23.9%) were granted reinstatement. More than three quarters of all reinstatement petitions (76.1%) are withdrawn or dismissed before consideration of the merits.

**Chart 27A: Summary of Reinstatements Cases Concluded Between 2000 and 2017**

# of Disbarments and Suspensions with UFO Entered by the Court Between 2000 and 2017: 1,251			
Total Reinstatements Concluded	Reinstatements Granted	Reinstatements Denied	Reinstatements Withdrawn/Dismissed
92	22	22	48

Of the 92 reinstatement petitions concluded between 2000 and 2017, 56 petitions were filed by disbarred lawyers or 9.2% of the 612 lawyers disbarred between 2000 and 2017. Of those 56 petitions, only 11 or 19.6% were granted reinstatement.

**Chart 27B: Disposition of Reinstatements Cases  
Between 2000 and 2017 Filed by Disbarred Lawyers**

# of Disbarments Entered by the Court Between 2000 and 2017: 612	
Reinstatements Filed from Disbarment	Reinstatements Granted from Disbarment
56	11

For lawyers suspended until further order of the court, 41 petitions or 6.4%% were filed by the 639 lawyers who received a suspension and until further order of the court between 2000 and 2017. Of the 41 petitions concluded, 11 or 26.8% were granted reinstatement.

***Chart 27C: Disposition of Reinstatements Cases  
Between 2000 and 2017 Filed by Lawyers Suspended and Until Further Order***

<b># of Suspensions and Until Further Order Entered by the Court Between 2000 and 2017 639</b>	
Reinstatements Filed from Suspension UFO	Reinstatements Granted from Suspension UFO
41	11

#### IV. Client Protection Program Report

The Supreme Court of Illinois created the Client Protection Program under Supreme Court Rule 780 to reimburse clients who lost money as the result of the dishonest conduct of an Illinois lawyer who has been disciplined or is deceased. The purpose of the Client Protection Program is to promote public confidence in the administration of justice and the integrity of the legal profession. The Program does not cover losses resulting from professional negligence or malpractice and does not consider claims involving fee or contract disputes. In 2015, the Court amended Supreme Court Rule 780 to expand the definition of reimbursable loss to include claims involving unearned, unrefunded fees paid to lawyers who later died or were transferred to Disability Inactive status before rendering services or refunding unearned fees. Commission Rules 501 through 512 govern the administration of the Program.

The Program is funded by an annual assessment paid by most Active status lawyers and remitted to the Client Protection Program Trust Fund. Rule 756 sets the assessment amount at \$25 per lawyer. The maximum per-award limit is \$100,000 and the per-lawyer limit is \$1 million. In 2017, the Program collected \$2,135,201 (\$1,841,590 in assessments, \$281,111 in reimbursement, and \$12,500 in interest).

In 2017, the Commission approved payment of \$1,776,419 on 152 claims against 48 lawyers. Five approvals were for the \$100,000 maximum and 63 were for \$2,500 or less. The Commission awarded more than \$400,000 on claims involving Frank Santilli, who was disbarred on consent in 2016 for conversion of clients' personal injury or workers' compensation settlements.

As Chart 28A shows, in some years Program awards exceeded income. The Program was able to pay claims in full up to the Program cap limits by drawing on the reserve that has accrued since the Court set the \$25 per lawyer annual assessment for the Program.

**Chart 28A: Client Protection Program Claims: 2002-2017**

Year	Claims filed	# Claims Approved	# Claims Denied	For Claims Approved, # Respondent Attys	Total Amounts Paid
2002	187	57	86	31	\$215,564
2003	208	68	83	31	\$477,595
2004	357	153	113	40	\$617,772
2005	242	179	132	46	\$951,173
2006	222	111	69	38	\$843,054
2007	217	90	138	44	\$697,358
2008	224	102	122	56	\$1,029,220
2009	188	81	125	35	\$1,091,473
2010	207	89	108	30	\$705,168
2011	184	89	96	38	\$1,006,013
2012	350	70	124	34	\$986,771
2013	256	247	91	38	\$2,016,669
2014	256	95	106	40	\$1,300,775
2015	541	366	152	34	\$2,488,651
2016	277	146	132	48	\$3,094,187
2017	229	152	144	48	\$1,776,419

The amount paid out in the last few years has increased significantly. The average total amount paid between 2011 and 2017 was \$1,809,926 compared with the average total amount paid of \$736,486 between 2002 and 2010. Payouts were made possible by prudent management of the reserve.

Chart 28B below provides a summary of the claims approved in 2017, by type of misconduct and area of law. For the types of misconduct involved in the 152 approved claims, claims of unearned fees were the great majority.

**Chart 28B: Classification of Approved Client Protection Claims in 2017**

<b>Type of Misconduct:</b>	
Charging excessive fee or failure to refund unearned fees .....	99
Conversion.....	50
Improper Loan .....	3
<b>Area of Law</b>	
Real Estate/Loan Mod .....	32
Criminal/Quasi criminal .....	24
Domestic Relations.....	20
Immigration .....	19
Tort.....	18
Labor/Workers' Comp.....	12
Probate/Trusts .....	12
Bankruptcy/Debt Negotiation .....	9
Debt Collection.....	5
Contract .....	1

## V. Recent Developments

### A. Amendments Impacting the Regulation of the Legal Profession in Illinois

#### *1. Service of Process Amendment: Supreme Court Rule 765(a) as well as 707, 754, 757, 760, 761, 763, 772, 773, 774, and 776 (amended Dec. 28, 2017, eff. Feb. 1, 2018)*

On December 28, 2017, the Illinois Supreme Court amended Supreme Court Rule 765(a) Service of Process. Concomitant amendments were made to Rules 707, 754, 757, 760, 761, 763, 772, 773, 774, and 776 to bring those rules into conformity with the manner in which service of process is authorized by Rule 765(a). A similar change was made to Commission Rule 214 to allow for electronic transmission of service to the lawyer's last known email address on the Master Roll. *See* Com. Rule 214 (amended Dec. 8, 2017, eff. Feb. 1, 2018.) The intent of the amendments was to enhance service of process on lawyers in disciplinary matters before the Court as well as accommodate newer electronic forms of service such as email. The amendments allow for a simpler process and facilitate agreement between parties on ways to accomplish service upon a lawyer involved in a disciplinary matter.

#### *2. Adoption of Regulatory Objectives for the ARDC*

In November 2017, upon recommendation of the Commission, the Illinois Supreme Court adopted Regulatory Objectives for the Provision of Legal Services. The Court's objectives include protection of the public, advancement of the rule of law, access to justice and ethical delivery of legal services. The ten objectives, which can be found on the ARDC website, are:

- A. Protection of the public.
- B. Advancement of the administration of justice and the rule of law
- C. Meaningful access to justice and information about the law, legal issues, and the civil and criminal justice systems
- D. Transparency regarding the nature and scope of legal services to be provided, the credentials of those who provide them, and the availability of regulatory protections
- E. Delivery of affordable and accessible legal services
- F. Efficient, competent, and ethical delivery of legal services
- G. Protection of privileged and confidential information
- H. Independence of professional judgment
- I. Accessible civil remedies for negligence and breach of other duties owed, and disciplinary sanctions for misconduct
- J. Diversity and inclusion among legal services providers and freedom from discrimination for those receiving legal services and in the justice system

## VI. Appointments

### A. ARDC Commissioners

#### 1. *Cedric D. Thurman Appointed as Commissioner*

Cedric D. Thurman was appointed as a non-lawyer Commissioner beginning January 1, 2018. Mr. Thurman is Principal at *Alexander Management Group*, a business management consulting company headquartered in Chicago. He previously was US Head of Diversity & Inclusion for *BMO Harris Bank* and prior to that served as the first Chief Diversity Officer for Jones Lang LaSalle, Inc. (JLL), a global investment management company. Active in Chicago's civic community, Mr. Thurman currently serves on a number of boards including the Governing Board of UCAN; Board of Directors for Urban Initiatives; Central Division Board member for Junior Achievement of Chicago; and University of Illinois College of Business Dean's Business Council and Business Alumni Association Board. Mr. Thurman has been recognized for his professional accomplishments by Diversity MBA Magazine as one of the Top 100 Executives Under 50, Savoy Magazine as one of the Top Diversity Executives, Kellogg School of Management's Black Management Association as Alumnus of the Year, Chicago Defender Men of Excellence, UCAN Diversity Advocate of the Year and twice recognized in Who's Who in Black Chicago. He received an M.B.A. in Management Strategy and Marketing from Northwestern University's Kellogg School of Management and a B.S. in Finance from the University of Illinois, Urbana-Champaign.

#### 2. *Derrick K. Baker Completes Term as ARDC Commissioner*

Derrick K. Baker completed his term as a non-lawyer Commissioner on December 31, 2017. Mr. Baker served as a Commissioner since 2007. He is principal of *DKB & Associates*, a public relations and marketing communications consultancy firm serving non-

profit, municipal, executive and small business clients. Mr. Baker earned his bachelor's degree in journalism from Drake University and his master's degree from Roosevelt University. During his tenure as ARDC Commissioner, Mr. Baker helped support the ARDC's establishment of community outreach initiatives, fostered the appointment of non-lawyers to the various ARDC Boards, and actively sought minority participation at all levels of the lawyer regulatory system. Mr. Baker has been a vital and contributing member of the lawyer regulatory system in this state for more than thirteen years, including previous service on both the ARDC Hearing Board and the Oversight Committee (2004-2007).

### B. Review Board

#### 1. *George Marron, III Appointed as Review Board Member*

George Marron, III was appointed by the Supreme Court to the Review Board, effective January 1, 2018, succeeding Richard A. Green. Mr. Marron is a sole practitioner in Highland Park concentrating his practice in the areas of business law, commercial litigation, banking law, creditors' rights, government law, real estate, corporations, partnerships and limited liability companies. He received undergraduate degree, MBA in finance degree and JD from St. Louis University. He served as past president of the Madison County Bar Association (1998-99) and previously served on the ARDC Hearing Board and Oversight Committee.

#### 2. *Richard A. Green Completes Term as Review Board Member*

Richard A. Green completed his term on the Review Board on December 31, 2017. Mr. Green is a retired partner from *Feirich, Mager, Green & Ryan* in Carbondale. He served on the Review Board since 2010 and also served as a member of the Hearing Board from 1989 to 2010, and an Inquiry Board member from 1982 to 1989. He received his bachelor's degree from Southern Illinois University in 1968. In 1972,

Mr. Green earned his JD at the University of Illinois.

## VII. Financial Report

The ARDC engaged the services of Legacy Professionals LLP to conduct an independent financial audit as required by Supreme Court Rule 751(e)(6). The audited financial statements for the year ended December 31, 2017, including comparative data from the 2016 audited statements are attached. In addition, a five-year summary of revenues and expenditures as reported in the audited statements appears after the text in this section. The ARDC is also subject to a bi-annual audit conducted by the State of Illinois Office of the Auditor General (OAG). The OAG audit report for the two years ended December 31, 2017 is expected to be released in May 2018. The OAG audit reports can be found on the OAG website at [www.auditor.illinois.gov](http://www.auditor.illinois.gov).

The ARDC has successfully maintained its operations through careful expense management, which has more than offset the negative revenue impact from historically low interest rates. The Commission estimates that it has suffered an opportunity loss of at least \$750,000/year due to the low interest rate environment.

While recent economic conditions have been very challenging, the number of registered attorneys increased by 0.5% from 2015 to 2016 and 0.6% from 2016 to 2017. Due to changing demographics, we may begin to see a plateauing in the total number of fee-paying attorneys.

The Court approved a \$3 increase in the registration fee structure effective with the 2017

registration season. This increase applies to attorneys admitted for more than three years and was allocated in full to the Illinois Lawyers' Assistance Program (LAP). LAP is a not-for-profit organization that helps attorneys, judges and law students get confidential assistance with substance abuse, addiction and mental health issues.

Prior to the \$3 increase, the last fee increase was made effective with the 2015 registration year.

The total fee paid by attorneys admitted for more than three years was \$385 in 2017. The \$385 fee was allocated as follows:

- ARDC - \$230;
- Lawyers Trust Fund - \$95;
- Commission on Professionalism - \$25;
- Client Protection Program - \$25; and
- Lawyers' Assistance Program - \$10.

The fee paid to the ARDC by inactive attorneys, Rule 707 attorneys and attorneys admitted between one and three years was \$121 in 2017.

Since 2007, funding for Client Protection Program (CPP) award payments comes from the \$25 allocation referenced above. During 2009, the ARDC determined that CPP expenses should also be paid from that separate Client Protection Fund instead of the ARDC Disciplinary Fund. For 2017 and 2016, the Client Protection Fund reimbursed the Disciplinary Fund \$304,543 and \$292,863 respectively for the administrative costs of the Program



*of the Supreme Court of Illinois*

**ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
OF THE SUPREME COURT OF ILLINOIS  
FIVE YEAR SUMMARY OF OPERATIONS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>					
Investment income					
Interest	\$ 460,619	\$ 325,337	\$ 215,925	\$ 139,202	\$ 150,964
Net gain (loss) on investments	47,197	63,101	(86,873)	6,534	45,672
Registration and program fees	21,725,223	21,588,524	21,241,739	18,118,805	17,476,037
Cost reimbursements collected	89,142	111,971	82,782	70,810	84,500
Administrative expense reimbursement from Client Protection Program	304,543	292,863	286,324	276,869	283,541
Client Protection Program reimbursements	260,049	175,165	16,355	96,781	97,160
Total revenue	<u>22,886,773</u>	<u>22,556,961</u>	<u>21,756,252</u>	<u>18,709,001</u>	<u>18,137,874</u>
<b>EXPENSES</b>					
Salaries and related expenses	12,153,114	11,889,727	11,933,845	11,439,028	11,393,488
Travel expenses	111,074	127,337	130,279	113,327	151,290
Library and continuing education	201,888	150,463	143,206	108,280	144,083
General expenses and office support	2,419,124	2,388,365	2,299,321	2,052,396	2,096,892
Computer expense	515,197	542,478	479,508	403,897	476,557
Other professional and case-related expenses	602,010	636,352	835,666	821,595	699,562
Client Protection Program direct expenses	1,776,951	3,098,343	2,496,544	1,307,599	2,024,420
Administrative expense reimbursement to Registration and Discipline	304,543	292,863	286,324	276,869	283,541
Depreciation and amortization expense	379,888	390,611	412,451	669,653	625,317
Total expenses	<u>18,463,789</u>	<u>19,516,539</u>	<u>19,017,144</u>	<u>17,192,644</u>	<u>17,895,150</u>
<b>CHANGE IN NET ASSETS</b>	4,422,984	3,040,422	2,739,108	1,516,357	242,724
<b>UNRESTRICTED NET ASSETS</b>					
Beginning of year	<u>29,161,440</u>	<u>26,121,018</u>	<u>23,381,910</u>	<u>21,865,553</u>	<u>21,622,829</u>
End of year	<u>\$ 33,584,424</u>	<u>\$ 29,161,440</u>	<u>\$ 26,121,018</u>	<u>\$ 23,381,910</u>	<u>\$ 21,865,553</u>
<b>OTHER INFORMATION AT YEAR END</b>					
Number of active and registered attorneys	94,997	94,461	93,824	92,750	90,774
Registration fees					
More than one year and less than three years	\$ 121	\$ 121	\$ 121	\$ 105	\$ 105
More than three years	\$ 230	\$ 230	\$ 230	\$ 200	\$ 200
Inactive/out of state	\$ 121	\$ 121	\$ 121	\$ 105	\$ 105

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

FINANCIAL STATEMENTS

DECEMBER 31, 2017



## REPORT OF INDEPENDENT AUDITORS

To the Commissioners of  
Attorney Registration and  
Disciplinary Commission of the  
Supreme Court of Illinois

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois (the Commission), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 1 -

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*Opinion*

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Legacy Professionals LLP*

Chicago, Illinois

April 25, 2018

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

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,103,430	\$ 2,686,963
Short-term investments	31,188,552	30,171,653
Accrued interest receivable	81,323	49,478
Accounts receivable	722	463
Prepaid expenses and deposits	<u>169,281</u>	<u>200,680</u>
Total current assets	34,543,308	33,109,237
PROPERTY AND EQUIPMENT - net	1,756,123	2,019,338
LONG-TERM INVESTMENTS	<u>23,437,282</u>	<u>18,812,020</u>
Total assets	<u>\$ 59,736,713</u>	<u>\$ 53,940,595</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other accruals	\$ 851,654	\$ 304,613
Amounts held for others	4,140,117	4,139,013
Accrued vacation	476,969	460,982
Deferred registration and program fees	16,514,642	16,258,397
Postretirement benefit obligation - current portion	35,509	28,511
Deposits	<u>4,000</u>	<u>4,000</u>
Total current liabilities	<u>22,022,891</u>	<u>21,195,516</u>
<b>LONG-TERM LIABILITIES</b>		
Postretirement benefit obligation - net of current portion	1,881,254	1,804,413
Deferred rent expense	<u>2,248,144</u>	<u>1,779,226</u>
Total long-term liabilities	<u>4,129,398</u>	<u>3,583,639</u>
Total liabilities	26,152,289	24,779,155
UNRESTRICTED NET ASSETS	<u>33,584,424</u>	<u>29,161,440</u>
Total liabilities and net assets	<u>\$ 59,736,713</u>	<u>\$ 53,940,595</u>

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017		2016	
	Registration and Discipline	Client Protection Program	Total	Total
<b>REVENUE</b>				
Investment income				
Interest	\$ 445,892	\$ 14,727	\$ 460,619	\$ 325,337
Net gain (loss) on investments	48,670	(1,473)	47,197	63,101
Total investment income	494,562	13,254	507,816	388,438
Registration and program fee:	19,883,633	1,841,590	21,725,223	21,588,524
Cost reimbursements collected	89,142	-	89,142	111,971
Administrative expense reimbursement from				
Client Protection Program	304,543	-	304,543	292,863
Client Protection Program reimbursements	-	260,049	260,049	175,165
Total revenue	20,771,880	2,114,893	22,886,773	22,556,961
<b>EXPENSES</b>				
Salaries and related expenses	12,153,114	-	12,153,114	11,889,727
Travel expenses	111,074	-	111,074	127,337
Library and continuing education	201,888	-	201,888	150,463
General expenses and office support	2,419,124	-	2,419,124	2,388,365
Computer expense	515,197	-	515,197	542,478
Other professional and case-related expenses	602,010	-	602,010	636,352
Client Protection Program direct expenses				
Awards	-	1,773,919	1,773,919	3,094,188
Administrative	-	3,032	3,032	4,155
Administrative expense reimbursement to				
Registration and Discipline	-	304,543	304,543	292,863
Depreciation and amortization expense	379,888	-	379,888	390,611
Total expenses	16,382,295	2,081,494	18,463,789	19,516,539
<b>CHANGE IN NET ASSETS</b>	4,389,585	33,399	4,422,984	3,040,422
<b>UNRESTRICTED NET ASSETS</b>				
Beginning of year	28,152,348	1,009,092	29,161,440	26,121,018
End of year	\$ 32,541,933	\$ 1,042,491	\$ 33,584,424	\$ 29,161,440

See accompanying notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,422,984	\$ 3,040,422
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net (gain) on investments	(47,197)	(63,101)
Depreciation and amortization expense	379,888	390,611
Change in assets and liabilities		
Accounts receivable and accrued interest receivable	(32,104)	(8,232)
Prepaid expenses and deposits	31,399	(151,928)
Accounts payable and other accruals	547,041	(819,071)
Amounts held for others	1,104	193,116
Accrued vacation	15,987	19,248
Deferred registration and program fees	256,245	(372,457)
Deposits	-	1,500
Postretirement benefit obligation	83,839	115,425
Deferred rent expense	468,918	(122,256)
Net cash provided by operating activities	<u>6,128,104</u>	<u>2,223,277</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investment securities	(38,661,264)	(34,760,496)
Maturities of investment securities	33,066,300	32,693,961
Purchases of property and equipment	(116,673)	(125,666)
Net cash (used in) investing activities	<u>(5,711,637)</u>	<u>(2,192,201)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	416,467	31,076
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,686,963</u>	<u>2,655,887</u>
End of year	<u>\$ 3,103,430</u>	<u>\$ 2,686,963</u>

See accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**NOTE 1. GENERAL PURPOSE DESCRIPTION**

Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois (the Commission) was established by the Supreme Court of Illinois (the Court) pursuant to Article VII(B) of its rules, effective February 1, 1973. The Commission appoints an Administrator, with approval of the Court, to serve as its principal executive officer. Commission duties include maintenance of the Master Roll of Attorneys and administration of the disciplinary fund. The Administrator conducts investigations and prosecutes complaints against attorneys and non-lawyers pursuant to rules of the Court and Commission.

Recent amendments to those rules and additional significant rules of the Court impacting the Commission's operations are as follows:

- Rule 756(a), as amended (the Rule), has set the annual registration and program fees for active lawyers licensed to practice law for three years or more at \$385 (the "full fee") and the annual registration fees for active lawyers licensed to practice between one and three years and inactive lawyers at \$121. The full fee was increased from \$382 to \$385 effective with the 2017 registration season, with the \$3 increase being allocated in full to the Illinois Lawyers' Assistance Program. Prior to this, the last fee increase occurred effective with the 2015 registration season. The charge for late payment of annual registration fees is \$25 per month for every month that fees are delinquent. The Rule requires that the Commission, as part of the annual \$385 fee, collect and remit the following amounts to the following other Supreme Court entities that are not administered by the Commission: \$95 to the Lawyers Trust Fund of Illinois, \$25 to the Illinois Supreme Court Commission on Professionalism and \$10 to the Illinois Lawyers' Assistance Program.

**NOTE 1. GENERAL PURPOSE DESCRIPTION (CONTINUED)**

- Rule 780(b) provided for the establishment of the Client Protection Program (the Program) and set forth that the purpose of the Program “is to promote public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct” of Illinois lawyers who have been disciplined. Since the Program’s inception, the Commission has administered the Client Protection Program and has maintained a separate Client Protection Fund account. Amended Rule 756 provides that \$25 of the \$385 registration fee be set aside for the Client Protection Program to fund awards made by the Client Protection Program. Prior to the Rule 756 amendment, the Commission funded payment of awards by making an annual allocation from the Disciplinary Fund. The Commission includes in its general budget allocations for administrative expenses of the Program to be paid from the Disciplinary Fund. The Program reimburses the Commission for the cost of administering the Program.
- Rule 707, as amended, provides that eligible out-of-state attorneys may appear in an Illinois proceeding upon meeting certain requirements, including the payment of a \$250 per proceeding fee and an annual registration fee, which is currently \$121. The \$250 per proceeding fee is allocated between the Illinois Supreme Court Commission on Access to Justice (\$175) and the Commission (\$75). The registration fee is allocated to the Commission.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements of the Commission have been prepared on the accrual basis of accounting.

**Basis of Presentation** - In compliance with provisions of generally accepted accounting principles, the Commission is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Commission does not have any temporarily or permanently restricted net assets.

A breakdown by program in the statements of activities is provided for 2017 and is for additional analytical purposes only. The net assets of the Commission’s programs, both individually and in total, are considered to be unrestricted.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, cash and cash equivalents include all deposits in checking and savings accounts.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable - Cost Reimbursements and Client Protection Program**

**Reimbursements** - The Commission fully reserves reimbursements owed by attorneys under its Cost Reimbursement Program and the Program. Whether the Commission can fully collect all reimbursements is dependent upon each identified attorney's ability to pay and the current economic environment. Therefore, the Commission records these reimbursements as revenue under the cost recovery method when the reimbursements are received.

**Property and Equipment** - Property and equipment are stated at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation and amortization are provided over the estimated useful lives of the assets or asset groups, based on the straight-line method. Upon disposal of assets, gains or losses are included in income. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease period.

The estimated useful lives of the property and equipment are as follows:

Computer and related equipment	3 - 5 years
Office furniture and equipment	3 - 10 years
Library	7 years
Leasehold improvements	5 - 15 years

**Investments** - The investments of the Commission are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex dividend date.

**Amounts Held for Others** - Amounts held for others at December 31, 2017 and 2016 consist of funds collected for the Illinois Lawyers' Assistance Program in the amount of \$317,379 and \$317,318 respectively; the Lawyers Trust Fund of Illinois in the amount of \$3,015,408 and \$3,017,112 respectively; the Illinois Supreme Court Commission on Professionalism in the amount of \$793,505 and \$793,933 respectively; and the Illinois Supreme Court Commission on Access to Justice in the amount of \$13,825 and \$10,650 respectively. All amounts were remitted subsequent to year end.

**Deferred Registration and Program Fees** - The Commission is primarily funded by an annual registration fee assessed on Illinois attorneys which includes a \$25 Client Protection Program fee applied to attorneys admitted greater than three years. The annual fees for the subsequent year are billed before November 1 and are due January 1. Deferred registration and program fees represent the fees for next year received in the current year.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deposits** - A portion of deposits is the reinstatement deposit that accompanies the petition of any attorney who is filing for reinstatement under Rule 767. The amount the attorney actually owes is assessed at the conclusion of the proceedings. Reinstatement deposits held at December 31, 2017 and at 2016 was \$4,000.

**Deferred Rent Expense** - Deferred rent expense consists of a combination of “free rent” and past and future lease incentives from the landlord. The Commission is recognizing operating lease expense on a straight-line basis over the term of the lease.

**Income Taxes** - The Internal Revenue Service has determined that the Commission is exempt from federal income taxes as an instrumentality of the State of Illinois.

**Functional Allocation of Expenses** - The Commission has allocated certain administrative expenses, such as salary costs, among the various programs benefited. These allocations have been based on management’s estimate of time incurred on these programs or other reasonable and consistent methodologies (see Note 4).

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Commission to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

**Subsequent Events** - Subsequent events have been evaluated through April 25, 2018, which is the date the financial statements were available to be issued.

**NOTE 3. COST REIMBURSEMENTS**

The Commission receives cost reimbursements for investigative and disciplinary costs from disciplined attorneys. Cost reimbursements are billed at the time that discipline is imposed by the Court. Such billings may not reflect the total costs or match the period in which the investigative disciplinary costs were incurred. The Commission is limited to \$1,000 in cost reimbursements for each discipline case, absent exceptional circumstances. During the years ended December 31, 2017 and 2016, the Commission regularly sought entry of judgments by the Court. Interest accrues upon the unsatisfied portions of those judgments at a rate of 9% per annum, from the date of judgment until satisfied, as provided by 735 ILCS 5/2-1303. The Commission has also established payment plans for disciplined attorneys.

**NOTE 4. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION**

The following tables represent an analysis of the Commission's functional expenses, by natural classification, for the years ended December 31, 2017 and 2016:

	2017			
	Program			Total
	Registration and Discipline	Client Protection	Administration and Support	
Salaries and related expenses	\$ 9,788,834	\$ 239,491	\$ 2,124,789	\$ 12,153,114
Travel expense	85,668	1,180	24,226	111,074
Library and continuing education	161,891	3,490	36,507	201,888
General expenses and office support	1,958,308	40,221	420,595	2,419,124
Computer expense	413,124	8,909	93,164	515,197
Other professional and case-related expenses	548,575	4,664	48,771	602,010
Client Protection Program direct expenses:				
Awards	-	1,773,919	-	1,773,919
Administrative	-	3,032	-	3,032
Administrative expense reimbursement to Registration and Discipline	-	-	304,543	304,543
Depreciation and amortization expense	<u>304,604</u>	<u>6,588</u>	<u>68,695</u>	<u>379,888</u>
Total	<u>\$ 13,261,004</u>	<u>\$ 2,081,494</u>	<u>\$ 3,121,290</u>	<u>\$ 18,463,789</u>

**NOTE 4. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION (CONTINUED)**

	2016			
	Program			Total
	Registration and Discipline	Client Protection	Administration and Support	
Salaries and related expenses	\$ 9,521,144	\$ 233,696	\$ 2,134,887	\$ 11,889,727
Travel expense	97,484	1,051	28,802	127,337
Library and continuing education	119,207	2,394	28,862	150,463
General expenses and office support	1,910,806	36,576	440,983	2,388,365
Computer expense	429,791	8,629	104,058	542,478
Other professional and case-related expenses	580,185	4,302	51,865	636,352
Client Protection Program direct expenses:				
Awards	-	3,094,188	-	3,094,188
Administrative	-	4,155	-	4,155
Administrative expense reimbursement to Registration and Discipline	-	-	292,863	292,863
Depreciation and amortization expense	309,469	6,215	74,927	390,611
Total	<u>\$ 12,968,086</u>	<u>\$ 3,391,206</u>	<u>\$ 3,157,247</u>	<u>\$ 19,516,539</u>

**NOTE 5. INVESTMENTS**

The following summary presents the fair value of each of the investment categories at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Short-term		
U.S. Treasury notes and bills	\$ 10,570,532	\$ 8,600,829
U.S. bank certificates	9,784,000	9,561,000
Money market funds	9,380,473	10,749,748
Mutual funds and exchange traded funds	<u>1,453,547</u>	<u>1,260,076</u>
	<u>31,188,552</u>	<u>30,171,653</u>
Long-term		
U.S. Treasury notes and bills	11,499,282	9,526,020
U.S. bank certificates	<u>11,938,000</u>	<u>9,286,000</u>
	<u>23,437,282</u>	<u>18,812,020</u>
Total	<u>\$ 54,625,834</u>	<u>\$ 48,983,673</u>

**NOTE 6. FAIR VALUE MEASUREMENTS**

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Basis of Fair Value Measurement**

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables set forth, by level within the fair value hierarchy, the Commission's investment assets at fair value as of December 31, 2017 and 2016. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Commission did not own any assets that required measurement within Level 3 at either December 31, 2017 or 2016.

	Total	Fair Value Measurements at 12/31/17 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes and bills	\$ 22,069,814	\$ 22,069,814	\$ -	\$ -
U.S. bank certificates	21,722,000	-	21,722,000	-
Money market funds	9,380,473	9,380,473	-	-
Mutual funds and exchange traded funds				
Fixed income	822,600	822,600	-	-
Equity:				
Small cap	85,398	85,398	-	-
Mid cap	84,452	84,452	-	-
Large cap	338,331	338,331	-	-
International	122,766	122,766	-	-
Total	<u>\$ 54,625,834</u>	<u>\$ 32,903,834</u>	<u>\$ 21,722,000</u>	<u>\$ -</u>

**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

	<u>Fair Value Measurements at 12/31/16 Using</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury notes and bills	\$ 18,126,849	\$ 18,126,849	\$ -	\$ -
U.S. bank certificates	18,847,000	-	18,847,000	-
Money market funds	10,749,748	10,749,748	-	-
Mutual funds and exchange traded funds				
Fixed income	740,349	740,349	-	-
Equity:				
Small cap	68,954	68,954	-	-
Mid cap	69,007	69,007	-	-
Large cap	276,577	276,577	-	-
International	105,189	105,189	-	-
Total	<u>\$ 48,983,673</u>	<u>\$ 30,136,673</u>	<u>\$ 18,847,000</u>	<u>\$ -</u>

Level 1 Measurements

U.S. Treasury notes and bills are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented.

Money market funds represent shares held in money market mutual funds.

The fair values of the mutual funds and exchange traded funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds and exchange traded funds are traded on national securities exchanges and are valued at the net asset value on the last business day of each period presented.

Level 2 Measurements

U.S. bank certificates are valued at cost which approximates fair value due to their liquid or short-term nature. At December 31, 2017, the U.S. bank certificates had interest rates ranging from 0.70% to 2.05% with maturity dates between January 2018 and September 2020. At December 31, 2016, the U.S. bank certificates had interest rates ranging from 0.70% to 1.50% with maturity dates between January 2017 and January 2019.

**NOTE 7. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Computer and related equipment	\$ 2,921,200	\$ 2,840,573
Office furniture and equipment	1,108,409	1,159,037
Library	25,433	35,225
Leasehold improvements	<u>2,471,949</u>	<u>2,471,949</u>
	6,526,991	6,506,784
Less accumulated depreciation and amortization	<u>(4,770,868)</u>	<u>(4,487,446)</u>
Property and equipment - net	<u>\$ 1,756,123</u>	<u>\$ 2,019,338</u>

**NOTE 8. LEASE COMMITMENTS**

The Commission leases its Chicago and Springfield offices under operating lease agreements.

The Chicago office lease was to expire in May 2015. However, in February 2011 the Chicago office lease was extended through May 2027. This lease calls for monthly payments for pro-rata operating expenses and real estate taxes in addition to the scheduled rent payments. In addition, the original lease provided 32 months of “free rent” with the first rent payment made on January 1, 1996. Under the terms of an amendment, base rent was reduced from December 2003 through May 2008, and the landlord provided certain rent concessions which were fully applied as of December 31, 2012. The Commission also received an allowance for leasehold improvements and other rent concessions between January 2012 and December 2017.

Effective November 1, 2012, the Commission entered into a fifteen year agreement for office space in Springfield, Illinois. The agreement, which included an allowance of \$20,000 for leasehold improvements, requires escalating rental payments of 2% per annum over the life of the lease. The Commission’s scheduled rent payments for this lease include operating expenses and real estate taxes.

Rent expense under all lease agreements was \$1,348,228 in 2017 and \$1,351,162 in 2016.

**NOTE 8. LEASE COMMITMENTS (CONTINUED)**

Future minimum rental payments under the terms of these leases, net of scheduled rent abatements, are as follows:

	<u>Springfield</u>	<u>Chicago</u>	<u>Total</u>
Year ending December 31,			
2018	\$ 107,623	\$ 729,558	\$ 837,181
2019	109,776	747,806	857,582
2020	111,971	766,660	878,631
2021	114,211	785,835	900,046
2022	116,495	805,457	921,952
Thereafter	<u>596,577</u>	<u>3,802,367</u>	<u>4,398,944</u>
Total	<u>\$ 1,156,653</u>	<u>\$ 7,637,683</u>	<u>\$ 8,794,336</u>

**NOTE 9. POSTRETIREMENT BENEFIT OBLIGATION**

On August 9, 1985, the Commission formed a trust to replace the Medicare coverage lost by its employees when the Social Security Administration ruled that certain Commission employees were ineligible for benefits.

The Commission committed to pay the future cost of Medicare premiums for former employees who met certain criteria and were employed by the Commission before March 31, 1986. Furthermore, the Commission agreed to pay reimbursement credits to eligible former employees for supplemental medical and hospitalization insurance coverage beginning at age 65. Therefore, the Commission records a liability associated with its employees' lost Medicare coverage and supplemental health benefits for retirees.

The following sets forth information with respect to this benefit obligation as of and for the years ended December 31, 2017 and 2016. The benefit obligation at December 31, 2017 was actuarially determined by Towers Watson, and was estimated by Commission Management for 2016.

	<u>2017</u>	<u>2016</u>
Benefit obligation at beginning of year	\$ 1,832,924	\$ 1,717,499
Service cost	57,907	71,770
Interest cost	71,932	86,002
Benefits paid	(18,641)	(14,774)
Actuarial (gain)	<u>(27,359)</u>	<u>(27,573)</u>
Benefit obligation at end year	<u>\$ 1,916,763</u>	<u>\$ 1,832,924</u>

**NOTE 9. POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)**

Net periodic benefit costs for 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Service cost	\$ 57,907	\$ 71,770
Interest cost	71,932	86,002
Actuarial (gain)	<u>(27,359)</u>	<u>(27,573)</u>
Net periodic benefit cost	<u>\$ 102,480</u>	<u>\$ 130,199</u>

The key assumptions are as follows:

	<u>2017</u>	<u>2016</u>
Actuarial cost method	Projected unit credit method	Projected unit credit method
Mortality table	RP-2014 Employee and Annuitant	RP-2014 Employee and Annuitant
Discount rate	4.10%	4%
Retirement age	Between ages 55 and 65	Between ages 55 and 65

Assumed health care cost trend rates can have a significant effect on the amounts reported for health care benefits. The actuary noted in its 2017 valuation that the effect of a 1% increase in health care cost trend rates (medical trend ultimate) would be an increase of \$6,366 on total service cost and interest cost components and an increase of \$88,198 on the postretirement benefit obligation.

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 and applicable discount rates.

Actuarially determined net benefit payments for each of the next five years and the five years thereafter are as follows:

2018	\$ 35,509
2019	37,342
2020	41,755
2021	46,876
2022	61,292
2023 - 2027	<u>519,991</u>
Total	<u>\$ 742,765</u>

**NOTE 9. POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)**

The Commission maintains investments in a separate trust account for the Medicare replacement reserve. The assets are invested using prudent asset allocation parameters, with the goal of minimizing risk and achieving asset returns that will help the plan meet its future obligations. The plan's returns should be competitive with like institutions employing similar investment strategies. Because these investments are not considered to be plan assets, they are included in the total investment balances on the statements of financial position. The fair value of these investments totaled \$2,005,591 and \$1,755,950 at December 31, 2017 and 2016, respectively.

**NOTE 10. EMPLOYEE BENEFIT PLANS**

The Commission maintains a defined contribution retirement plan and trust for the benefit of all eligible employees. The Commission provides enhanced retirement plan contributions due to a Social Security Administration ruling that Commission employees are not eligible for benefits. Employee contributions are not permitted under the plan's provisions. The Commission contributes 18% of compensation for eligible employees, which totaled \$1,509,166 in 2017 and \$1,504,615 in 2016. The Commission also pays the plan's administrative expenses, which totaled \$191,586 in 2017 and \$154,379 in 2016.

The Commission also maintains a Section 457 savings plan which is primarily funded by voluntary pre-tax employee contributions. The Commission paid the savings plan's administrative expenses, which totaled \$5,450 in 2017 and \$3,200 in 2016. Effective January 1, 2015, the Commission began matching employee contributions at the rate of 10% of the employee deferral amount, subject to an annual cap of \$500 per employee. The matching formula was changed to 50% effective January 1, 2017, but subject to the same annual cap of \$500 per employee. Matching contributions totaled \$36,864 in 2017 and \$20,970 in 2016.

**NOTE 11. LITIGATION**

Various complaints and actions are periodically filed against the Commission. At December 31, 2017, the Commission believes that pending matters do not present any serious prospect for negative financial consequences.

**NOTE 12. RISKS AND UNCERTAINTIES**

The Commission invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The actuarial present value of postretirement benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

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