



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

Chicago
April 30, 1983

COMMISSIONERS:

JAMES H. BANDY, CHAIRMAN
LESTER ASHER
GEORGE J. COTSIRILOS
EDWARD G. FINNEGAN
ALFRED E. WOODWARD

ADMINISTRATOR:

CARL H. ROLEWICK

ASSISTANT

ADMINISTRATORS:

JOHN C. O'MALLEY, CHIEF COUNSEL
JOHN M. OSWALD, CHIEF INVESTIGATOR

SENIOR COUNSEL:

MARY M. CONRAD
JEROME LARKIN

COUNSEL:

LAWRENCE W. CARROLL
DANIEL A. DRAKE
JAMES J. GROGAN
THERESA M. GRONKIEWICZ
JOHN A. HOLTAWAY
DEBORAH M. KENNEDY

SPECIAL COUNSEL:

PEYTON H. KUNCE

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 1982 is submitted to the Court, to the members of the Bar of Illinois, and to the public.

The report is a statement of the activities of the Commission and an accounting and audit of the monies received and expended during the year. It is submitted in accordance with Supreme Court Rule 751.

Respectfully,

James H. Bandy, Chairman
Lester Asher
George J. Cotsirilos
Edward G. Finnegan
Alfred E. Woodward

THE REGISTRATION REPORT

On December 31, 1982 the Master Roll of Attorneys contained the names of 41,274 attorneys in the following categories:

	Number of Attorneys	Fees and Penalties Collected
Admitted between January 1, 1981 and December 31, 1982	2,636	\$ 0.00
Admitted between January 1, 1977 and December 31, 1980	9,114	141,165.00
Admitted before January 1, 1977	24,265	748,402.00
On active military duty	142	0.00
Born before January 1, 1907	1,553	30.00
Admitted more than one year but neither practicing, residing nor employed in Illinois	3,398	53,313.00
1982 registration fee excused for hardship	42	0.00
Paid fee and subsequently removed from Master Roll	124	2,268.00
Totals	41,274	\$945,178.00

The distribution of those attorneys who reside, practice or are employed in Illinois in the state's twenty-one judicial circuits and five judicial districts is contained in Appendix 1 of this report.

Appendix 2 of this report is the 1982 in-state registered attorney population by county of principal office.

THE FISCAL REPORT

Income in 1982 was derived from three sources:

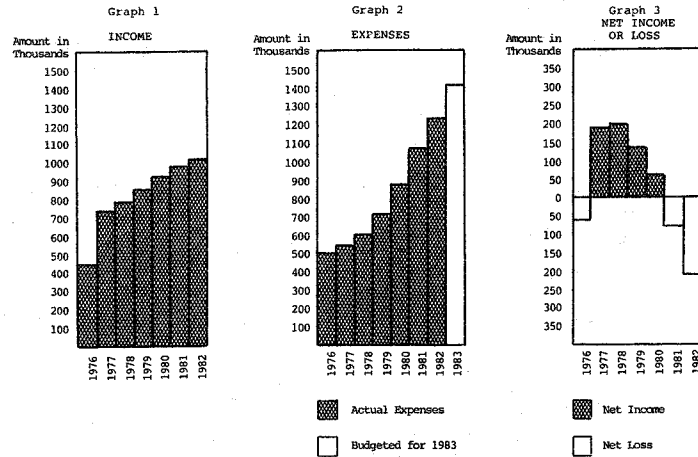
1982 registration fees including penalties and delinquent fees from prior years	\$ 945,178.00
Interest income	62,627.16
Other income	6,321.25
Total	\$1,014,126.41

Operating expenses for 1982 were as follows:

Salaries of administrator and staff	\$ 669,558.36
Social security and state and federal unemployment taxes	48,514.30
Employees retirement trust	24,760.22
Hospital, medical, life, and workers' compensation insurance	49,319.61
Office rentals and utilities	105,159.41
Travel (commission, staff, inquiry, hearing and review boards)	34,566.71
Telephone	30,977.38
Postage	29,565.46
Office equipment rental	15,114.08
Printing, duplicating, annual report, library, office supplies and related expenses	74,336.32
Insurance (fire, theft and extended coverage)	9,029.82
Auditing, bookkeeping, payroll, pension administration, and other professional services	21,515.87
Court reporting for disciplinary proceedings	38,524.58
Witness fees, investigation, and related expenses	9,885.93
Depreciation expense (office equipment)	38,081.52
Data processing software and maintenance	22,128.49
Excess of cost of reinstatement over revenue	852.05
Expenses of Supreme Court Committee on Professional Responsibility	2,535.25
Total	\$1,224,425.36

In 1981 the disciplinary fund experienced a net loss and a decrease in the operating fund. In its report to the Court for 1981, the Commission predicted that the fund would experience a substantial loss in 1982 and that the operating fund would be depleted.

The Commission's prediction has proved to be correct. In 1982 income was \$1,014,126.41 and expenses were \$1,224,425.36. The disciplinary fund experienced a net loss of \$210,198.95. These facts are illustrated on Graphs 1 through 3.



As a result of the anticipated depletion of the operating fund the Commission found it necessary to ask the Court to increase the registration fees for 1983. The Commission suggested that the fee for lawyers admitted between one and five years be increased from \$15.00 to \$30.00, and the fee for lawyers admitted more than five years be increased from \$30.00 to \$50.00. The Court decided, however, to increase for 1983 the \$15.00 fee to \$20.00 and the \$30.00 fee to \$40.00. The Court accepted the Commission's recommendation that the lower fee be charged lawyers admitted between one and three years and that the higher fee be charged lawyers admitted more than three years.

The Commission anticipates that the income generated by the new fees combined with interest and other income will result in total revenues of \$1,409,000.00. Early in 1983, the Commission gave final approval to a balanced budget for fiscal year 1983. (See Appendix 3.)

Supreme Court Rule 756 requires that the Administrator notify each registered attorney no later than November 1 that a registration fee is due by January 1 of the following year. As a result, the Commission receives most of its income for a given year in the preceding year. The annual audit report each year shows the funds collected for the following year as "deferred income." The result has been confusion and misunderstanding in some quarters. To alleviate the problem, the Commission has decided to change to a fiscal year commencing November 1 (the date the registration application is mailed each year) and ending October 31 of the following year.

THE CASELOAD REPORT

The caseloads of the Administrator, the Inquiry, Hearing and Review Boards, and the disciplinary cases in the Supreme Court in 1982, were as follows:

The Administrator received 3,182 communications from the public during 1982 which resulted in the docketing of 2,285 charges against attorneys. During the year 694 charges were dismissed and 116 complaints were voted by the Inquiry Board. Chart 1 details that activity.

The duties of staff counsel include working with the Inquiry panels in the investigation of charges against lawyers and trying and reviewing all matters before the Hearing Board, the Review Board and the Supreme Court. In addition, staff counsel represent the Administrator and Commission in litigation in various courts and before administrative agencies. Appendix D of this report lists the other matters for which staff attorneys were responsible in 1982.

The 2,285 charges received from the public by the Administrator in 1982 were classified by type of matter or case and by type of attorney misconduct charged.

The 2,285 charges classified by type of case or matter were as follows:

Code	Type of Matter	Number
A	Personal Injury/Property Damage	543
B	Tax	16
C	Equitable Relief	17
D	Domestic Relations	392
E	Mental Health	2
F	Adoption	14
G	Local Government Problems	15
H	Probate	148
J	Criminal and Quasi-Criminal	262
L	Small Claims	10
M	Real Estate/Landlord-Tenant	214
N	Immigration	26
P	Bankruptcy	73
Q	Labor	36
R	Contract	151
S	Patent and Trademark	12
T	Civil Rights/Federal Remedies	22
X	No Case	44
Z	Other	288

The 2,285 charges classified by type of misconduct charged were as follows:

Code	Type of Misconduct Charged	Number
1	Excessive Fees	67
3	Incompetence	29
4	Improper Advertising	11
5	Solicitation	19
6	Criminal Conviction	11
7	Mishandling Client Funds (Embezzlement/Conversion/Withholding/Commingling)	256
8	Lack of Communication	513
9	Conflict of Interest	115
10	Neglect	378
11	Relationship With Client (Disclosing of Confidential Information/Improper Withdrawal/Abandonment/Failure to Protect Interest of Client)	437
12	Misrepresentation/Fraud	138
13	Personal Behavior	44
14	Mental Incapacity	1
15	Misconduct/Government Attorney (Regulatory)	7
16	Relationship With Court	25
17	Relationship With Other Attorneys	17
99	Other	217

The most frequent charges received in 1982 classified by the type of case or matter and type of misconduct charged were the following:

Code	Type of Matter	and Type of Misconduct Charged	Number
A-8	Personal Injury/Property Damage	Lack of Communication	195
D-11	Domestic Relations	Relationship With Client	129
A-7	Personal Injury/Property Damage	Mishandling Client Funds	107
A-11	Personal Injury/Property Damage	Relationship With Client	89
A-10	Personal Injury/Property Damage	Neglect	86
D-8	Domestic Relations	Lack of Communication	79
D-10	Domestic Relations	Neglect	66
J-8	Criminal and Quasi-Criminal	Lack of Communication	50
M-11	Real Estate/Landlord-Tenant	Relationship With Client	50
J-10	Criminal and Quasi-Criminal	Neglect	49
J-11	Criminal and Quasi-Criminal	Relationship with Client	46
H-8	Probate	Lack of Communication	43
M-7	Real Estate/Landlord-Tenant	Mishandling Client Funds	40
H-10	Probate	Neglect	40
M-8	Real Estate/Landlord-Tenant	Lack of Communication	34
M-10	Real Estate/Landlord-Tenant	Neglect	32
R-10	Contract	Neglect	31
R-8	Contract	Lack of Communication	30
J-7	Criminal and Quasi-Criminal	Mishandling Client Funds	26
D-1	Domestic Relations	Excessive Fees	25

CHART 1

	Pending 1/1/82	New Charges Docketed		Added During 1982	Charges Terminated					Terminated During 1982	Pending 12/31/82
		from Individuals	from Administrator		Dismissed by Inquiry Chairman and Administrator	Dismissed by Inquiry Panel	Closed by Administrator	Closed by Inquiry Panel	Complaint Voted by Inquiry Panel		
Chicago	1045	1819	138	1957	1151	504	102	27	103	1887	1115
Springfield	349	289	39	328	119	190	12	2	13	336	341
Total	1394	2108	177	2285	1270	694	114	29	116	2223	1456

During 1982 fifty complaints and petitions were filed with the Hearing Board and forty-four were terminated. The types of cases and methods of disposition are detailed in Chart 2.

CHART 2

	Pending 1/1/82	Matters Filed			Added During 1982
		Disciplinary Complaints Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767	
Chicago	34	35	1	4	40
Springfield	3	9	1	0	10
Total	37	44	2	4	50

Matters Terminated							Terminated During 1982	Pending 12/31/82
Report and Recommendation			Petitions for Reinstatement Withdrawn Rules 759 & 767	Dismissed	Reprimand by Hearing Board	Name Stricken on own Motion Prior to or During Hearing		
Disciplinary Cases Rule 753	Petitions for Temporary Suspension Rules 757 & 758	Petitions for Reinstatement Rules 759 & 767						
24	0	3	1	5	2	1	36	38
6	0	0	0	2	0	0	8	5
30	0	3	1	7	2	1	44	43

Twenty-seven matters were docketed with the Review Board in 1982 and twenty-six were terminated. The method of disposition and the discipline recommended are detailed in Chart 3.

CHART 3

Pending 1/1/82	New Matters Docketed	Terminated		Terminated During 1982	Pending 12/31/82
		with Recommendations to the Supreme Court	without Recommendations to the Supreme Court		
6	27	23	3	26	7

Discipline Recommended by Review Board to Supreme Court					
Disbarment	Suspension		Censure	Petitions for Reinstatement Rules 759 & 767	
	for Fixed Period	Until Further Order of the Court		Allowed	Not Allowed
8	8	1	4	2	0

Reprimand by Review Board	Dismissed by Review Board	Re-recommended to Hearing Board
2	1	0

Chart 4 details the disciplinary and certain non-disciplinary matters filed with and terminated by the Supreme Court during 1982.

CHART 4

	Petitions										Reports -- Rule 754 and Miscellaneous	TOTAL
	Disciplinary Cases Rule 753	Temporary Suspension Rule 761	Inactive Status Rules 757, 758 & 770		Disbarment on Consent Rule 762		Reinstatement Rules 759 & 767					
Pending 1/1/82	44	10	4		0		8			13	79	
Filed during 1982	24	4	17		13		7			24	89	
Terminated During 1982	38	Allowed 6	Not Allowed 1	Allowed 16	Not Allowed 0	Allowed 10	Not Allowed 0	Allowed 2	Not Allowed 3	With-drawn 2	19	97
Pending 12/13/82	30	7		5		3		8			18	71

Discipline Ordered			
Disbar	Suspend	Censure	Dismiss
6	18	13	1

Disposition				
Suspend	Rule Discharged Upon Compliance	Order Vacated Upon Compliance	Ordered to Comply	Other
6	4	5	1	3

Chart 5 presents, in summary fashion, a comparison of certain key factors which indicate the growth and workload of the disciplinary system for the past five years.

CHART 5

PERIOD	NUMBER OF REGIS. ATTS.	INVESTIGATIVE FILES OPENED	INVESTIGATIVE FILES CLOSED:			MATTERS FILED WITH HEARING BOARD	MATTERS FILED WITH REVIEW BOARD	MATTERS FILED WITH SUPREME COURT		STAFF SIZE	
			ADMINISTRATIVELY	INQUIRY BOARD	COMPLAINT VOTED			Rules 753 & 762	All Other	ATTYS.	INVESTGRS.
1978	33,090	1649	783	890	100	35	30	32	45	4 1/2	3
1979	35,509	1765	943	609	62	34	22	22	33	6	4
1980	37,100	2098	1095	660	130	62	29	27	31	6	4
1981	39,280	1924	1098	608	130	49	38	42	62	7	5
1982	41,274	2285	1384	723	116	50	27	37	52	7	5

REPORT ON STAFF CHANGES

With the exception of the resignation of Charles S. Morgan, effective December 31, 1982, few staff changes occurred in 1982. John A. Holtaway, who had been serving as the lawyer assistant since January 26, 1981, was licensed May 3, 1982 and was hired as counsel in Mr. Morgan's place. In early 1983, however, several significant staff changes occurred.

Effective January 1, 1983 the Commission approved the appointment of John C. O'Malley as Assistant Administrator and Chief Counsel and Jerome Larkin as Senior Counsel. Counsel David M. Beckerman resigned in order to engage in the private practice of law. Clerk Laura Belmonte also resigned. The Commissioners authorized the Administrator to hire three attorneys: Lawrence W. Carroll, former counsel to the Chicago Title and Trust Company; Theresa M. Gronkiewicz, a recent graduate of The John Marshall Law School, and Deborah M. Kennedy, a recent graduate of Chicago-Kent College of Law. Thomas P. Sukowicz, who had been serving in the position of lawyer assistant, assumed the position of clerk.

The Commission extends to David M. Beckerman and Charles S. Morgan its gratitude for their work and its best wishes for the future.

As of December 31, 1982 the full time staff of the administrator's office consisted of the administrator, and (a) in the Springfield office: an attorney, a special counsel, and an administrative assistant; (b) in the Chicago office: an assistant administrator and chief investigator, a chief counsel, a senior attorney, five attorneys, one lawyer assistant, one senior investigator, three investigators, a records manager, a clerk, a computer system operator, an administrative assistant, four secretaries, two receptionist-typists, and a staff assistant.

REPORT ON RULE CHANGES

During 1982 the Commission reviewed its rules to determine whether the rules reflect the current demands of the disciplinary process. The Commission concluded that nearly ten years of experience and practice highlight certain areas where change is required and several rules were amended accordingly.

Rule 1.4 was amended to allow the Administrator to close files that do not warrant submission to the Inquiry Board. The amendment further provides that if the complainant disagrees with the Administrator's determination, the matter shall be referred to the Chairman or Vice-Chairman of the Inquiry Board.

Rule 4.3 was amended to facilitate the assignment of substitutes to serve on a hearing panel if a member of the panel is unavailable.

Rule 6.3 was amended to correct a typographical error.

The heading of Rule 8.1 was amended to conform to the substance of the rule.

Rule 9.3 was amended to allow the Hearing Board to recommend the imposition of a reprimand without first obtaining the agreement of the Administrator and Respondent. The rule was further amended to provide that if either party disagrees with the Board's recommendation, exceptions may be filed with the Review Board.

Rule 10.1 was amended to clarify the authority of the Chairman of the Review Board to rule on preliminary motions before the Board.

Rule 10.4 was amended to afford time for either party to file exceptions to a recommendation by the Review Board that a reprimand be administered.

Rule 11.1, relating to reinstatement, was amended in several respects to require that additional information be included in a petition for reinstatement.

The Commission Rules are available upon request from either of the Commission's offices.

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1982
IN THE
JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	1980	1981	1982
<u>First District</u>			
Cook County	22,310	23,542	24,616
<u>Second District</u>			
15th Circuit	169	168	169
16th Circuit	624	632	653
17th Circuit	412	440	464
18th Circuit	1,265	1,383	1,476
19th Circuit	970	1,032	1,080
Total	3,440	3,655	3,842
<u>Third District</u>			
9th Circuit	204	211	208
10th Circuit	581	611	627
12th Circuit	462	479	503
13th Circuit	253	267	275
14th Circuit	422	436	437
Total	1,922	2,004	2,050
<u>Fourth District</u>			
5th Circuit	258	268	274
6th Circuit	619	649	664
7th Circuit	765	789	814
8th Circuit	178	183	189
11th Circuit	364	378	396
Total	2,184	2,267	2,337
<u>Fifth District</u>			
1st Circuit	251	272	284
2nd Circuit	250	260	263
3rd Circuit	326	348	356
4th Circuit	223	229	243
20th Circuit	448	483	504
Total	1,498	1,592	1,650

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1982
IN THE
COUNTIES OF ILLINOIS

County of Principal Office	Number of Attorneys	County of Principal Office	Number of Attorneys
Adams	98	Lee	32
Alexander	17	Livingston	53
Bond	14	Logan	28
Boone	25	Macon	208
Brown	10	Macoupin	38
Bureau	52	Madison	342
Calhoun	5	Marion	46
Carroll	12	Marshall	13
Cass	19	Mason	17
Champaign	375	Massac	15
Christian	42	Mc Donough	41
Clark	16	Mc Henry	209
Clay	17	Mc Lean	271
Clinton	20	Menard	14
Coles	81	Mercer	14
Cook	24,616	Monroe	19
Crawford	20	Montgomery	36
Cumberland	7	Morgan	46
De Kalb	101	Moultrie	19
De Witt	20	Ogle	38
Douglas	20	Peoria	502
Du Page	1,476	Perry	18
Edgar	31	Piatt	22
Edwards	3	Pike	14
Effingham	36	Pope	5
Fayette	16	Pulaski	8
Ford	23	Putnam	8
Franklin	43	Randolph	26
Fulton	48	Richland	23
Gallatin	8	Rock Island	296
Greene	11	Saline	36
Grundy	36	Sangamon	697
Hamilton	12	Schuyler	12
Hancock	23	Scott	8
Hardin	10	Shelby	21
Henderson	6	St. Clair	427
Henry	58	Stark	11
Iroquois	30	Stephenson	68
Jackson	128	Tazewell	93
Jasper	9	Union	14
Jefferson	78	Vermilion	139
Jersey	14	Wabash	21
Jo Daviess	19	Warren	31
Johnson	8	Washington	14
Kane	527	Wayne	17
Kankakee	104	White	16
Kendall	25	Whiteside	69
Knox	59	Will	369
Lake	871	Williamson	53
La Salle	187	Winnebago	439
Lawrence	12	Woodford	21

APPENDIX 4

CASES IN OTHER FORUMS
IN WHICH STAFF COUNSEL
REPRESENT THE COMMISSION,
STAFF OR MEMBERS OF THE
DISCIPLINARY SYSTEM

- Attorney Registration and Disciplinary Commission v. Schweiker*, 80 C 3974 (United States District Court, N.D.Ill.). Action filed to review determination of Health and Human Services exclusion of Attorney Registration and Disciplinary Commission from Social Security Program. Dismissed on motion on December 29, 1982.
- Attorney Registration and Disciplinary Commission v. Schweiker*, 83-1131 (United States Court of Appeals, Seventh Circuit). Appeal from District Court dismissal of case number 80 C 3974. Pending.
- In re Zisook*, 88 Ill.2d 321, 430 N.E.2d 1037 (1981), appeal filed April 29, 1982, cert. denied June 21, 1982.
- In re Grant*, 89 Ill.2d 247, 433 N.E.2d 259 (1982), appeal filed June 23, 1982, cert. denied October 4, 1982.
- Chicago Bar Association v. Cronson*, 82 L. 50131 (Circuit Court of Cook County). Complaint for declaratory judgment seeking determination of the authority of the Auditor General to audit the funds of the Commission and the State Board of Law Examiners. Pending.
- Cronson v. Attorney Registration and Disciplinary Commission*, No. 57179 (Supreme Court of Illinois). Mandamus proceeding to determine authority of the Auditor General to audit Commission funds. Pending.
- Walner v. Attorney Registration and Disciplinary Commission*, 83 L 50722 (Circuit Court of Cook County). Attorney under investigation by Commission Inquiry Board filed complaint for mandamus against Inquiry Board members and staff attorneys in order to have proceedings against him dismissed. Motion to dismiss filed.
- Clay v. O'Malley*, 81 L. 16560 (Circuit Court of Cook County). Former Complainant filed action against Chief Counsel. Defendant's motion to dismiss granted January 18, 1982.
- Jafree v. Supreme Court of Illinois*, 91 C 2150 (United States District Court, N.D.Ill.). Suit filed by Illinois attorney seeking to enjoin disciplinary actions against him. Defendants' motion to dismiss granted January 19, 1982. Post trial motions filed and answered. Dismissal subject of two appeals.
- Jafree v. Attorney Registration and Disciplinary Commission*, (United States District Court, N.D.Ill.). Title VII job discrimination action. Defendant's motion to dismiss granted January 29, 1982. Post trial motions filed and answered. Dismissal subject of two appeals.
- Jafree v. Fairchild*, 81 C 0796 (United States District Court, N.D.Ill.). Civil rights action filed February 17, 1981. Attorney Registration and Disciplinary Commission, Administrator, and certain staff attorneys named as defendants. Defendants' motion to dismiss complaint granted August 13, 1982.
- Jafree v. Attorney Registration and Disciplinary Commission*, 82-1586 (United States Court of Appeals, Seventh Circuit). Attorney filed appeal from dismissal of District Court action (81 C 2191). Dismissed on May 4, 1982, for not being timely filed.
- Jafree v. Supreme Court of Illinois*, 82-1451 (United States Court of Appeals, Seventh Circuit). Attorney filed appeal from dismissal of District Court action (81 C 2150). Dismissed on May 21, 1982 for failure to pay docketing fee.
- Jafree v. Attorney Registration and Disciplinary Commission*, 83-1256 (United States Court of Appeals, Seventh Circuit). Attorney filed a second appeal from dismissal of a District Court action (81 C 2191). Consolidated with other appeals and pending on a briefing schedule.
- Jafree v. Supreme Court of Illinois*, 83-1255 (United States Court of Appeals, Seventh Circuit). Attorney filed a second appeal from dismissal of a District Court action (81 C 2150). Consolidated with other appeals and pending on a briefing schedule.

APPENDIX 3

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION

1983 BUDGET

I. STAFF		II. OFFICE		C. OTHER ASSETS	
A. SALARIES AND RELATED EXPENSES		A. GENERAL EXPENSES		III. OUTSIDE PROFESSIONAL AND INVESTIGATIVE EXPENSES	
1. Full Time Staff	711,500.00	1. Office Rent	135,000.00	1. Office Furniture/Equipment	20,000.00
2. Part Time Staff	10,500.00	2. Telephone	35,000.00	2. Leasehold Improvements	-
3. Temporary Help	18,500.00	3. Telephone - WATS line	3,000.00	3. Depreciation expense	30,000.00
4. Fed. & State Unemp. Taxes	7,500.00	4. Insurance - General	8,000.00		
5. F.I.C.A.	47,700.00	5. Postage	26,000.00		
6. Pension - Funding	28,500.00	6. Equipment Rental	17,000.00		
7. Employee Group Insurance	60,000.00	7. Supplies	19,500.00		
		8. Printing	18,500.00	1. Per Diem Outside Legal Services	4,000.00
B. TRAVEL EXPENSES		9. Duplicating	3,500.00	2. Auditing, Bookkeeping, Payroll	16,000.00
1. Administrator/Staff	18,000.00	10. Annual Report - printing and postage	13,000.00	3. Administration of Pension Trust	5,000.00
2. Commission	2,500.00	11. Reimbursement of Office Expenses	7,200.00	4. Court Reporting	44,000.00
3. Review Board	4,500.00	12. Commodities	5,000.00	5. Other Outside Professional Services	4,000.00
4. Hearing Board	1,000.00			6. Investigation Expenses	4,000.00
5. Inquiry Board	3,500.00	B. COMPUTER ASSETS AND EXPENSES		7. Witness Fees/Travel Expenses	6,000.00
6. Auto Expenses	6,000.00	1. Hardware Maintenance	15,000.00	8. Supreme Court Committee on Code of Professional Responsibility	2,500.00
C. LIBRARY AND CONTINUING EDUCATION EXPENSES		2. Software Maintenance	3,500.00		
1. Staff - Continuing Ed.	4,000.00	3. Supplies	4,000.00		
2. Seminar	4,000.00	4. Outside Services	1,000.00		
3. Library - Volumes	3,000.00	5. Program Modification	2,500.00		
4. Library - Periodicals	6,000.00	6. Purchase of Hardware	1,000.00		
					<u>\$1,409,400.00</u>

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
OF THE
SUPREME COURT OF ILLINOIS

BALANCE SHEET

December 31, 1982

ASSETS

CURRENT ASSETS		
Cash in Bank	1,037,300.37	
Accounts Receivable (Other than Fees)	4,534.93	
Investments at Cost	188,599.77	
Prepaid Expenses	9,495.24	1,239,930.31

FIXED ASSETS

Office Furniture, Equipment, Library and Leasehold Improvements	372,661.55	
Less: Accumulated Depreciation	143,491.52	229,170.03
Total Assets		<u>1,469,100.34</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES		
Accounts Payable	16,424.96	
Deferred Income	1,073,284.00	
Reinstatement Deposits	2,000.00	
Group Legal Service Registration Fee Fund	11,650.02	1,103,358.98

FUND BALANCES

Operating Fund	(6,920.19)	
Physical Asset and Replacement Fund	372,661.55	365,741.36
Total Liabilities and Fund Balances		<u>1,469,100.34</u>

INCOME STATEMENT

Year ended December 31, 1982

INCOME

Attorney Registration Fees and Charges Collected	945,178.00	
Interest on Investments	62,627.16	
Other Miscellaneous Income	6,321.25	1,014,126.41

OPERATING EXPENSES

Salaries	669,558.36
Payroll Taxes	48,514.30
Employees' Group Insurance	49,319.61
Employees' Retirement Trust	24,760.22
Office Rental and Utilities	105,159.41
Travel and Related Expenses	34,566.71
Telephone	30,977.38
Postage	29,565.46

Office Equipment Rental	15,114.08
Library, Office Supplies and Related Expenses	74,336.32
Insurance	9,029.82
Outside Professional Services	25,477.82
Data Processing Software and Maintenance	22,128.49
Court Reporting	38,524.58
Witness Fees and Related Expenses	5,923.98
Depreciation Expense	38,081.52
Supreme Court Committee on Code of Professional Responsibility	2,535.25
Excess Cost of Reinstatement Over Revenue	852.05
	<u>1,224,425.36</u>

NET LOSS

210,298.95

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1982

SOURCES OF WORKING CAPITAL

Expenses Not Requiring Use of Funds: Depreciation of Fixed Assets	38,081.52
Total Funds Provided by Operations	<u>38,081.52</u>

USE OF WORKING CAPITAL

Net Loss for Year ended December 31, 1982	210,298.95
Purchases of Fixed Assets	21,849.90
	<u>232,148.85</u>

DECREASE IN WORKING CAPITAL

194,067.33

WORKING CAPITAL

	DECEMBER 31,	
	1982	1981
CURRENT ASSETS	1,239,930.31	1,084,971.94
CURRENT LIABILITIES	1,103,358.98	754,333.28
TOTAL WORKING CAPITAL	<u>136,571.33</u>	<u>330,638.66</u>
DECREASE IN WORKING CAPITAL		<u>194,067.33</u>

GENERAL NOTES

December 31, 1982

A. ACCOUNTING POLICIES

The books and other financial records of the Commission are recorded on an accrued basis.

The accounting year of the Commission is December 31, as established by a resolution by the Commissioners dated May 21, 1975.

Fixed assets are carried at cost less accumulated depreciation computed on a straight-line method over an estimated useful life of six to ten years. Leasehold improvements are amortized over the lease period.

The Commissioners have created a fund for the replacement of physical assets. The amount appropriated for the year ended December 31, 1982, was \$37,421.04. The fund balance at December 31, 1982, totals \$143,491.52.

B. 1982 UNCOLLECTED FEES

By December 31, 1982, only 742 attorneys were unregistered and \$4,353.00 in registration fees uncollected. Of the 742 unregistered attorneys, 38 were not residents of Illinois, 529 were removed from Master Roll, 19 were more than 75 years old, and 156 were unaccounted for by reason of death or a change of address without notification to the Commission. The \$4,353.00 in uncollected registration fees are not carried as receivables since it cannot be determined that the amount is owed. A concerted effort was undertaken by the Administrator to determine the reasons for failure to register. A second registration application was sent to each attorney. Telephone calls and personal visits were made throughout the state to determine whether the unregistered attorneys were engaged in the practice of law.

C. INVESTMENTS

All investment transactions are handled by the Trust Department of the Illinois National Bank of Springfield and are held in safekeeping at the bank.

D. COLLECTION OF FEES

The Commission is funded by an annual registration fee assessed against Illinois attorneys. The annual fee is sent directly to a lock box located at the Springfield, Illinois, U.S. Post Office. The box is under the sole supervision of the Illinois National Bank of Springfield. The contents of the box are accounted for solely by the bank and all monies are deposited to the Commission's account. An accounting for these funds is sent regularly to the Commission's computer department for processing and comparison to the registration and billing records. The system is test checked by our audit and the lock box system is also checked by the Internal Auditors of the bank and the National Bank Examiners.

E. LEASE COMMITMENTS

The Commission has the following major lease commitments existing at December 31, 1982.

1. Chicago Office - September 1, 1975 through August 31, 1985 (Suite 1900-1920). Present value of lease commitment \$105,660.00. June 1, 1981 through August 31, 1985 (Suite 2020). Present value of lease commitment \$87,400 plus possible escalations for operating expenses. The Commission is also leasing on a month to month basis storage space at \$75.00 per month. (See Note K).
2. Springfield Office - February 1, 1980 through January 31, 1983 (Suite 330). Present value of lease commitment \$1,066.00 plus possible escalations for real estate taxes, operating expenses and utilities. (See Note K).

F. TAXABLE STATUS

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

G. DEFERRED INCOME

On November 1, 1982, registrations for the calendar year 1983 were mailed to all attorneys. Any registration fees received from the mailing date to December 31, 1982, are deferred income. The amount received during such period was \$1,073,284, which will be reported as income in 1983.

H. EMPLOYEES' RETIREMENT PLAN AND TRUST

On October 15, 1977, the Commission established a Retirement Plan Trust for the benefit of all qualified employees. Under the terms of the agreement each participating employee is required to contribute four (4%) percent of his or her annual salary to the Trust and the Commission is required to contribute a like amount. In addition the employees and Commission may contribute additional amounts.

The Plan and Trust was effective January 1, 1977. The contribution by the Commission during 1982 was \$24,760.22. Mr. Carl H. Rolewick is the Plan Administrator.

The Internal Revenue Service has approved the Plan and Trust for qualification. On March 3, 1981, the Internal Revenue Service made an examination of the plan qualification, transactions and operations. On May 11, 1981, the Internal Revenue Service informed the Commission that the return for the period ended December 31, 1980, was accepted as filed.

I. LITIGATION

Periodically attorneys or other persons bring suit against the Commission, staff, or members of the various boards challenging the Commission's authority or seeking injunctive relief or damages allegedly caused by disciplinary decisions. These cases have been handled successfully by staff attorneys. While some cases are currently pending, in the opinion of the Commission, they are without merit.

In addition, on July 30, 1980, the Commission and the Administrator, on their own behalf and on behalf of all employees' past and present, filed suit against the Internal Revenue Service and the Department of Health and Human Services seeking judicial review of the Social Security Administration's revocation of employee social security coverage. On December 29, 1982, the case was dismissed by the United States District Court and the Commission has appealed. The matter is pending in the United States Circuit Court of Appeals.

On July 26, 1982, the Chicago Bar Association filed suit in the Circuit Court of Cook County against the Commission, the State Board of Law Examiners and the Auditor General of the State of Illinois seeking declaratory review of the nature of the Commission and the State Board and the authority of the Auditor General to audit the funds of those agencies. The matter is pending.

On August 23, 1982, the Auditor General filed a motion for leave to file original petition for writ of mandamus in the Supreme Court of Illinois seeking the Court's determination as to the nature of the Commission's funds and requesting that the Attorney Registration and Disciplinary Commission be compelled to submit to an audit by the Auditor General. The matter is pending.

J. GROUP LEGAL SERVICE REGISTRATION FEE FUND

All registration fees received for group legal service plans have been segregated from all other funds of the Commission. Presently these monies are invested in a trust account at the Illinois National Bank, Springfield, Illinois.

K. SUBSEQUENT EVENTS

The Commission has the following major lease commitments, replacing those mentioned in Note E.

1. Chicago Office - April 1, 1983 through March 31, 1988 (Floors 19 and 20). Present value of lease commitment \$630,180.00.
2. Springfield Office - February 1, 1983 through January 31, 1986 (Suite 330). Present value of lease commitment \$51,484.50 plus possible escalations based on all operating expenses of building.

Alexander X. Fuhs & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
ILLINOIS CPA SOCIETY
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SUITE 404
4415 W. HARRISON STREET
HILLSIDE, ILLINOIS 60142
TELEPHONE 469-2002
AREA CODE 312

To the Commissioners and Administrator
of the Attorney Registration and Disciplinary
Commission of the Supreme Court of Illinois
203 North Wabash Avenue
Chicago, Illinois 60601

Gentlemen:

We have examined the Financial Statements of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois for the year ended December 31, 1982.

SCOPE OF EXAMINATION

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

ACCOUNTANTS' OPINION

In our opinion, the accompanying Financial Statements present fairly the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois at December 31, 1982, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Alexander X. Fuhs & Co.
Certified Public Accountants

Dated: March 4, 1983
Hillside, Illinois