



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

COMMISSIONERS:

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

ADMINISTRATOR:

CARL H. ROLEWICK

*ASSISTANT
ADMINISTRATOR:*

JOHN M. OSWALD

Chicago
April 30, 1982

CHIEF COUNSEL:

JOHN C. O'MALLEY

SENIOR COUNSEL:

MARY M. CONRAD

COUNSEL:

DAVID M. BECKERMAN
DANIEL A. DRAKE
JAMES J. GROGAN
JEROME LARKIN
CHARLES MORGAN

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 1981 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

REGISTRATION

On December 31, 1981 the Master Roll of Attorneys contained the names of 39,280 attorneys in the following categories:

| | Number of Attorneys |
|---|---------------------|
| Admitted between January 1, 1980 and December 31, 1981 | 2,833 |
| Admitted between January 1, 1976 and December 31, 1979 | 8,619 |
| Admitted before January 1, 1976 | 22,833 |
| On active military duty | 143 |
| Born before January 1, 1906 | 1,429 |
| Admitted more than one year but neither practicing, residing nor employed in Illinois | 3,270 |
| 1981 registration fee excused for hardship | 51 |
| Removed from Master Roll | 102 |

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 1981 in-state registered attorney population by county of principal office.

FISCAL

Income in 1981 was derived from three sources:

| | |
|---|----------------------------|
| 1981 registration fees including penalties and delinquent fees from prior years . . . | \$887,571.00 |
| Interest income | 91,628.42 |
| Other income | <u>1,210.69</u> |
| Total | <u>\$980,410.11</u> |

Operating expenses for 1981 were as follows:

| | |
|--|------------------------------|
| Salaries of administrator and staff . . . | \$577,309.72 |
| Social security taxes | 41,331.94 |
| Employees retirement trust | 20,872.25 |
| Hospital, medical, life, workers' compensation and unemployment compensation insurance | 37,596.64 |
| Office rentals and utilities | 81,606.37 |
| Travel (commission, staff, inquiry, hearing and review boards) . . . | 36,124.52 |
| Telephone | 26,766.28 |
| Postage | 29,218.43 |
| Office equipment rental | 15,064.34 |
| Library, office supplies and related expenses | 48,084.05 |
| Insurance (fire, theft and extended coverage) | 7,055.19 |
| Auditing, bookkeeping, payroll and related professional services | 31,129.08 |
| Court reporting for disciplinary proceedings | 32,511.19 |
| Witness fees and related expenses | 5,443.82 |
| Depreciation expense (office equipment) . . | 33,506.27 |
| Data processing software and maintenance . | 25,839.83 |
| Excess of cost of reinstatement over revenue | 237.00 |
| 1981 Disciplinary Seminar expense | 3,638.12 |
| Expenses of Supreme Court Committee on Code of Professional Responsibility | <u>418.00</u> |
| Total | <u>\$1,053,753.24</u> |

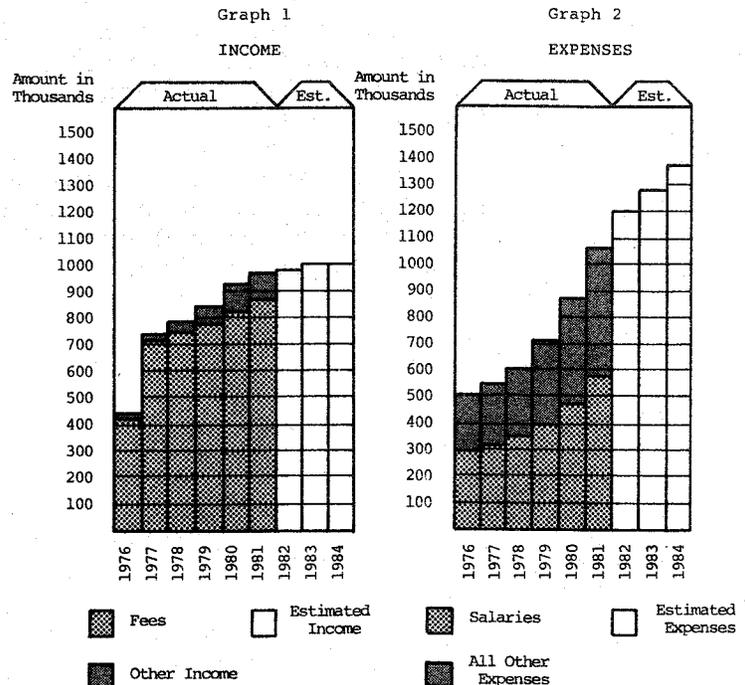
In May 1976 the Commission met with the Court to seek an increase in the registration fees for 1977. The Court agreed and increased the fees from \$10 to \$15 for attorneys admitted more than one year but less than five, from \$20 to \$30 for attorneys admitted more than five years, and set a fee of \$15 for attorneys who neither reside, nor practice, nor are employed in Illinois. The Commissioners assured the Court that they would not seek another increase for the next two or three years. That was the only fee increase in the Commission's nine year history.

Several factors combined with the 1977 fee increase to produce income adequate to support the disciplinary system through 1982. They included a dramatic increase in lawyer population, rising interest rates, and a sound operating fund.

Funds budgeted for the current year but temporarily unused as well as funds unused from one year to the next (the operating fund) were invested at maximum interest to produce an impressive amount of additional income:

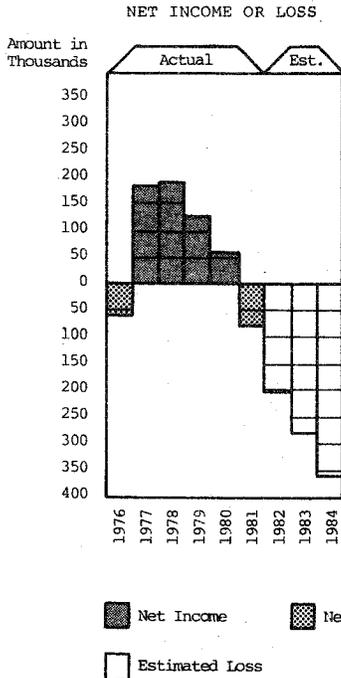
| Year | Interest Earned |
|--------------|----------------------------|
| 1977 | \$22,348.71 |
| 1978 | 39,337.60 |
| 1979 | 59,788.39 |
| 1980 | 96,327.85 |
| 1981 | <u>91,628.42</u> |
| Total | <u>\$309,430.97</u> |

Graphs 1 and 2 show the actual income and expenses for the years 1976 through 1981 and the estimated income and expenses for the years 1982 through 1984:

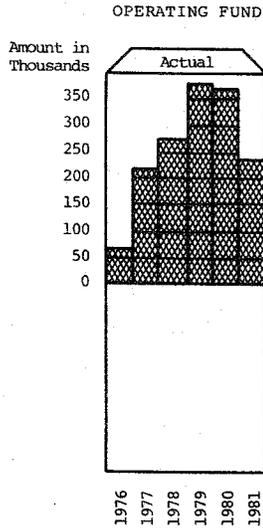


The effect of the increase in fees in 1977 is demonstrated in Graphs 3 and 4. The net loss and near depletion of the operating fund in 1976 was transformed to a net income (or gain) and a rebuilding of the operating fund from \$70,000 in 1976 to a high of \$385,000 in 1979. The decrease in the operating fund in 1981 is apparent:

Graph 3



Graph 4



Statistics alone do not reveal all of the changes that have occurred in the disciplinary process in the past several years: hearings are longer and more complicated; new bases for discipline are being developed through case law and the adoption of the Code of Professional Responsibility; the public is more consumer oriented, more demanding and more litigious; and the disciplinary system is developing a greater sensitivity to mental, emotional, alcohol and drug related impairments.

In short, for a variety of reasons lawyer discipline in Illinois is growing and becoming more costly. The disciplinary fund is inadequate to support the system beyond the end of 1982. Accordingly, the Commission will petition the Court during 1982 to increase the registration fees for 1983.

THE CASELOAD

The caseloads of the Administrator, the Inquiry, Hearing and Review Boards, and the disciplinary cases in the Supreme Court in 1981, were as follows:

The administrator received 2,834 communications from the public during 1981 which resulted in the docketing of 1,924 charges against attorneys. During the year 1,706 charges were dismissed and 130 complaints were voted by the Inquiry Board. Chart 1 details that activity.

CHART 1

| | New Charges Docketed | | | Charges Terminated | | | | Pending 12/31/81 | |
|-------------|----------------------|------------------|--------------------|--------------------|---|----------------------------|----------------------------------|------------------|------------------------|
| | Pending 1/1/81 | from Individuals | from Administrator | Added During 1981 | Dismissed by Inquiry Chairman and Administrator | Dismissed by Inquiry Panel | Complaint Voted by Inquiry Panel | | Terminated During 1981 |
| Chicago | 994 | 1548 | 110 | 1658 | 986 | 504 | 117 | 1607 | 1045 |
| Springfield | 312 | 254 | 12 | 266 | 112 | 104 | 13 | 229 | 349 |
| Total | 1306 | 1802 | 122 | 1924 | 1098 | 608 | 130 | 1836 | 1394 |

As predicted in the 1980 annual report to the Court, the disciplinary fund experienced a net loss (\$73,343.13) in 1981 and a decrease in the operating fund. The Commission's expenses will exceed income again in 1982 (as they did in 1981) and the operating fund will be expended. Income in 1983 will be insufficient to enable the Commission to operate through 1983.

The budget for 1982 anticipates a total expenditure of \$1,213,790. A copy is attached as Appendix C. It anticipates no growth or extraordinary expenditures. As presently constituted, it does not meet the current needs of the system.

The Commission is aware of the grave responsibility it has in the expenditure of the disciplinary fund. It has authorized the expenditure of funds only on a clear showing of need. As compared to other states (all of whom are conservative in their expenditures) Illinois would appear to be a leader among conservatives.

Comparison of disciplinary systems can be misleading. No two systems are alike in their structure, duties, functions, or their utilization of volunteer prosecutors, public facilities or bar association facilities. Some comparisons can be made among disciplinary agencies that are required to file annual reports because caseload and financial statistics, in varying degrees, are available. However, practices and traditions vary widely and exact comparisons are difficult. Some statistical comparisons for 1981 between Illinois and other registration states are set out in Appendix D.

During 1981 forty-nine complaints and petitions were filed with the Hearing Board and fifty-four were terminated. The types of petitions and method of disposition are detailed in Chart 2.

CHART 2

| | Pending 1/1/81 | Matters Filed | | | Added During 1981 |
|-------------|----------------|----------------------------------|--|---|-------------------|
| | | Disciplinary Complaints Rule 753 | Petitions for Temporary Suspension Rules 757 & 758 | Petitions for Reinstatement Rules 759 & 767 | |
| Chicago | 39 | 40 | 0 | 5 | 45 |
| Springfield | 3 | 3 | 0 | 1 | 4 |
| Total | 42 | 43 | 0 | 6 | 49 |

| Matters Terminated | | | | | | | | Terminated During 1981 | Pending 12/31/81 |
|-----------------------------|--|---|---|-----------|----------------------------|--|----|------------------------|------------------|
| 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 | | | | | | | |
| 23 | 0 | 5 | 0 | 14 | 8 | 0 | 50 | 34 | |
| 1 | 0 | 0 | 0 | 2 | 1 | 0 | 4 | 3 | |
| 24 | 0 | 5 | 0 | 16 | 9 | 0 | 54 | 37 | |

Thirty-eight matters were docketed with the Review Board in 1981 and forty-seven were terminated. The method of disposition and the discipline recommended are detailed in Chart 3.

| Pending 1/1/81 | New Matters Docketed | Terminated | | Terminated During 1981 | Pending 12/31/81 |
|----------------|----------------------|---|--|------------------------|------------------|
| | | with Recommendations to the Supreme Court | without Recommendations to the Supreme Court | | |
| 15 | 38 | 39 | 8 | 47 | 6 |

| Discipline Recommended By Review Board to Supreme Court | | | | | | |
|---|------------------|----------------------------------|---------|---|-------------|---------------------------|
| Disbarment | Suspension | | | Petitions for Reinstatement Rules 759 & 767 | | Reprimand by Review Board |
| | for Fixed Period | Until Further Order of the Court | Censure | Allowed | Not Allowed | |
| 7 | 12 | 8 | 3 | 9 | 0 | 4 |

| Reprimand by Review Board | Dismissed by Review Board | Re-manded to Hearing Board |
|---------------------------|---------------------------|----------------------------|
| 4 | 4 | 0 |

Chart 4 details the disciplinary and certain non-disciplinary matters filed with and terminated by the Supreme Court during 1981.

CHART 4

| | Disciplinary Cases Rule 753 | Petitions | | | | | | | | | Reports Rule 754 and Miscellaneous | TOTAL |
|------------------------|-----------------------------|-------------------------------|--------------------------------------|---------|--------------------------------|---------|-------------------------------|---------|-------------|-----------|------------------------------------|-------|
| | | Temporary Suspension Rule 761 | Inactive Status Rules 757, 758 & 770 | | Disbarment on Consent Rule 762 | | Reinstatement Rules 759 & 767 | | | | | |
| Pending 1/1/81 | 20 | 7 | 2 | | 0 | | 9 | | | 9 | 47 | |
| Filed during 1981 | 36 | 5 | 23 | | 6 | | 10 | | | 24 | 104 | |
| Terminated during 1981 | 12 | Allowed | Not Allowed | Allowed | Not Allowed | Allowed | Not Allowed | Allowed | Not Allowed | Withdrawn | 20 | 72 |
| | | 2 | 0 | 21 | 0 | 6 | 0 | 7 | 3 | 1 | | |
| Pending 12/31/81 | 44 | 10 | 4 | | 0 | | 8 | | | 13 | 79 | |

| Discipline Ordered | | | |
|--------------------|---------|---------|---------|
| Disbar | Suspend | Censure | Dismiss |
| 2 | 6 | 3 | 1 |

| Disposition | | | | |
|-------------|-----------------|---------------|-------------------|-------|
| Suspend | Rule Discharged | Order Vacated | Ordered to Comply | Other |
| 7 | 3 | 5 | 2 | 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 six years.

CHART 5

| PERIOD | NUMBER OF REGIS. ATTY. | 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. |
| | | | | | | | | | | | |
| 1977 | 31,936 | 1650 | 836 | 484 | 73 | 42 | 29 | 28 | 57 | 5 | 3 |
| 1978 | 33,090 | 1649 | 783 | 890 | 100 | 35 | 30 | 32 | 45 | 4½ | 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 |

For the second year, a study was made of charges received from the public by the Administrator. A total of 1,913 charges were analyzed. Each of the charges was classified as to the type of matter or case and as to the type of attorney misconduct charged.

The 1,913 charges classified by type of case or matter were as follows:

| Code | Type of Matter | Number |
|------|---------------------------------|--------|
| A | Personal Injury/Property Damage | 525 |
| B | Tax | 7 |
| C | Equitable Relief | 13 |
| D | Domestic Relations | 344 |
| E | Mental Health | 2 |
| F | Adoption | 14 |
| G | Local Government Problems | 6 |
| H | Probate | 116 |
| J | Criminal and Quasi-Criminal | 180 |
| L | Small Claims | 7 |
| M | Real Estate/Landlord-Tenant | 143 |
| N | Immigration | 20 |
| P | Bankruptcy | 48 |
| Q | Labor | 30 |
| R | Contract | 115 |
| S | Patent and Trademark | 9 |
| T | Civil Rights/Federal Remedies | 14 |
| X | No Case | 20 |
| Z | Other | 300 |

The 1,913 charges classified by type of misconduct charged were as follows:

| Code | Type of Misconduct Charged | Number |
|------|---|--------|
| 1 | Excessive Fees | 41 |
| 2 | Wilful Failure to Cooperate With ARDC | 1 |
| 3 | Incompetence | 36 |
| 4 | Improper Advertising | 4 |
| 5 | Solicitation | 15 |
| 6 | Criminal Conviction | 1 |
| 7 | Mishandling Client Funds (Embezzlement/Conversion/Withholding/Commingling) | 213 |
| 8 | Lack of Communication | 495 |
| 9 | Conflict of Interest | 74 |
| 10 | Neglect | 288 |
| 11 | Relationship With Client (Disclosing of Confidential Information/Improper Withdrawal/Abandonment/Failure to Protect Interest of Client) | 320 |
| 12 | Misrepresentation/Fraud | 83 |
| 13 | Personal Behavior | 32 |
| 14 | Mental Incapacity | 2 |
| 15 | Misconduct/Government Attorney (Regulatory) | 9 |
| 16 | Relationship With Court | 14 |
| 17 | Relationship With Other Attorneys | 14 |
| 99 | Other | 271 |

The most frequent charges received in 1981 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 | 197 |
| D-8 | Domestic Relations | | Lack of Communication | 100 |
| A-7 | Personal Injury/Property Damage | | Mishandling Client Funds | 92 |
| A-11 | Personal Injury/Property Damage | | Relationship With Client | 89 |
| D-11 | Domestic Relations | | Relationship With Client | 83 |
| A-10 | Personal Injury/Property Damage | | Neglect | 81 |
| D-10 | Domestic Relations | | Neglect | 64 |
| H-8 | Probate | | Lack of Communication | 47 |
| J-8 | Criminal and Quasi-Criminal | | Lack of Communication | 39 |
| J-11 | Criminal and Quasi-Criminal | | Relationship With Client | 36 |
| M-7 | Real Estate/Landlord-Tenant | | Mishandling Client Funds | 33 |
| J-10 | Criminal and Quasi-Criminal | | Neglect | 31 |
| M-8 | Real Estate/Landlord-Tenant | | Lack of Communication | 27 |
| R-11 | Contract | | Relationship With Client | 25 |

STAFF

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 administrative agencies. Appendix E of this report lists the other matters for which staff attorneys were responsible in 1981.

Peyton H. Kunce of Murphysboro joined the staff in 1981 as Special Counsel. His service as county, circuit and appellate judge spanned 27 years. He retired from the Appellate Court, Fifth District in 1979 and resumed the practice of law. In 1981 he was persuaded to become Special Counsel. He will serve southern Illinois through the Springfield office.

As of December 31, 1981 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, four attorneys, one lawyer assistant, one senior investigator, three investigators, a records manager, a clerk, a computer system operator, an administrative assistant, three secretaries, two receptionist-typists, and a staff assistant.

RULE CHANGES

The Court adopted two amendments to the Code of Professional Responsibility effective August 1, 1981.

Rule 2-103(b)(2)(A) was amended to correct a printing error which omitted "c" from the

phrase, "... in violation of Rule 2-103(c) . . ."

Rule 2-106(c)(4) was amended to prohibit contingent fee arrangements in dissolution of marriage matters as set out in *In re Fisher* (1958), 15 Ill.2d 139, 153 N.E.2d 832.

The Commission amended several of its rules in 1981. Procedurally, Rules 9.3 and 10.4 (Hearing Board and Review Board reprimands) proved to be awkward. As a practical matter, negotiations between the Board, the respondent, and the administrator were necessary in order to achieve agreement for a reprimand. The rules were amended on April 18, 1981 to enable either board to order a reprimand and either party to object by filing exceptions.

Rule 10.2 was amended on January 24, 1982 to require that all review board briefs be on 8½ x 11 inch paper in compliance with new Supreme Court Rule 10.

APPENDIX A

| | 1979 | 1980 | 1981 |
|------------------------|--------|--------|--------|
| <u>First District</u> | | | |
| Cook County | 21,239 | 22,310 | 23,542 |
| <u>Second District</u> | | | |
| 15th Circuit | 160 | 169 | 168 |
| 16th Circuit | 592 | 624 | 632 |
| 17th Circuit | 389 | 412 | 440 |
| 18th Circuit | 1,184 | 1,265 | 1,383 |
| 19th Circuit | 919 | 970 | 1,032 |
| Total | 3,244 | 3,440 | 3,655 |
| <u>Third District</u> | | | |
| 9th Circuit | 199 | 204 | 211 |
| 10th Circuit | 566 | 581 | 611 |
| 12th Circuit | 441 | 462 | 479 |
| 13th Circuit | 241 | 253 | 267 |
| 14th Circuit | 395 | 422 | 436 |
| Total | 1,842 | 1,922 | 2,004 |
| <u>Fourth District</u> | | | |
| 5th Circuit | 255 | 258 | 268 |
| 6th Circuit | 599 | 619 | 649 |
| 7th Circuit | 727 | 765 | 789 |
| 8th Circuit | 169 | 178 | 183 |
| 11th Circuit | 349 | 364 | 378 |
| Total | 2,099 | 2,184 | 2,267 |
| <u>Fifth District</u> | | | |
| 1st Circuit | 242 | 251 | 272 |
| 2nd Circuit | 241 | 250 | 260 |
| 3rd Circuit | 304 | 326 | 348 |
| 4th Circuit | 220 | 223 | 229 |
| 20th Circuit | 436 | 448 | 483 |
| Total | 1,443 | 1,498 | 1,592 |

APPENDIX B

REGISTERED ATTORNEYS

| County of Principal Office | 1981 | County of Principal Office | 1981 |
|----------------------------|--------|----------------------------|------|
| Adams | 93 | Livingston | 49 |
| Alexander | 16 | Logan | 25 |
| Bond | 14 | Macon | 209 |
| Boone | 23 | Macoupin | 37 |
| Brown | 10 | Madison | 334 |
| Bureau | 54 | Marion | 43 |
| Calhoun | 5 | Marshall | 12 |
| Carroll | 13 | Mason | 17 |
| Cass | 16 | Massac | 15 |
| Champaign | 360 | Mc Donough | 42 |
| Christian | 39 | Mc Henry | 198 |
| Clark | 18 | Mc Lean | 260 |
| Clay | 16 | Menard | 14 |
| Clinton | 21 | Mercer | 14 |
| Coles | 74 | Monroe | 19 |
| Cook | 23,542 | Montgomery | 35 |
| Crawford | 22 | Morgan | 45 |
| Cumberland | 6 | Moultrie | 18 |
| De Kalb | 90 | Ogle | 37 |
| De Witt | 20 | Peoria | 493 |
| Douglas | 20 | Perry | 16 |
| Du Page | 1,383 | Piatt | 22 |
| Edgar | 31 | Pike | 13 |
| Edwards | 4 | Pope | 4 |
| Effingham | 33 | Pulaski | 9 |
| Fayette | 15 | Putnam | 7 |
| Ford | 24 | Randolph | 26 |
| Franklin | 41 | Richland | 24 |
| Fulton | 48 | Rock Island | 294 |
| Gallatin | 8 | Saline | 33 |
| Greene | 11 | Sangamon | 674 |
| Grundy | 36 | Schuyler | 15 |
| Hamilton | 12 | Scott | 8 |
| Hancock | 23 | Shelby | 19 |
| Hardin | 9 | St. Clair | 408 |
| Henderson | 8 | Stark | 11 |
| Henry | 62 | Stephenson | 63 |
| Iroquois | 30 | Tazewell | 88 |
| Jackson | 121 | Union | 13 |
| Jasper | 8 | Vermilion | 139 |
| Jefferson | 75 | Wabash | 21 |
| Jersey | 14 | Warren | 30 |
| Jo Daviess | 24 | Washington | 14 |
| Johnson | 7 | Wayne | 16 |
| Kane | 520 | White | 15 |
| Kankakee | 100 | Whiteside | 66 |
| Kendall | 22 | Will | 349 |
| Knox | 60 | Williamson | 54 |
| Lake | 834 | Winnebago | 417 |
| La Salle | 177 | Woodford | 20 |
| Lawrence | 13 | | |
| Lee | 31 | | |

APPENDIX C
1982 BUDGET

I. STAFF

A. SALARIES AND RELATED EXPENSES

| | |
|------------------------------|---------------|
| 1. Full Time Staff | \$ 632,650.00 |
| 2. Part Time Staff | 22,500.00 |
| 3. Temporary Help | 1,500.00 |
| 4. Fed. & State Unemp. Taxes | 9,000.00 |
| 5. F.I.C.A. | 41,000.00 |
| 6. Pension - Funding | 25,000.00 |
| 7. Employee Group Insurance | 39,000.00 |

B. TRAVEL EXPENSES

| | |
|------------------------|-----------|
| 1. Administrator/Staff | 18,000.00 |
| 2. Commission | 1,500.00 |
| 3. Review Board | 3,500.00 |
| 4. Hearing Board | 2,500.00 |
| 5. Inquiry Board | 3,000.00 |
| 6. Auto Expenses | 6,500.00 |

C. LIBRARY AND CONTINUING EDUCATION EXPENSES

| | |
|---------------------------|----------|
| 1. Staff - Continuing Ed. | 2,500.00 |
| 2. Seminar | 3,500.00 |
| 3. Library - Volumes | 2,500.00 |
| 4. Library - Periodicals | 5,000.00 |

II. OFFICE

A. GENERAL EXPENSES

| | |
|---|------------|
| 1. Office Rent | 100,190.00 |
| 2. Telephone | 33,000.00 |
| 3. Telephone - WATS line | 3,500.00 |
| 4. Insurance - General | 7,500.00 |
| 5. Postage | 29,000.00 |
| 6. Equipment Rental | 16,000.00 |
| 7. Supplies | 17,500.00 |
| 8. Printing | 11,000.00 |
| 9. Duplicating | 4,000.00 |
| 10. Annual Report - publication, printing and mailing | 11,000.00 |
| 11. Reimbursement of Office Exp. | 7,200.00 |
| 12. Commodities | 4,500.00 |

B. COMPUTER ASSETS AND EXPENSES

| | |
|-------------------------|-----------|
| 1. Hardware Maintenance | 13,750.00 |
| 2. Software Maintenance | 2,500.00 |
| 3. Supplies | 5,000.00 |
| 4. Outside Services | 1,500.00 |
| 5. Program Modification | 6,000.00 |
| 6. Purchase of Hardware | |

C. OTHER ASSETS

| | |
|-------------------------------|-----------|
| 1. Office Furniture/Equipment | 5,000.00 |
| 2. Leasehold Improvements | 2,500.00 |
| 3. Depreciation Expense | 35,000.00 |

III. OUTSIDE PROFESSIONAL AND INVESTIGATIVE EXPENSES

| | |
|---|-----------------------|
| 1. Per Diem Outside Legal Services | 5,000.00 |
| 2. Auditing, Bookkeeping, Payroll | 15,000.00 |
| 3. Administration of Pension Trust | 5,500.00 |
| 4. Court Reporting | 35,000.00 |
| 5. Other Outside Professional Services | 5,000.00 |
| 6. Investigation Expenses | 5,000.00 |
| 7. Witness Fees/Travel Expenses | 6,000.00 |
| 8. Supreme Court Committee on Code of Professional Responsibility | 2,500.00 |
| | <u>\$1,213,790.00</u> |

APPENDIX D

A COMPARISON
OF FEES AND STAFFING OF LARGER DISCIPLINARY AGENCIES¹

| State | Inte-grated Bar | Attorney Population | Annual Base Fee or Dues | Portion Used for Discipline | Staff Size |
|-------------------------|-----------------|---------------------|-------------------------|-----------------------------|--|
| California ² | Yes | 78,000 | \$140.00 ³ | \$42.40 | 29 Lawyers 15 Investigators 42 Clerical/Law Clerks |
| Florida | Yes | 28,852 | 125.00 | 64.92 | 15 Lawyers 4 Investigator 13 Investigators (p/t) 20 Clerical 11 Law Clerks (p/t) 2 Auditors |
| Illinois | No | 40,000 | 30.00 | 30.00 | 8 Lawyers 1 Special Counsel 5 Investigators 9 Clerical 2 Law Clerks (p/t) 1 Legal Assistant |
| Maryland ⁴ | No | 12,000 | 54.00 | 44.00 | 5 Lawyers 3 Investigators 7 Clerical |
| Massachusetts | No | 26,015 | 70.00 | 63.00 | 7 Lawyers 2 Investigators 7 Clerical 1 Law Clerk |
| Michigan | Yes | 20,000 | 150.00 ³ | 28.44 | 6 Lawyers 2 Investigators 5 Clerical 1 Law Clerk |
| Minnesota | No | 12,600 | 45.00 ³ | 33.00 | 6 Lawyers 1 Investigator 5 Clerical |
| Pennsylvania | No | 29,675 | 40.00 | 40.00 | 14 Lawyers 7 Investigators 15 Clerical 4 Law Clerks (p/t) |
| Washington ⁴ | Yes | 9,500 | 145.00 | 50.00 | 6 Lawyers 1 Investigator 4 Clerical |
| Washington, D.C. | Yes | 26,302 | 65.00 | 19.11 | 8 Lawyers 2 Investigators 8 Clerical 4 Law Clerks |
| Wisconsin | Yes | 12,300 | 143.50 | 42.00 | 3 Lawyers 6 Clerical 4 Law Clerks |

¹1981 data collected from Bar Counsel of each state.

²1981 Budget for Investigation and Prosecution Division \$2,750,000.
³1981 Budget for Adjudication Division \$859,000.

³Fee to be substantially increased in 1982 with corresponding increase in disciplinary portion of fee.

⁴1980 data: source, NCPB.

APPENDIX E

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

- 1) *Allott v. Sicinski, Attorney Registration and Disciplinary Commission, 80-1059* (U.S. Supreme Court) Non-attorney plaintiff petitioned for writ of certiorari to the dismissal of civil rights complaint. Petition denied February 23, 1981.
- 2) *Attorney Registration and Disciplinary Commission v. Harris, 80 C 3974* (U.S. 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. Pending.
- 3) *Clay v. O'Malley, 81 L 16560* (Cir. Ct. Cook Co.). Former complainant filed action against Chief Counsel. Defendant's motion to dismiss granted January 18, 1982.
- 4) *Jafree v. Fairchild, 81 C 0796* (U.S. District Court, N.D.Ill.) Civil rights action filed February 17, 1981. Attorney Registration and Disciplinary Commission, Administrator, and select staff attorneys named as defendants. Pending.
- 5) *Jafree v. Kelly, 81 C 1563* (U.S. District Court, N.D.Ill.) Defamation action filed March 23, 1981. Assistant Administrator named party defendant; later dismissed from suit by plaintiff.
- 6) *Jafree v. Supreme Court of Illinois, 81 C 2150* (U.S. 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.
- 7) *Jafree v. Attorney Registration and Disciplinary Commission, 81 C 2192* (U.S. District Court, N.D. Ill.). Title VII job discrimination action. Defendant's motion to dismiss granted January 19, 1982.
- 8) *Kutner v. Rolewick, 80 C 1032* (U.S. District Court, N.D. Ill.). Censured attorney filed civil rights action. Pending on plaintiff's motion for leave to file a second amended complaint.
- 9) *Mitan v. Attorney Registration and Disciplinary Commission, 80- 22037* (U.S. Ct. of Appeals, 7th Cir.) Disbarred attorney appealed district court dismissal of civil rights complaint. District court decision affirmed on January 16, 1981.
- 10) *Mitan v. Attorney Registration and Disciplinary Commission, 80-1757* (U.S. Supreme Court). Disbarred attorney filed petition for a writ of certiorari to the Supreme Court. Petition denied June 8, 1981.
- 11) *Smith v. O'Malley, 79 C 4290* (U.S. District Court, N.D. Ill.). Civil rights action filed by disbarred attorney. Defendant's motion to dismiss granted June 11, 1981. Defendant's motion for attorney's fees pending.

REPORT OF EXAMINATION OF ACCOUNTS YEAR ENDED DECEMBER 31, 1981

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION OF THE SUPREME COURT OF ILLINOIS

BALANCE SHEET

December 31, 1981

ASSETS

| | | | |
|---------------------------------------|------------|--------------|--|
| CURRENT ASSETS | | | |
| Cash in Bank | 252,994.25 | | |
| Accounts Receivable (Other Than Fees) | 4,662.34 | | |
| Investments At Cost | 817,285.18 | | |
| Prepaid Expenses | 10,030.17 | 1,084,971.94 | |

| | | | |
|--|------------|------------|---------------------|
| FIXED ASSETS | | | |
| Office Furniture, Equipment, Library and Leasehold Improvements | 351,472.13 | | |
| Less: Accumulated Depreciation | 106,070.48 | | |
| | | 245,401.65 | |
| Total Assets | | | 1,330,373.59 |

LIABILITIES AND FUND BALANCES

| | | | |
|---|------------|------------|--|
| CURRENT LIABILITIES | | | |
| Accounts Payable | 20,921.90 | | |
| Deferred Income | 723,705.00 | | |
| Reinstatement Deposits | 313.70 | | |
| Group Legal Service Registration Fee Fund | 9,392.68 | 754,333.28 | |

| | | | |
|--|------------|------------|---------------------|
| FUND BALANCES | | | |
| Operating Fund | 224,568.18 | | |
| Physical Asset and Replacement Fund | 351,472.13 | 576,040.31 | |
| Total Liabilities and Fund Balances | | | 1,330,373.59 |

INCOME STATEMENT

Year ended December 31, 1981

| | | | |
|---|------------|------------|--|
| INCOME | | | |
| Attorney Registration Fees and Charges Collected | 887,571.00 | | |
| Interest on Investments | 91,628.42 | | |
| Other Miscellaneous Income | 1,210.69 | 980,410.11 | |

| | | | |
|---|------------|--------------|--|
| OPERATING EXPENSES | | | |
| Salaries | 577,309.72 | | |
| Social Security Taxes | 41,331.94 | | |
| Employees Group Insurance | 37,596.64 | | |
| Employees Retirement Trust | 20,872.25 | | |
| Office Rentals and Utilities | 81,606.37 | | |
| Travel and Related Expenses | 36,124.52 | | |
| Telephone | 26,766.28 | | |
| Postage | 29,218.43 | | |
| Office Equipment Rental | 15,064.34 | | |
| Library, Office Supplies and Related Expenses | 48,084.05 | | |
| Insurance | 7,055.19 | | |
| Outside Professional Services | 31,129.08 | | |
| Data Processing, Software and Maintenance | 25,839.83 | | |
| Court Reporting | 32,511.19 | | |
| Witness Fees and Related Expenses | 5,443.82 | | |
| Seminar Expenses | 3,638.32 | | |
| Depreciation Expense | 33,506.27 | | |
| Supreme Court Committee on Code of Professional Responsibility | 418.00 | | |
| Excess Cost of Reinstatement Over Revenue | 237.00 | 1,053,753.24 | |

| | | | |
|-----------------|--|--|------------------|
| NET LOSS | | | 73,343.13 |
|-----------------|--|--|------------------|

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1981

| | | | |
|---|--|-----------|------------------|
| SOURCE OF WORKING CAPITAL | | | |
| Expenses Not Requiring Use of Funds: | | | |
| Depreciation of Fixed Assets | | 33,506.27 | |
| Total Funds Provided by Operations | | | 33,506.27 |

| | | | |
|--|-----------|------------|-------------------|
| USE OF WORKING CAPITAL | | | |
| Net Loss for Year Ended December 31, 1981 | 73,343.13 | | |
| Purchase of Fixed Assets | 78,884.75 | 152,227.88 | |
| DECREASE IN WORKING CAPITAL | | | 118,721.61 |

| | | |
|------------------------------------|---------------------|-------------------|
| | DECEMBER 31, | |
| | <u>1981</u> | <u>1980</u> |
| CURRENT ASSETS | 1,084,971.94 | 1,166,678.11 |
| CURRENT LIABILITIES | 754,333.28 | 717,317.84 |
| TOTAL WORKING CAPITAL | <u>330,638.66</u> | <u>449,360.27</u> |
| DECREASE IN WORKING CAPITAL | | 118,721.61 |

Alexander K. Bush & Co.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
ILLINOIS STATE SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

STATE BAR
OF ILLINOIS
MEMBER

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, 1981.

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 Decem-
ber 31, 1981, 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 consis-
tent with that of the preceding year.

Respectfully submitted,

Alfred K. Bush, Jr.
Certified Public Accountant

Dated: February 27, 1982
Hillside, Illinois

GENERAL NOTES—DECEMBER 31, 1981

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, 1981,
was \$30,305.12. The fund balance at December 31,
1981, totals \$106,070.48.

B. 1981 UNCOLLECTED FEES

By December 31, 1981, only 753 attorneys were
unregistered and \$3,642.00 in registration fees
uncollected. Of the 753 unregistered attorneys, 30
were not residents of Illinois, 569 were removed
from Master Roll, 24 were more than 75 years old,
and 130 were unaccounted for by reason of death or
a change of address without notification to the
Commission. The \$3,642.00 in uncollected registra-
tion fees are not carried as receivables since it
cannot be determined that the amount is owed. A
concerted effort was undertaken by the Administra-
tor 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 process-
ing 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, 1981.

- Chicago Office - September 1, 1975 through
August 31, 1985 (Suite 1900-1920). Present
value of lease commitment \$141,340.00.
June 1, 1981 through August 31, 1985 (Suite
2020). Present value of lease commitment
\$120,175.00 plus possible escalations for
operating expenses. The Commission is also
leasing on a month to month basis storage
space at \$75.00 per month.
- Springfield Office - February 1, 1980
through January 31, 1983 (Suite 330).
Present value of lease commitment \$13-
855.00 plus possible escalations for real
estate taxes, operating expenses and utilities.

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, 1981, registrations for the
calendar year 1982 were mailed to all attorneys.
Any registration fees received from the mailing date
to December 21, 1981, are deferred income. The
amount received during such period was \$7-
705.00 which will be reported as income in 1982.

H. EMPLOYEES' RETIREMENT PLAN AND TRUST

On October 15, 1977, the Commission estab-
lished 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 during
1981 was \$20,872.25.

The Commission appointed Mr. Joseph H.
Reynolds, Sr. of the firm of J.H. Reynolds and
Associates, Inc., employee benefit consultants, to
act as Trustee. The commissioners unanimously
voted to terminate the service of Mr. Joseph H.
Reynolds, Sr. as Plan Administrator, and to appoint
in his stead Carl H. Rolewick, effective January 1,
1982.

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 opera-
tions. 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 au-
thority 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 Administra-
tion's revocation of employee social secur-
coverage. Pending disposition of the suit,
revocation has been stayed by agreement and
appropriate employment taxes are being paid when
due. This case is still pending.

J. GROUP LEGAL SERVICE REGISTRATION FEE FUND

All registration fees received from 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.