



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

Chicago
April 30, 1985

COMMISSIONERS:

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

ADMINISTRATOR:

CARL H. ROLEWICK

DEPUTY

ADMINISTRATOR:
JOHN C. O'MALLEY

CHIEF COUNSEL:

JEROME LARKIN

SENIOR COUNSEL:

DANIEL A. DRAKE
JAMES J. GROGAN
JOHN A. HOLTAWAY

COUNSEL:

BRIDGET A. ARMSTRONG
THERESA M. GRONKIEWICZ
KARLA W. KATAKIS
DEBORAH M. KENNEDY

SPECIAL COUNSEL:

JOHN DIXON
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 1984 is submitted to the Court,
to the members of the Bar of Illinois, and to the public
in accordance with Supreme Court Rule 751.

The Report is a statement of the activities of the
Commission for calendar year 1984 and an accounting and
audit of the monies received and expended during the
twelve-month period which ended October 31, 1984.

Respectfully,

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

Report on Registration

On October 31, 1984 the Master Roll of Attorneys contained the names of 45,171 attorneys in the following categories:

Admitted between January 1, 1983 and October 31, 1984	2,575
Admitted between January 1, 1981 and December 31, 1982	4,188
Admitted before January 1, 1981	31,494
On active military duty	166
Born before January 1, 1909	1,783
Admitted more than one year but neither practicing, residing nor employed in Illinois	4,523
1984 registration fee excused for hardship	33
Paid fee and subsequently removed from Master Roll	409
Totals 45,171	

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 A of this report.

Appendix B of this report is the 1984 in-state registered attorney population by county of principal office.

Report on Fiscal 1984

In its report to the Court for fiscal 1983, the Commission projected that in Fiscal 1984 income would total \$1,505,000 and expenses would total \$1,646,000. The projection, though on the low side, was fairly accurate. Expenses exceeded revenue by \$159,453 in 1984 despite the fact that there was no expansion of office space, legal and investigative staff, or equipment.

The Commission asked the Court to increase the registration fees for fiscal 1985 to offset the projected deficits in 1984 and subsequent years and to permit the much needed and delayed expansion of office space, staff and computer.

The Court granted the Commission's request and increased the registration fees for fiscal 1985. After reviewing the caseload and needs of the system the Commission adopted a budget for 1985 which included: leasing additional space on the 18th Floor of the 203 North Wabash Avenue Building; adding one lawyer in Chicago and one in Springfield to the staff; adding necessary support staff; replacing the antiquated and inadequate computer; and completing the first phase of the update and overhaul of registration and case recordkeeping computer programs. The Fiscal 1985 Budget as approved is attached as Appendix C of this Report.

The following report is for fiscal year 1984, the twelve-month period ended October 31, 1984.

REVENUE in fiscal 1984 was derived from three sources:

1984 registration fees including penalties and delinquent fees from prior years	1,440,808.00	
Interest	56,672.57	
Other miscellaneous revenue	4,092.39	
Total Revenues		<u>1,501,572.96</u>

EXPENDITURES for fiscal 1984 were as follows:

<u>Salaries and Related Expenses</u>		
Salaries of administrator and staff	821,063.56	
Federal and state unemployment taxes	9,648.25	
F.I.C.A. taxes	54,008.91	
Employees defined contribution plan and trust	30,731.98	
Hospital, medical, life and workers' compensation insurance	97,812.81	1,013,265.51
<u>Travel Expenses of the Commission, Staff, Inquiry, Hearing and Review Boards</u>		42,582.75
<u>Library and Continuing Education Expenses</u>		18,352.96
<u>General Expenses</u>		
Office Rent	146,200.81	
Telephone	39,123.86	
Insurance (liability, fire, theft, extended coverage and computer)	12,046.05	
Postage	42,379.00	
Equipment rental and maintenance contracts	14,967.97	
Supplies	62,140.55	
Printing	13,318.43	
Duplicating	10,394.35	
Annual report (printing and postage)	12,120.40	
Reimbursement of office expenses	7,204.43	
Commodities	5,302.28	365,198.13
<u>Computer Expenses</u>		59,821.25
<u>Depreciation Expense</u>		58,215.77
<u>Outside Professional and Investigative Expenses</u>		
Auditing, bookkeeping and payroll	24,709.79	
Administration of pension trust	1,506.43	
Court reporting fees	61,764.45	
Other outside professional services	2,664.70	
Investigation expenses	2,714.34	
Witness fees/travel expenses	10,036.72	
Supreme Court Committee on Professional Responsibility	193.80	<u>103,590.23</u>
Total		<u>1,661,026.60</u>

EXCESS OF EXPENDITURES OVER REVENUE

159,453.64

Again in 1984 attorney population and charges coming into the system increased. The caseloads of the Administrator, the Inquiry, Hearing and Review Boards, and the disciplinary matters in the Supreme Court in 1984 are presented in the first four charts that follow. The fifth chart compares certain key factors which demonstrate the growth and workload of the disciplinary system since its inception.

Each of the charges docketed in the Administrator's office during 1984 were classified as to the type of legal matter involved (Appendix E, Chart 6) and the type of misconduct charged (Appendix E, Chart 7). The more numerous charges received during 1984 classified by the type of legal matter and type of misconduct are set forth in Appendix E, Chart 8. The information for the classification as to type of matter and type of misconduct charged is obtained from the charge at the time it is received in the Administrator's office before the truth and accuracy of the charge has been investigated or established.

Report on Rule Changes

During 1984 the Supreme Court amended Rules 756, 758, 759, 761, 766, 767 and 773. Rule 769 was repealed and new Rule 774 was enacted. The rule changes became effective July 1, 1984.

During 1984 the Commission amended its Rules 9.6 and 10.1.

Rule 756 was amended to reflect an increase in the attorney registration fee and to provide that on February 1 of each year the Administrator shall remove from the Master Roll the name of any attorney who has not currently registered.

Rules 758 and 759 were amended to provide that the procedure for review of proceedings brought pursuant to Rules 758 and 759 be the same as that for disciplinary cases.

Rule 761 was revised completely to clarify disciplinary procedures following the conviction of a crime.

Rule 766 was revised completely to clarify which disciplinary matters are private or confidential.

Rule 767 was amended to provide for the assessment of costs in the same manner as disciplinary cases, as defined in Rule 773.

Rule 760 was repealed in light of the revision of Rule 766.

Rule 773 was revised to refine the definition of costs and to eliminate the need to file a petition for collection of costs with the Supreme Court unless there is controversy.

Rule 774 was enacted to provide for the suspension of an attorney during the pendency of criminal or disciplinary proceedings where a threat of irreparable injury to the public or the administration of justice is established.

Commission Rule 9.6 was adopted to clarify the evidentiary standard to be applied in disciplinary proceedings and specifically to preclude the admission of character evidence by way of affidavit or letter. Commission Rule 10.1 was amended to conform to the procedure established by Supreme Court Rule 753(e) as amended October 1, 1983.

Report on Staff

On August 6, 1984 Counsel Lawrence W. Carroll, a member of the staff since March 7, 1983 was installed as an Associate Judge of the Circuit Court of Cook County. Prior to joining the staff, Judge Carroll served the disciplinary system as a member of the Inquiry Board from December 23, 1975 to December 31, 1980 and as Vice-Chairman and Chairman of the Board from January 1, 1980 to December 31, 1982. The Commission takes this opportunity to thank Judge Carroll for his service and dedication.

The staff restructure began by the Administrator in 1983 was completed during 1984. The increasing lawyer population and disciplinary caseload mandated initially the reorganization and expansion of the administrative services staff into an integrated team. These services included the registration, case recordkeeping, financial, and computer functions. Finally, the legal staff was reorganized into three teams in the Chicago office and one in the Springfield office. Each team consists of two attorneys, two secretaries, one investigator, one lawyer assistant and one part-time law clerk. Each team is headed by a senior lawyer who is responsible for the supervision of the less experienced lawyer. The floor plan and furniture in the office areas on the 20th and 18th Floors (of the Chicago office) have been designed to accommodate and facilitate the team structure.

As of December 31, 1984 the full time staff of the Administrator's office consisted of:

LEGAL SERVICES

Chief Counsel
Senior Counsel (3)
Counsel (4)
Special Counsel
Lawyer Assistant (4)
Special Investigator
Senior Investigator (2)
Investigator (3)
Manager of Secretarial Services
Secretary (7)
Receptionist
Receptionist-Typist (2)
Office Aide (2)

ADMINISTRATIVE SERVICES

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

Social Security Coverage for Commission Employees

On March 12, 1985 the Commission elected not to appeal the July 6, 1984 and February 22, 1985 decisions of U. S. District Court Judge William T. Hart in the case of Attorney Registration and Disciplinary Commission v. Heckler, N.D. Ill., No. 80 C 3974. Judge Hart's decision affirmed the decision of the Social Security Administration to cancel the Commission's participation in social security programs. While the suit was pending, the Commission attempted to acquire social security coverage through the State of Illinois but was unable to do so. As a result, the long dispute over social security coverage for Commission employees has concluded. The Commission is investigating alternatives to social security programs for present and future employees.

The Illinois Auditor General

On July 26, 1982 the Chicago Bar Association filed suit in the Circuit Court of Cook County against the Illinois Auditor General, the State Board of Law Examiners and the Commission seeking a declaratory judgment regarding the authority of the Auditor General to audit the funds of the Board and the Commission.

On May 4, 1984 the Commission and Board were realigned as plaintiffs. The matter is pending.

Evaluation of the Commission by Representatives of the American Bar Association

During April, 1984 the Commission was evaluated by the representatives of the Standing Committee on Professional Discipline of the American Bar Association. The evaluation team met with Chief Justice Ryan, Justice Ward, certain commissioners, members of the staff and boards, and representatives of the bar and judiciary. The report filed by the evaluation team in October 1984 was favorable and found the Commission to be functioning efficiently. Copies of the report are available on request.

Non-Disciplinary Litigation

Disciplinary Rule 2-103 was amended by the Supreme Court effective May 1, 1984. The amendment sought to bring the rule into conformity with recent decisions of the United States Supreme Court regarding lawyer advertising and solicitation. On April 25, 1984 a lawsuit was filed challenging the constitutionality of the amended rule. Adams v. Attorney Registration and Disciplinary Commission, United States District Court, N.D. Ill., No. 84 C 3548. Additional plaintiffs have joined the suit and it is pending.

Numerous other lawsuits and complaints have been filed against the Administrator, the Commission and board members and staff. The trend continued during 1984. Each of the suits is defended by staff counsel. Appendix D is a listing of all of the matters pending during 1984.

In 1984 the Commission increased its assistance to the Committee on Character and Fitness of the Supreme Court of Illinois. While in prior years the Commission had provided investigative services to the Committee, in 1984 the Commission began providing it with legal services. Counsel for the Administrator represented the Committee in two proceedings convened to determine the fitness of an applicant for the bar. Those matters also are identified in Appendix D.

Chart 1 - Investigations and Inquiry

During 1984 the Administrator received 3,649 communications from the public which resulted in the docketing of 2,721 charges against attorneys. During the year 1,182 charges were investigated and terminated administratively. In addition, the Inquiry Board investigated and terminated 1,084 charges and voted 179 complaints.

TREND OF CHARGES DURING 1984			
PENDING 1-1-84	DOCKETED DURING 1984	TERMINATED DURING 1984	PENDING 12-31-84
1515	2721	2382	1854

CHARGES RECEIVED FROM	
INDIVIDUALS	ADMINISTRATOR
2386	335

CHARGES TERMINATED				
CLOSED BY INQUIRY CHAIRMAN & ADMINISTRATOR	DISMISSED BY INQUIRY PANEL	CLOSED BY ADMINISTRATOR	CLOSED BY INQUIRY PANEL	COMPLAINT VOTED BY INQUIRY PANEL
963	974	219	47	179

Chart 2 - Hearing

During 1984 forty-nine complaints and petitions were filed with the Hearing Board and fifty-six were terminated. The types of cases filed and methods of disposition are detailed below.

TREND OF MATTERS IN THE HEARING BOARD DURING 1984			
PENDING 1-1-84	FILED DURING 1984	TERMINATED DURING 1984	PENDING 12-31-84
55	49	60	44

MATTERS FILED		
DISCIPLINARY COMPLAINTS RULES 753 & 761	PETITIONS FOR TRANSFER TO INACTIVE STATUS RULES 757 & 758	PETITIONS FOR REINSTATEMENT RULES 759 & 767
44	0	5

MATTERS TERMINATED				
BY REPORT AND RECOMMENDATION	BY WITHDRAWAL OF PETITION FOR REINSTATEMENT	BY DISMISSAL	BY HEARING BOARD REPRINAND	BY DISBARMENT ON CONSENT DURING HEARING
44	1	10	3	2

REPORTS AND RECOMMENDATIONS			
IMPOSITION OF DISCIPLINE	TRANSFER TO INACTIVE STATUS	REINSTATEMENT	
		TO ALLOW	TO NOT ALLOW
35	2	6	1

Chart 3 - Review

In 1984, twenty-eight matters were filed with the Review Board and twenty-four were terminated. In addition, sixteen matters went directly to the Court from the Hearing Board, no exceptions having been filed by either side. The method of disposition and the discipline recommended to the Supreme Court are detailed below.

TREND OF MATTERS IN THE REVIEW BOARD DURING 1984			
PENDING 1-1-84	FILED DURING 1984	TERMINATED DURING 1984	PENDING 12-31-84
2	28	24	8

MATTERS TERMINATED	
WITH RECOMMENDATION TO COURT	WITHOUT RECOMMENDATION TO COURT
19	5

ACTION TAKEN BY REVIEW BOARD			
REPRINAND BY REVIEW BOARD	DISMISSED	REMANDED TO HEARING BOARD	DISBARMENT ON CONSENT WHILE MATTER PENDING
1	2	1	1

DISCIPLINE RECOMMENDED BY REVIEW BOARD						
DISBARMENT	SUSPENSION	CENSURE	TRANSFER TO INACTIVE STATUS RULE 758		PETITIONS FOR REINSTATEMENT AND RESTORATION RULES 767 & 759	
			To Allow	To Not Allow	To Allow	To Not Allow
3	6	4	1	0	2	3

Chart 4 - Supreme Court

During 1984 the Supreme Court again handled a record number of disciplinary matters. The disciplinary and certain non-disciplinary matters filed with and terminated by the Court are detailed below.

TREND OF DISCIPLINARY MATTERS IN THE SUPREME COURT DURING 1984			
PENDING 1-1-84	FILED DURING 1984	TERMINATED DURING 1984	PENDING 12-31-84
62	139	151	50

MATTERS FILED			
DISCIPLINARY CASES RULES 753 & 763	PETITIONS	REPORTS	PROBATION
28	66	44	1

PURSUAUNT TO RULES 754 & 756	
MISC.	
34	10

PETITIONS			
TEMPORARY SUSPENSION RULE 761	INACTIVE STATUS - RULES 757, 758, 770	DISBARMENT ON CONSENT RULE 762	REINSTATEMENT RULES 759, 767
12	21	22	11

MATTERS TERMINATED			
PETITIONS	DISCIPLINARY CASES	REPORTS	
63	33	RULES 754 & 756	MISC.
		45	10

METHOD OF DISPOSITION				
SUSPEND	RULE DISCHARGED UPON COMPLIANCE	ORDER VACATED UPON COMPLIANCE	ORDERED TO COMPLY	OTHER
11	9	6	0	19

DISCIPLINE ORDERED				
DISBARMENT	SUSPENSION	CENSURED	DISBARRED ON CONSENT	PROBATION
4	15	11	2	1

PETITIONS			
TEMPORARY SUSPENSION RULE 761	INACTIVE STATUS - RULES 757, 758 & 770	DISBARMENT ON CONSENT RULE 762	REINSTATEMENT RULES 759 & 767
Allowed 8	Allowed 21	19	Allowed 10
Not Allowed 1	Placed on Probation 1		Not Allowed 3

Chart 5 - A Comparison

Chart 5 presents, in summary fashion, a comparison of certain key factors over the past twelve years. It demonstrates the growth of lawyer population, the workload of the boards, the Court and the staff.

PERIOD	NUMBER OF REGISTERED ATTORNEYS	INVESTIGATIVE FILES OPENED	INVESTIGATIVE FILES CLOSED:			MATTERS FILED WITH HEARING BOARD	MATTERS FILED WITH REVIEW BOARD	MATTERS FILED WITH SUPREME COURT		STAFF SIZE	
			ADMINIS- TRATIVELY	INQUIRY BOARD	COMPLAINT VOTED			RULES 753, 761, 762 & 763	PROBA- TION 772 OTHER	ATTYS.	INVTGRS.
05-01-73 thru 06-30-73	22,888	836	364	0	0	5	2	0	0	3*	2
07-01-73 thru 06-30-74	23,959	1680	810	657	54	56	11	0	0	3*	3
07-01-74 thru 06-30-75		1747	926	741	69	47	16	41	19	3	3
07-01-75 thru 12-31-75	28,000	807	381	188	44	28	11	14	10	4	3
1976	29,750	1750	884	709	82	55	36	30	32	5	3
1977	31,936	1650	836	484	73	42	29	28	57	5	3
1978	33,090	1649	783	890	100	35	30	32	45	4.5	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
1983	43,116	2388	1340	855	134	69	40	67	79	7.5	5
1984	45,171	2721	1182	1021	179	49	28	62	76	7.5	5

The shaded area indicates a fiscal period shorter than 12 months.
 *Does not include part-time services provided by two attorneys.

Appendix A

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1984
IN THE
JUDICIAL DISTRICTS AND CIRCUITS OF ILLINOIS

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
<u>First District</u>					
Cook County	22,310	23,542	24,616	25,894	26,240
<u>Second District</u>					
15th Circuit	169	168	169	174	179
16th Circuit	624	632	653	683	698
17th Circuit	412	440	464	473	475
18th Circuit	1,265	1,383	1,476	1,578	1,658
19th Circuit	970	1,032	1,080	1,164	1,191
Total	3,440	3,655	3,842	4,072	4,201
<u>Third District</u>					
9th Circuit	204	211	208	215	215
10th Circuit	581	611	627	651	665
12th Circuit	462	479	503	531	527
13th Circuit	253	267	275	278	280
14th Circuit	422	436	437	443	430
Total	1,922	2,004	2,050	2,118	2,117
<u>Fourth District</u>					
5th Circuit	258	268	274	281	277
6th Circuit	619	649	664	695	690
7th Circuit	765	789	814	841	903
8th Circuit	178	183	189	193	186
11th Circuit	364	378	396	404	388
Total	2,184	2,267	2,337	2,414	2,444
<u>Fifth District</u>					
1st Circuit	251	272	284	299	279
2nd Circuit	250	260	263	278	287
3rd Circuit	326	348	356	360	365
4th Circuit	223	229	243	250	253
20th Circuit	448	483	504	528	544
Total	1,498	1,592	1,650	1,715	1,728

Appendix B

REGISTERED ATTORNEYS AS OF OCTOBER 1, 1984
IN THE
COUNTIES OF ILLINOIS

Adams	101								
Alexander	11	Ford	19	Lee	36	Putnam		8	
Bond	14	Franklin	48	Livingston	49	Randolph		26	
Boone	27	Fulton	46	Logan	27	Richland		27	
Brown	10	Gallatin	9	Macon	212	Rock Island		297	
Bureau	52	Greene	12	Macoupin	41	Saline		34	
Calhoun	5	Grundy	38	Madison	351	Sangamon		776	
Carroll	13	Hamilton	12	Marion	57	Schuyler		11	
Cass	16	Hancock	23	Marshall	15	Scott		8	
Champaign	393	Hardin	11	Mason	15	Shelby		20	
Christian	41	Henderson	7	Massac	18	St. Clair		456	
Clark	17	Henry	54	Mc Donough	44	Stark		11	
Clay	16	Iroquois	30	Mc Henry	237	Stephenson		65	
Clinton	21	Jackson	124	Mc Lean	273	Tazewell		94	
Coles	84	Jasper	11	Menard	13	Union		12	
Cook	26,162	Jefferson	86	Mercer	14	Vermilion		131	
Crawford	20	Jersey	16	Monroe	24	Wabash		22	
Cumberland	8	Jo Daviess	22	Montgomery	39	Warren		28	
De Kalb	109	Johnson	7	Morgan	45	Washington		14	
De Witt	21	Kane	560	Moultrie	16	Wayne		17	
Douglas	21	Kankakee	107	Ogle	43	White		17	
Du Page	1,651	Kendall	25	Peoria	534	Whiteside		63	
Edgar	37	Knox	67	Perry	23	Will		390	
Edwards	4	Lake	950	Piatt	24	Williamson		59	
Effingham	30	La Salle	190	Pike	15	Winnebago		447	
Fayette	18	Lawrence	14	Pope	5	Woodford		20	

FISCAL 1985 BUDGET

	Account Number	Amount	Account Number	Amount
I. STAFF				
A. SALARIES AND RELATED EXPENSES				
1. Full Time Staff	5010	\$986,500.00	9. Duplicating	5210 15,000.00
2. Temporary Help	5170	30,000.00	10. Publications	5270 21,500.00
3. Fed. & State Unemp. Taxes	5590	11,500.00	11. Reimbursement of Office Exp.	5455 7,500.00
4. F.I.C.A.	5610	70,000.00	12. Commodities	5255 6,500.00
5. Pension - Funding	5650	40,500.00		
6. Employee Group Insurance	4510	123,000.00		
Sub-total		\$1,261,500.00	Sub-total	\$448,500.00
B. TRAVEL EXPENSES				
1. Administrator/Staff	5300	\$20,000.00	B. COMPUTER ASSETS AND EXPENSES	
2. Commission	5305	2,500.00	1. Hardware Maintenance	5461 \$17,500.00
3. Review Board	5310	4,500.00	2. Software Maintenance	5462 5,000.00
4. Hearing Board	5315	4,500.00	3. Supplies	5463 6,000.00
5. Inquiry Board	5320	4,500.00	4. Outside Services	5464 2,000.00
6. Auto Expenses	5330	6,500.00	5. Program Modification	5465 10,000.00
Sub-total		\$42,500.00	6. Purchase of Hardware	1800 15,000.00
C. LIBRARY AND CONTINUING EDUCATION EXPENSES				
1. Staff - Continuing Ed.	5575	\$10,000.00	7. Software Replacement	5465 15,000.00
2. Seminar	5570	6,500.00	Sub-total	\$70,500.00
3. Library - Volumes	1830-31	3,000.00	C. OTHER ASSETS	
4. Library - Periodicals	5350-51	5,500.00	1. Office Furniture/Equipment	1820-21 \$27,000.00
Sub-total		\$25,000.00	2. Leasehold Improvements	1825 -
II. OFFICE				
A. GENERAL EXPENSES				
1. Office Rent	5440-41	\$208,000.00	3. Physical Asset Replacement Fund	5580-81 40,000.00
2. Telephone	5420-21	35,000.00	4. Telephone System (18th Fl.)	- 26,000.00
3. Insurance - General	5560	15,000.00	Sub-total	\$93,000.00
4. Postage	5430-31	45,000.00	III. OUTSIDE PROFESSIONAL AND INVESTIGATIVE EXPENSES	
5. Equipment Rental	5200-01	16,000.00	1. Per Diem Outside Legal Services	5180 \$6,000.00
6. Supplies	5250-51	18,000.00	2. Auditing, Bookkeeping, Payroll	5450 24,000.00
7. Stationery and forms	5254	43,000.00	3. Administration of Pension Trust	5655 5,000.00
8. Printing	5260-61	18,000.00	4. Court Reporting	5550 65,000.00
			5. Other Outside Professional Services	5670 5,000.00
			6. Investigation Expenses	5451 5,000.00
			7. Witness Fees/Travel Expenses	5400 12,000.00
			8. Supreme Court Committee on Code of Professional Responsibility	6000 6,000.00
			Sub-Total	\$128,000.00
			Total	\$2,069,000.00

Appendix D

MISCELLANEOUS LITIGATION
PENDING IN 1984

<u>Case Caption</u>	<u>ML No./Counsel</u>	<u>Date Filed</u>	<u>Nature/Status</u>
Attorney Registration and Disciplinary Commission v. Harris, et al, 80 C 3974 (United States District Court, Northern District of Illinois)	80 ML 6 O'Malley	07-30-80	Complaint seeking order directing Defendants not to cancel social security coverage for Commission employees, or, in the alternative, for a refund of employment taxes paid./Judgment entered on 2-22-85.
Attorney Registration and Disciplinary Commission v. Schweiker, 83-1132 (United States Court of Appeals for the Seventh Circuit)	80 ML 6 O'Malley	01-21-83	Appeal of judgment entered on 12-29-82 in above case 80 ML 6./ Remanded.
Chicago Bar Association v. Cronson, 82 L 50131 (Circuit Court of Cook County)	82 ML 3 O'Malley Kennedy	07-26-82	Complaint for declaratory judgment that Auditor General not be allowed to audit Commission./Motion for summary judgment under advisement.
Jafree v. Attorney Registration and Disciplinary Commission, 83-1255 (United States Circuit Court of Appeals for the Seventh Circuit)	83 ML 2 Grogan	02-10-83	Appeal from District Court dismissal of civil rights action filed to enjoin disciplinary procedures./Appeal dismissed for want of prosecution on 7-26-83.
Jafree v. Attorney Registration and Disciplinary Commission, 83-1256 (United States Circuit Court of Appeals for the Seventh Circuit)	83 ML 3 Grogan	02-10-83	Appeal from District Court dismissal of civil rights action filed to enjoin disciplinary proceedings./Appeal dismissed for want of prosecution on 7-26-83.
In re Carl D. Jones, M.R. 3196 (Supreme Court of Illinois)	83 ML 11 Carroll	11-21-83	Complaint to review disposition of investigation number 83 CI 2079./Dismissed on 2-1-84.
In re Mitchell L. Stevens, M.R. 3141 (Circuit Court of Cook County)	83 ML 12 Carroll	12-12-83	Hearing to make finding on report in case number 83 CH 81 that Stevens was practicing law while suspended./Finding entered on 4-4-84 that Stevens was practicing.
Diane Morefield v. Attorney Registration and Disciplinary Commission, No. 051-84-0248 (Equal Employment Opportunity Commission)	83 ML 13 Kennedy	10-19-83	Complaint of employment discrimination./Dismissed on 7-30-84.
Anthony Intini, III v. Administrator of Attorney Registration and Disciplinary Commission, 84 CH 963 (Circuit Court of Cook County)	84 ML 1 Grogan	02-10-84	Emergency motion to restrain Administrator from obtaining documents pursuant to subpoena regarding investigation number 83 CI 21990 and 83 CI 21992./Dismissed for want of prosecution on 3-20-85.
Mary L. Blank, Ltd. v. Marshall I. Teichner, Ltd., 84 CH 2975 (Circuit Court of Cook County)	84 ML 2 Larkin	03-22-85	Administrator's motion for leave to file report informing court of alleged contemptuous conduct of Defendant Teichner./ Denied.

Gekas v. Attorney Registration and Disciplinary Commission, 84 C 2453 (United States District, Northern District of Illinois)	84 ML 3 O'Malley	03-26-84	Complaint to enjoin enforcement of Rule 2-103 of the Illinois Code of Professional Responsibility (1983)./Defendant's motion to reconsider order awarding attorney's fees to plaintiff pending.
Adams, Korrub, Holstein v. Attorney Registration and Disciplinary Commission, et al, 84 C 3548 (United States District Court, Northern District of Illinois)	84 ML 4 O'Malley	04-25-84	Complaint to declare Rule 2-103 of the Illinois Code of Professional Responsibility unconstitutional./Under advisement.
Irwin M. Berkley, 71 GJ 2908 (United States District Court, Northern District of Illinois)	84 ML 5 Larkin	04-26-84	Joint motion for restricted access to grand jury record./ Granted.
Zalutsky, et al v. Attorney Registration and Disciplinary Commission, et al, 84 C 4771 (United States District Court, Northern District of Illinois)	84 ML 6 O'Malley	06-11-84	See above consolidated case number 84 ML 4.
Administrator and Attorney Registration and Disciplinary Commission v. Adams, et al, No. 60286 (Supreme Court of Illinois)	84 ML 7 O'Malley	06-11-84	Motion for leave to file complaint seeking declaration that Rule 2-103 of the Illinois Code of Professional Responsibility (1983) is constitutional./ Removed to federal court. See above case number 84 ML 4 and below case number 84 ML 10.
Melvin J. Kaplan v. Attorney Registration and Disciplinary Commission, 84 C 5179 (United States District Court, Northern District of Illinois)	84 ML 8 O'Malley	06-19-84	See above consolidated case number 84 ML 4.
In re David Adler (Committee on Character and Fitness of the Supreme Court of Illinois)	84 ML 9 Larkin	05-07-84	Application of Adler for admission to Bar./Applicant certified
Administrator and Attorney Registration and Disciplinary Commission v. Adams, et al, 84 C 5711 (United States District Court, Northern District of Illinois)	84 ML 10 O'Malley Gronkiewicz	07-07-84	Petition for removal of above case number 84 ML 7 from Supreme Court to federal District Court./ Allowed on 2-4-84.
Morris Chapman v. Attorney Registration and Disciplinary Commission, 84 C 6159 (United States District Court, Northern District of Illinois)	84 ML 11 Larkin	07-18-84	Complaint to enjoin Administrator's prosecution of case number 84 CH 35./Dismissed with leave to reinstate.
Carlson, et al v. Attorney Registration and Disciplinary Commission, 84 C 6243 (United States District, Northern District of Illinois)	84 ML 12 Larkin	07-23-84	See above consolidated case number 84 ML 11.
Michael Ettinger v. Administrator and Attorney Registration and Disciplinary Commission, 84 CH 7374 (Circuit Court of Cook County); No. 84-2607 (Illinois Appellate Court, First District)	84 ML 13 Kennedy	08-27-84	Complaint to enjoin Administrator from the use of evidence allegedly obtained in violation of the Illinois Eavesdropping Statute./Appeal of judgment for Administrator pending in Appellate Court.
In re Eaker Hall, M.R. 3350 (Supreme Court of Illinois)	84 ML 14 Kennedy	08-23-84	Complaint to review disposition of investigation number 83 CI 2941./Denied on 10-3-84.

In re Russell Rusniak, M.R. 3394 (Supreme Court of Illinois)	84 ML 15 Kennedy	09-10-84	Complaint to review disposi- tion of investigation number 83 CI 2855./Denied on 10-3-84.
In re Kenneth S. Orth, .R. 3240 (Circuit Court of Cook County)	84 ML 16 Grogan	09-11-84	Hearing to make finding on report in case number 84 CH 1 that Orth was practicing while disbarred./Finding entered on 1-10-85 that Orth was practic- ing.
Jack M. Levin v. Attorney Registration and Disciplinary Commission, No. 84-375 (Supreme Court of United States)	84 ML 17 Larkin	09-05-84	Petition for Writ of Certiorari./ Petition denied on 10-29-84.
In re Nellie L. Bryant, M.R. 3405 (Supreme Court of Illinois)	84 ML 18 Kennedy	10-01-84	Complaint to review disposi- tion of investigation number 83 CI 21974./Denied on 12-6-84.
In re Diane Morefield (Interstate Benefit Office)	84 ML 19 Kennedy	11-13-84	Claim for unemployment insur- ance./Pending.
In re Robert M. Ozell (Com- mittee on Character and Fitness of the Supreme Court of Illinois)	84 ML 20 Holtaway	12-12-84	Application of Ozell for Admission to bar./Withdrawn on 1-14-85.
Shaw Brothers v. Willis and Attorney Registration and Disciplinary Commission, 84 M 1177067 (Circuit Court of Cook County)	84 ML 21 Holtaway	12-04-84	Wage deduction proceeding./ Dismissed on 1-7-85.
In re Central Office Equip- ment, et al, No. 38400661 (United States Bankruptcy court for the Central Dis- trict of Illinois)	84 ML 22 Drake	07-30-84	Claim filed by Administrator against debtor in bankruptcy case for balance of copy machine service contract./ Pending.

Classification of Charges
Received by the Administrator

Chart 6

<u>Code</u>	<u>Type of Matter</u>	<u>Number</u>
A . .	Personal Injury/Property Damage . . .	665
B . .	Tax	17
C . .	Equitable Relief	7
D . .	Domestic Relations	448
E . .	Mental Health	0
F . .	Adoption	13
G . .	Local Government Problems	5
H . .	Probate	180
J . .	Criminal and Quasi-Criminal	322
K . .	Corporate Matters	32
L . .	Small Claims	23
M . .	Real Estate/Landlord-Tenant	251
N . .	Immigration	22
P . .	Bankruptcy	66
Q . .	Labor	59
R . .	Contract	147
S . .	Patent and Trademark	6
T . .	Civil Rights/Federal Remedies	51
X . .	No case	152
Z . .	Other	211

<u>Code</u>	<u>Type of Misconduct Charged</u>	<u>Number</u>
1 . .	Excessive Fees	78
2 . .	Willful Failure to Cooperate with Disciplinary Authority	2
3 . .	Incompetence	22
4 . .	Improper Advertising	31
5 . .	Solicitation	72
6 . .	Criminal Conviction	15
7 . .	Mishandling Client Funds (Embezzlement/ Conversion/Withholding/Commingling)	309
8 . .	Lack of Communication	388
9 . .	Conflict of Interest	78
10 . .	Neglect	603
11 . .	Relationship with Client (Disclosing of Confidential Information/Improper With- drawal/Abandonment/Failure to Protect Interest of Client)	408
12 . .	Misrepresentation	210
13 . .	Personal Behavior	77
14 . .	Mental Incapacity	1
15 . .	Misconduct/Government Attorney (Regula- tory)	6
16 . .	Relationship with Court	54
17 . .	Relationship with Other Attorneys	24
20 . .	Failure to Pay for Services Requested for a Client	39
21 . .	Criminal Activity	49
22 . .	Passing Uncollectible Check	7
23 . .	Failure to Register	5
24 . .	Registration Fee Paid with Uncollectible check	5
25 . .	Failure to Return Documents	47
26 . .	Harassment in a Collection Matter	33
99 . .	Other	104

Chart 8

<u>Code</u>	<u>Type of Matter</u>	<u>and Type of Misconduct Charged</u>	<u>Number</u>
A-10 . .	Personal Injury/Property Damage . .	Neglect	164
A-7 . . .	Personal Injury/Property Damage . .	Fiscal Mismanagement	152
A-8 . . .	Personal Injury/Property Damage . .	Lack of Communication	147
D-11 . . .	Domestic Relations	Relationship with Client	132
D-10 . . .	Domestic Relations	Neglect	99
D-8 . . .	Domestic Relations	Lack of Communication	78
J-10 . . .	Criminal and Quasi Criminal	Neglect	74
A-11 . . .	Personal Injury/Property Damage . .	Relationship with Client	70
J-11 . . .	Criminal and Quasi Criminal	Relationship with Client	62
H-10 . . .	Probate	Neglect	55
M-10 . . .	Real Estate/Landlord-Tenant	Neglect	51
Z-99 . . .	Other	Other	48
M-7 . . .	Real Estate/Landlord-Tenant	Fiscal Mismanagement	45
D-12 . . .	Domestic Relations	Misrepresentation/Fraud	43
A-12 . . .	Personal Injury/Property Damage . .	Misrepresentation/Fraud	41
M-11 . . .	Real Estate/Landlord-Tenant	Relationship with Client	40
R-10 . . .	Contract	Neglect	37
H-8 . . .	Probate	Lack of Communication	35
J-21 . . .	Criminal and Quasi Criminal	Criminal Activity	31
M-8 . . .	Real Estate/Landlord-Tenant	Lack of Communication	30

Alexander X. Kuhn & Co.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
ILLINOIS C P A SOCIETY
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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AREA CODE 312

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

Gentlemen:

We have examined the Financial Statements of the Attorney
Registration and Disciplinary Commission of the Supreme Court of
Illinois for the year ended October 31, 1984, as indexed on
the preceding page.

SCOPE OF EXAMINATION

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

ACCOUNTANTS' OPINION

In our opinion, the accompanying Financial Statements pre-
sent fairly the financial position of the Attorney Registration
and Disciplinary Commission of the Supreme Court of Illinois at
October 31, 1984, 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. Kuhn & Co.
Certified Public Accountants

Dated: February 18, 1985
Hillside, Illinois

BALANCE SHEET

October 31, 1984

ASSETS

CURRENT ASSETS

Cash in Bank	50,506.31	
Accounts Receivable (Other Than Fees)	2,020.58	
Investments (At Cost)	22,346.88	
Prepaid Expenses	<u>11,993.58</u>	86,867.35

FIXED ASSETS

Office Furniture, Equipment, Library, and Leasehold Improvements	750,304.80	
Less: Accumulated Depreciation	<u>230,860.18</u>	519,444.62
Total Assets		<u>606,311.97</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES

Accounts Payable	115,270.12	
Deferred Fees	237,608.50	
Reinstatement Deposits	6,750.00	
Group Legal Service Registration Fee Fund	<u>16,090.54</u>	375,719.16

FUND BALANCES

Operating Fund	(57,499.65)	
Other Fund Balances	<u>288,092.46</u>	230,592.81
Total Liabilities and Fund Balances		<u>606,311.97</u>

STATEMENT OF REVENUE AND EXPENDITURES

Year Ended October 31, 1984

REVENUE

Attorney Registration Fees and Charges Collected	1,440,808.00
Interest on Investments	56,672.57
Other Miscellaneous Income	4,092.39
Total Revenues	<u>1,501,572.96</u>

EXPENDITURES

Salaries and Related Expenses		
Salaries	821,063.56	
Federal and State Unemployment Taxes	9,648.25	
F.I.C.A. Taxes	54,008.91	
Pension Contributions	30,731.98	
Employee Group Insurance	<u>97,812.81</u>	1,013,265.51
Travel Expenses		42,582.75
Library and Continuing Education Expenses		18,352.96
General Expenses		
Office Rent	146,200.81	
Telephone	39,123.86	
Insurance General	12,046.05	
Postage	42,379.00	
Equipment Rental and Maintenance Contracts	14,967.97	
Supplies	62,140.55	
Printing	13,318.43	
Duplicating	10,394.35	
Annual Report-Printing and Postage	12,120.40	
Reimbursement of Office Expenses	7,204.43	
Commodities	<u>5,302.28</u>	365,198.13
Computer Expenses		59,821.25
Depreciation Expense		58,215.77
Outside Professional and Investigative Expenses		
Auditing, Bookkeeping and Payroll	24,709.79	
Administration of Pension Trust	1,506.43	
Court Reporting	61,764.45	
Other Outside Professional Services	2,664.70	
Investigating Expenses	2,714.34	
Witness Fees/Travel Expenses	10,036.72	
Committee on Code of Professional Responsibility	<u>193.80</u>	103,590.23
Total Expenditures		<u>1,661,026.60</u>

EXCESS OF EXPENDITURES OVER REVENUE 159,453.64

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended October 31, 1984

SOURCE OF WORKING CAPITAL

Net Excess of Expenditures Over Revenue, Year ended October 31, 1984	(159,453.64)	
Net Proceeds on Sale of Capital Assets	919.10	
Expenses Not Requiring Use of Funds:		
Depreciation of Fixed Assets	<u>58,215.77</u>	
Total Funds Provided by Operations		(100,318.77)

USE OF WORKING CAPITAL

Purchase of Fixed Assets	<u>292,024.50</u>
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DECREASE IN WORKING CAPITAL

(392,343.27)

WORKING CAPITAL

	<u>1983</u>	<u>1984</u>
<u>CURRENT ASSETS</u>	372,517.76	86,867.35
<u>CURRENT LIABILITIES</u>	269,026.30	375,719.16
<u>WORKING CAPITAL</u>	<u>103,491.46</u>	<u>288,851.81</u>
<u>DECREASE IN WORKING CAPITAL</u>		<u>(392,343.27)</u>

NOTES TO THE FINANCIAL STATEMENTS

October 31, 1984

A. GENERAL PURPOSE DESCRIPTION

The Commission was appointed by the Illinois Supreme Court under Rules 751 through 756 of the Court effective February 1, 1973, and subsequent additional rules and amendments. The purpose of the Commission and the Office of the Administrator is to maintain the Master Roll of Attorneys and to investigate into and prosecute complaints against Illinois attorneys whose conduct might tend to defeat the administration of justice or to bring the courts or the legal profession into disrepute.

On April 21, 1977, the Illinois Supreme Court adopted Rule 730 effective May 1, 1977. The rule requires the registration of group legal service plans in which an attorney participates. The plans must be registered in the Office of the Administrator of the Attorney Registration and Disciplinary Commission on or before July 1 each year. The annual registration fee for each plan for group legal services is \$50.00.

B. ACCOUNTING POLICIES

The books and other financial records of the Commission are recorded on an accrued basis. The accounting year of the Commission is October 31, as established by a resolution by the Commissioners dated March 12, 1983.

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

C. 1984 UNCOLLECTED FEES

By October 31, 1984 only 1,527 attorneys were unregistered and \$10,940.00 in registration fees uncollected. Of the 1,527 unregistered attorneys, 80 were not residents of Illinois, 1,063 were removed from Master Roll, 60 were more than 75 years old, and 324 were unaccounted for by reason of death or a change or address with notification to the Commission. The \$10,940.00 in uncollected registration fees are not carried as receivables since it cannot be determined that the amount is owed. A concerted effort is undertaken by the Administrator to determine the reasons for failure to register. Several registration applications were sent to each attorney. Telephone calls and personal visits are made throughout the state to determine whether the unregistered attorneys are engaged in the practice of law.

INVESTMENTS

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

E. COLLECTION OF FEES

The Commission is funded by an annual registration fee assessed 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.

F. LEASE AND MAINTENANCE COMMITMENTS

The Commission has the following major lease commitments existing at October 31,

1. Chicago Office - April 1, 1983 through March 31, 1988 (floors 19 and 20), October 1, 1984 through September 30, 1989 (18th floor) present value of lease commitment \$741,896.00. The Commission is also leasing on a month to month basis, storage space @ \$477.50 per month.
2. Springfield Office, February 1, 1983 through January 31, 1986 (Suite 330). Present value of lease commitment \$21,451.77 plus possible escalations based on all operating expenses of building.
3. Automobile lease April 12, 1984 through April 12, 1987 @ \$257.50 per month plus garage space @ \$80.00 per month.
4. Various rental and maintenance agreements on computer software and hardware and office equipment amounts to approximately \$34,000.00 annually.

G. INSURANCE COVERAGE

Our examination of the policies indicates the following coverage:

Workmen's Compensation	STATUTORY
Employees' Dishonesty Bond	100,000

Business Owners Policy	
Personal Property 80% co-insurance	
Chicago	200,000
Springfield	25,000
Loss of Income	Actual loss/ 12 month limitation
Money and Securities	
On premises	10,000
Off premises	2,000
Comprehensive Business Protection	500,000
Fire Legal Liability	50,000
Premises Medical Payments	1,000/25,000
Data Processing - 100% co- insurance	
Chicago	341,532
Springfield	15,000
Umbrella Liability	3,000,000
Retained Limit	10,000
Professional Liability	1,000,000
Deductible	5,000/50,000
Business Automobile	
Liability - Bodily Injury and	
Property Damage	500,000
Uninsured Motorist	30,000
Comprehensive and Collision - Deductible	100
Fiduciary Responsibility - Employees Defined	
Contribution Plan	500,000
Employer Group Coverage	
Life and Disability	10/57,500
Hospitalization Medical and Dental	

H. TAXABLE STATUS

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

I. EMPLOYEES' RETIREMENT PLAN AND TRUST

On October 15, 1977, the Commission established a Retirement Plan and Trust for the benefit of all qualified employees. 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 employee and Commission may contribute additional amounts.

The Plan and Trust was effective January 1, 1977. The contribution by the Commission for the year ended October 31, 1984 was \$30,731.98. 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.

J. 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. On August 11, 1983, the United States Court of Appeals reversed the dismissal by the District Court and remanded the case for further proceedings. The matter is pending.

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. On March 4, 1984 the Commission was realigned as a party plaintiff.

K. 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.

L. DEFERRED FEES

The annual registration fee covers a period from January 1 to December 31. Since the Commission's fiscal year ends October 31, two months fees are deferred at that date.