



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

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

Hilton Offices  
700 East Adams Street  
Springfield 62701-1625  
(217) 522-6838 (800) 252-8048  
Fax (217) 522-2417

Chicago  
April 30, 2002

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 2001 is submitted to the Court, to the members of the Bar of Illinois, and to the public in accordance with Supreme Court Rule 751.

The report is a statement of activities of the Commission for calendar year 2001 and an accounting and audit of the monies received and expended during the twelve-month period, which ended December 31, 2001.

Respectfully submitted,

Benedict Schwarz II, Chairman  
Donn F. Bailey, Ph.D.  
Tobias G. Barry  
Patricia Campbell Bobb  
John Paul Kujawski  
James J. McDonough  
Brian McFadden, Commissioners

Mary Robinson, Administrator

## I. Registration Report

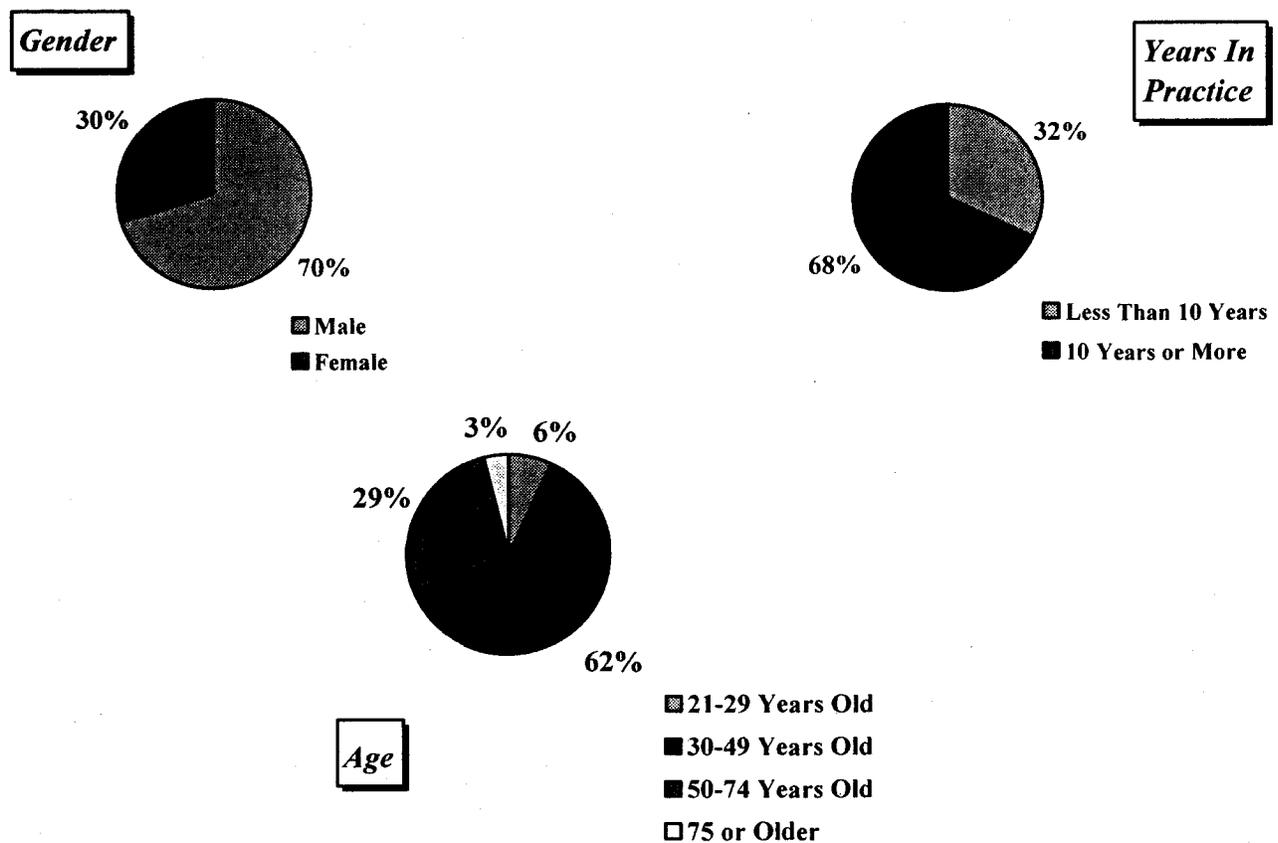
The Master Roll of attorneys registered to practice law in Illinois for the year 2001 contained the names of 74,311 attorneys as of October 31, 2001. After that date, the Commission began the 2002 registration process, so that the total reported as of October 31, 2001, does not include the 1,622 attorneys who first took their oath of office in November or December 2001.

The 2001 total shows an increase of only 650 attorneys over the number who registered in 2000 (as compared to average increases of at least 1,600 each year prior to 2000). This small increase continues to reflect a slowing in the number of new lawyers admitted each year, a trend seen since 1995.

Also, the amendments to the rules governing the registration categories, first effective for the 2000 registration process, had an impact on the total number of lawyers. As a result of the changes, the number of attorneys removed from the Master Roll for reasons including nonpayment, death, discipline and retirement continues to remain high. In 2001, 1,986 lawyers were removed as compared to the average number of 1,100 for the years prior to 2000, before the amendments took effect.

Chart A shows further demographic information for attorneys registered in 2001 and Chart B shows the breakdown by the registration categories set forth in Rule 756.

**Chart A: Age, Gender and Years in Practice for Attorneys Registered in 2001**



**Chart B: Registration Categories for 2001**

<u>Category</u>	<u>Number of Attorneys</u>
Admitted between January 1, 2000 and October 31, 2001 .....	2,616
Admitted between January 1, 1998 and December 31, 1999 .....	4,528
Admitted before January 1, 1998 .....	57,392
Serving military duty .....	192
Serving as judge .....	1,401
Birthday before December 31, 1925 .....	2,172
Foreign legal consultant .....	6
Inactive status .....	6,004
Total attorneys active and currently registered .....	74,311
Removed from the Master Roll (Arrears, Deceased, Retired and Disciplined Attorneys) .....	(1,986)

Charts C and D show the distribution by Judicial Circuit and by County of the 57,136 registered attorneys who report a principal business address in Illinois. Another 17,175 attorneys report a business address outside Illinois but register as either active and able to practice in Illinois or inactive. Those 17,175 attorneys are not included in Charts C and D. There was very little growth in the lawyer population in 2001. Cook County now has over 40,000 lawyers or 70% of the lawyers who have an Illinois business address. There was a decrease in the lawyer population in three out of the five appellate districts. Of the 102 counties, 44 counties saw a slight decrease in the number of lawyers in 2001. Twenty-four counties saw no change and 34 counties experienced a modest increase in the lawyer population for 2001. Of the counties with 100 or more lawyers, 7 out of 23 counties showed a decrease in 2001, and the fastest growing counties for the past two years either experienced very little growth or saw a decrease compared to 2000. Lake County, last year one of the fastest growing counties, had the largest decrease with a 5% drop from 2000.

**Chart C: Registration by Judicial Districts for 2001**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>First District</b>						<b>Fourth District</b>					
Cook County.....	38,017	37,971	38,732	39,300	40,124	5 <sup>th</sup> Circuit.....	271	275	274	264	269
<b>Second District</b>						6 <sup>th</sup> Circuit.....	814	849	840	843	847
15 <sup>th</sup> Circuit.....	203	204	200	206	208	7 <sup>th</sup> Circuit.....	1183	1205	1218	1230	1229
16 <sup>th</sup> Circuit.....	1066	1152	1169	1198	1167	8 <sup>th</sup> Circuit.....	194	194	194	204	203
17 <sup>th</sup> Circuit.....	696	706	709	697	717	11 <sup>th</sup> Circuit.....	521	531	541	562	570
18 <sup>th</sup> Circuit.....	3158	3421	3479	3640	3,645	<b>Total</b>	<b>2983</b>	<b>3054</b>	<b>3067</b>	<b>3103</b>	<b>3118</b>
19 <sup>th</sup> Circuit.....	2680	3113	3127	3287	3,160	<b>Fifth District</b>					
<b>Total</b>	<b>7803</b>	<b>8596</b>	<b>8684</b>	<b>9028</b>	<b>8897</b>	1 <sup>st</sup> Circuit.....	412	417	426	421	419
<b>Third District</b>						2 <sup>nd</sup> Circuit.....	299	301	295	306	295
9 <sup>th</sup> Circuit.....	204	207	210	211	205	3 <sup>rd</sup> Circuit.....	502	517	542	559	569
10 <sup>th</sup> Circuit.....	847	845	855	857	840	4 <sup>th</sup> Circuit.....	267	269	269	274	265
12 <sup>th</sup> Circuit.....	601	605	636	665	679	20 <sup>th</sup> Circuit.....	737	730	733	745	740
13 <sup>th</sup> Circuit.....	318	318	321	330	327	<b>Total</b>	<b>2217</b>	<b>2234</b>	<b>2265</b>	<b>2305</b>	<b>2288</b>
14 <sup>th</sup> Circuit.....	506	505	508	509	503	<b>Grand Total</b>	<b>53,652</b>	<b>54,484</b>	<b>55,431</b>	<b>56,460</b>	<b>57,136</b>
21 <sup>st</sup> Circuit.....	156	151	153	152	155						
<b>Total</b>	<b>2632</b>	<b>2629</b>	<b>2683</b>	<b>2724</b>	<b>2709</b>						

**Chart D: Registered Attorneys by County**

Principal Office	Number of Attorneys		Principal Office	Number of Attorneys		Principal Office	Number of Attorneys	
	2000	2001		2000	2001		2000	2001
Adams.....	124	125	Hardin.....	5	5	Morgan.....	50	51
Alexander.....	12	10	Henderson.....	6	4	Moultrie.....	15	14
Bond.....	12	12	Henry.....	50	53	Ogle.....	51	51
Boone.....	30	35	Iroquois.....	29	27	Peoria.....	709	695
Brown.....	9	10	Jackson.....	205	205	Perry.....	20	20
Bureau.....	38	41	Jasper.....	5	5	Piatt.....	24	23
Calhoun.....	4	4	Jefferson.....	104	105	Pike.....	11	13
Carroll.....	18	20	Jersey.....	19	16	Pope.....	6	4
Cass.....	12	12	Jo Daviess.....	34	38	Pulaski.....	7	5
Champaign.....	516	522	Johnson.....	11	9	Putnam.....	8	9
Christian.....	46	47	Kane.....	973	944	Randolph.....	27	25
Clark.....	15	17	Kankakee.....	123	128	Richland.....	25	23
Clay.....	17	15	Kendall.....	55	58	Rock Island.....	368	363
Clinton.....	27	27	Knox.....	72	70	Saline.....	37	39
Coles.....	99	97	Lake.....	2,809	2,667	Sangamon.....	1,098	1,098
Cook.....	39,300	40,124	LaSalle.....	223	220	Schuyler.....	13	12
Crawford.....	22	21	Lawrence.....	17	15	Scott.....	6	6
Cumberland.....	5	6	Lee.....	43	40	Shelby.....	18	18
DeKalb.....	170	165	Livingston.....	53	49	St. Clair.....	644	645
DeWitt.....	23	23	Logan.....	33	33	Stark.....	15	15
Douglas.....	23	23	Macon.....	242	242	Stephenson.....	60	59
Du Page.....	3,640	3,645	Macoupin.....	43	44	Tazewell.....	113	108
Edgar.....	33	30	Madison.....	547	557	Union.....	23	23
Edwards.....	6	6	Marion.....	55	52	Vermilion.....	112	119
Effingham.....	49	52	Marshall.....	12	13	Wabash.....	21	19
Fayette.....	18	18	Mason.....	15	12	Warren.....	22	23
Ford.....	18	17	Massac.....	15	17	Washington.....	17	16
Franklin.....	58	56	McDonough.....	45	43	Wayne.....	14	13
Fulton.....	44	43	McHenry.....	478	493	White.....	15	14
Gallatin.....	7	5	McLean.....	437	450	Whiteside.....	79	79
Greene.....	14	14	Menard.....	16	15	Will.....	665	679
Grundy.....	69	66	Mercer.....	12	8	Williamson.....	105	107
Hamilton.....	12	13	Monroe.....	37	34	Winnebago.....	667	682
Hancock.....	22	22	Montgomery.....	39	31	Woodford.....	21	21

**Trust Account Disclosure Reports**

Beginning with the 2002 registration process, the Court amended Supreme Court Rule 756 and mandated that all lawyers disclose whether they maintained a trust account during the past year and if the trust account was an IOLTA (Interest on Lawyer Trust Account) trust account, as provided in Rule 1.15. If a lawyer did not maintain a trust account, the lawyer was required to disclose why no trust account was maintained. A lawyer would not be considered registered without completion of the trust account disclosure report. The chart here shows the responses received for lawyers who are deemed registered for 2002.

**Chart E: Trust Account Information for 2002**

<b>Lawyers with Trust Accounts:</b>	
IOLTA Trust Account.....	28,705
Not an IOLTA Trust Account.....	<u>7,774</u>
<b>Total:</b> .....	36,479
<b>Lawyers without Trust Accounts:</b>	
Full-time employee of corporation or governmental agency (including courts) with no outside practice.....	17,624
Not engaged in the practice of law.....	9,399
Engaged in private practice of law (to any extent), but firm handles no client or third party funds..	7,703
Other.....	<u>3,287</u>
<b>Total:</b> .....	38,013

**Chart F: Malpractice Survey**

Also as part of the 2002 registration process, the Court instructed the Commission to survey the Illinois bar concerning malpractice insurance coverage. Approximately 60,000 responses were received as reported below.

Practice Category	Malpractice Insurance		% Of Practice Category		Number Responding in Practice Category	Practice Category % of Total Responding
	Yes	No	Yes	No		
1. Solo	6,737	4,676	60%	40%	11,413	19%
2. Firm of 2-10 Attys	10,254	461	96%	4%	10,715	18%
3. Firm of 11- 25 Attys	3,560	25	99.3%	.7%	3,585	6%
4. Firm of >25 Attys	10,022	89	99%	1%	10,111	17%
5. Corporate In-house	1,662	4,528	27%	73%	6,190	10%
6. Government/Judge	1,110	6,009	16%	84%	7,119	12%
7. Do Not practice law	137	7,081	2%	98%	7,218	12%
No Practice Category reported	388	3,356	10%	90%	3,744	6%
Totals: All Responding	33,870	26,225	% Totals 56% 44%		60,095	
Categories 1-4	30,573	5,251	85%	15%	35,824	
Categories 5-7	3,297	20,974	14%	86%	24,271	

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

**A. Investigations**

During 2001, the Commission docketed 5,811 investigations, a slight increase of 95 more investigations than 2000. Those 5,811 investigations involved charges against 3,919 different attorneys. This means that about 5% of all registered attorneys became the subject of an investigation in 2001. Nearly a quarter of the 3,919 attorneys were the subject of more than one investigation docketed in 2001, as shown in Chart 1.

**Chart 1: Investigations Docketed in 2001**

<i>Number of Investigations</i>		<i>Number of Attorneys</i>	
1 .....	3,058	.....	3,058
2 .....	552	.....	552
3 .....	160	.....	160
4 .....	69	.....	69
5 or more .....	80	.....	80
 <b>Gender</b>		<b>Years in Practice</b>	
Female.....	17%	Less than 10 years.....	23%
Male .....	83%	10 years or more .....	77%

Charts 2 and 3 report the classification of investigations docketed in 2001, based on an initial assessment of the nature of the misconduct alleged, if any, and the type of legal context in which the facts apparently arose. Chart 2 reflects that the most frequent areas of a grievance are: neglect of the client's cause, failure to communicate with the client, fraudulent or deceptive activity, excessive fees, and improper management of trust funds.

Consistent with prior years, the top areas of practice most likely to lead to a grievance of attorney misconduct are: criminal law, domestic relations, tort, and real estate, as shown in Chart 3.

**Chart 2: Classification of Charges Docketed in 2001 by Violation Alleged**

<i>Type of Misconduct</i>	<i>Number*</i>	<i>Type of Misconduct</i>	<i>Number*</i>
Neglect.....	2,377	Improper communications with a party known to be represented by counsel or unrepresented party .....	46
Failing to communicate with client, including failing to communicate the basis of a fee .....	1,370	Prosecutorial misconduct .....	44
Fraudulent or deceptive activity, including lying to clients, knowing use of false evidence or making a misrepresentation to a tribunal.....	847	Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter .....	43
Excessive or improper fees, including failing to refund unearned fees .....	742	Aiding a nonlawyer in the unauthorized practice of law .....	37
Improper management of client or third party funds, including commingling, conversion, failing to promptly pay litigation costs or client creditors or issuing NSF checks.....	375	Failing to preserve client confidences or secrets .....	30
Conduct prejudicial to the administration of justice, including conduct which is the subject of a contempt finding or court sanction .....	287	Failing to supervise subordinates .....	19
Conflict of Interest: .....	262	Improper division of legal fees/partnership with nonlawyer .....	17
Rule 1.7: concurrent conflicts.....	169	Improper division of legal fees with another lawyer .....	17
Rule 1.9: successive conflicts.....	48	Sexual harassment/abuse or violation of law prohibiting discrimination.....	16
Rule 1.8(a)-(e): self-dealing conflicts.....	28	Incapacity due to chemical addiction or mental condition.....	15
Rule 1.8(f)-(h): improper agreement to limit liability/avoid disciplinary action .....	7	Failing to disclose client fraud to tribunal or third person .....	12
Rule 1.10: imputed disqualification.....	5	Practicing after failing to register .....	10
Rule 1.11: successive government and private employment.....	2	Failing to report misconduct of another lawyer or judge.....	8
Rule 1.13: organizational client.....	3	Assisting a judge in conduct that violates the Judicial Code .....	8
Failing to provide competent representation.....	251	Improper <i>ex parte</i> communication with judge.....	7
Filing frivolous or non-meritorious claims or pleadings.....	251	False statements in bar admission or disciplinary matter.....	7
Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal.....	237	Improper employment where lawyer may become witness .....	7
Failing to properly withdraw from representation, including failing to return client files or documents.....	173	Failing to comply with Rule 764.....	6
Criminal activity, including criminal convictions, counseling illegal conduct, public corruption .....	136	Improper extrajudicial statement.....	4
Improper commercial speech, including inappropriate written and oral solicitation.....	111	Avoiding in bad faith the repayment of an educational loan guaranteed by a governmental entity.....	3
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf .....	91	False statements about judge, jud. candidate or public official.....	3
Practicing in jurisdiction where not authorized .....	83	Failing to maintain a normal attorney-client relationship with disabled client.....	2
		Failing to pay tax obligation in bad faith.....	2
		Failing to report lawyer's own discipline in another jurisdiction.....	2
		No misconduct alleged.....	490

\* Totals exceed the number of charges docketed in 2001 because in many charges more than one type of misconduct is alleged.

**Chart 3: Classification of Charges Docketed in 2001 by Area of Law**

<i>Area of Law</i>	<i>Number</i>
Criminal/Quasi-Criminal .....	1,189
Domestic Relations .....	1,030
Tort (Personal Injury/Property Damage) .....	797
Real Estate/Landlord-Tenant .....	509
Probate .....	341
Workers' Compensation .....	310
Bankruptcy .....	239
Contract .....	191
Debt Collection .....	99
Civil Rights .....	96
Immigration .....	85
Corporate Matters .....	71
Criminal Conduct/Conviction .....	59
Local Government Problems .....	43
Tax .....	20
Adoption .....	11
Social Security .....	11
Patent and Trademark .....	7
Mental Health .....	7
Other .....	69
Undeterminable .....	490

If an investigation fails to reveal sufficiently serious, provable misconduct, the Administrator will close the investigation. If an investigation produces evidence of serious misconduct, the case is referred to the Inquiry Board, unless the matter is filed directly with the Supreme Court under Rules 761, 762(a), or 763 because it is based upon a criminal conviction involving moral turpitude, because the respondent-attorney moves for disbarment prior to the referral to Inquiry, or because the matter is based upon discipline imposed by another jurisdiction. The Inquiry Board operates in panels of three, composed of two attorneys and one nonlawyer, all appointed by the Commission. An Inquiry panel has authority to vote a formal complaint if it finds evidence to support a charge, to close an investigation if it does not so find, or to place an attorney on supervision under the direction of the panel

pursuant to Commission Rule 108. The Administrator cannot pursue formal charges without authorization by an Inquiry Board panel.

Comparatively few investigations result in the filing of formal charges. Charts 4 and 5 show the number of investigations docketed and terminated during 2001, and the type of action which terminated the investigations.

**Chart 4: Investigations Docketed**

<b>Year</b>	<b>Pending January 1<sup>st</sup></b>	<b>Docketed During Year</b>	<b>Concluded During Year</b>	<b>Pending December 31<sup>st</sup></b>
1997	2,567	6,293	6,643	2,217
1998	2,217	6,048	6,181	2,084
1999	2,084	5,877	5,773	2,188
2000	2,188	5,716	5,857	2,047
2001	2,047	5,811	5,778	2,080

**Chart 5: Investigations Concluded in 2001**

<b>Concluded by Administrator:</b>	
Closed after initial review .....	1,077 (No misconduct alleged)
Closed after investigation .....	4,318
Filed at Supreme Court pursuant to Supreme Court Rules 761, 762(a), and 763 .....	47
<b>Concluded by Inquiry:</b>	
Closed after panel review .....	55
Complaint or impairment petition voted .....	273
Closed upon completion of conditions of Rule 108 supervision .....	<u>8</u>
<b>Total .....</b>	<b>5,778</b>

## B. Hearing Matters

Once an Inquiry Board panel authorizes the filing of charges, a formal complaint setting forth all allegations of misconduct pending against the attorney is filed, and the matter proceeds before the Hearing Board. The Hearing Board functions much like a trial court in a civil case and is comprised of three panel members, two lawyers and one nonlawyer, appointed by the Commission. Upon filing and service of the complaint, the case becomes public. In addition to complaints alleging misconduct filed pursuant to Supreme Court Rule 753, and complaints alleging conviction of a criminal offense under Rule 761, the Hearing Board also entertains petitions for reinstatement pursuant to Rule 767, petitions for transfer to inactive status because of impairment pursuant to Rule 758, and petitions for restoration to active status pursuant to Rule 759.

Chart 6 shows the activity before the Hearing Board in 2001. The drop in disciplinary complaints filed during 1999 and 2000, attributed to staff turnover, was successfully reversed in 2001, with filings returning to prior levels. The return to full staffing also resulted in significantly more activity at hearing, with 71 contested and default hearings held during 2001, compared to 43 in 2000.

**Chart 6: Matters Before the Hearing Board in 2001**

<b>Cases Pending on January 1, 2001</b> .....	145
<b>New Cases Filed in 2001:</b>	
<i>Disciplinary Complaints Filed: *</i>	
➤ Rules 753, 761(d).....	126
<i>Reinstatement Petitions Filed:</i>	
➤ Rule 767.....	4
<i>Petitions Alleging Impairment:</i>	
➤ Rule 758.....	2
<i>Remanded by Supreme Court for hearing on Rule 759 Restoration Petition</i> .....	1
<i>Remanded after Supreme Court denied Rule 762 Petition:</i> .....	3
<i>Remanded after Court granted respondent's motion to dismiss Rule 762 petition</i> .....	<u>1</u>
<b>Total New Cases</b> .....	137
<b>Cases Concluded During 2001</b> .....	129
<b>Cases Pending December 31, 2001</b> .....	153
* The number of cases filed at Hearing is significantly lower than the number of matters voted by Inquiry because multiple investigations against a particular attorney in which an Inquiry Board has voted a complaint are consolidated into a single complaint for purposes of filings at Hearing.	

Chart 7 shows the years in practice of the lawyers who were the subject of a formal complaint in 2001. The number of formal complaints filed against attorneys in practice for fewer than ten years, which peaked in 1998 (22%) and 2000 (21%), fell to only 14% in 2001.

**Chart 7: Disciplinary Complaints Filed in 2001**

<b>Number of Complaints filed in 2001</b> .....126		
<b>Respondent's</b>		
<b>Years in Practice</b>	<b>Number of Complaints</b>	<b>Percentage</b>
Less than 5 years .....	3	2%
Between 5 and 10 years .....	15	12%
10 or more years .....	108	86%

Charts 8 and 9 show the types of misconduct alleged in the 126 disciplinary complaints filed during 2001 and the areas of practice in which the alleged misconduct arose. In large part, the categories most frequently seen in formal complaints track the categories most frequently seen in the initial charges, as reported in Charts 2 and 3. Also, the number of formal complaints alleging misconduct arising not as part of a legal representation continues to remain high: criminal conduct and personal misconduct (fraudulent/deceptive activity). Also, many complaints continue to include a count alleging misconduct impeding the disciplinary process (failure to cooperate/false statements in a disciplinary matter).

**Chart 8: Types of Misconduct Alleged in Complaints Filed Before Hearing Board in 2001**

<i>Type of Misconduct</i>	<i>Number of cases*</i>	<i>% of cases filed*</i>	<i>Type of Misconduct</i>	<i>Number of cases*</i>	<i>% of cases filed*</i>
Neglect/lack of diligence .....	44	35%	Counseling/assisting client in criminal or fraudulent conduct.....	6	6%
In most cases where neglect was charged, the neglect was accompanied by at least one of the following:			Practicing despite failure to register .....	6	6%
Misrepresentation to client .....	25		Improper communication with a party the lawyer knows to be represented by counsel.....	6	6%
Failure to return unearned fees .....	18		Pursuing/filing frivolous or non-meritorious claims or pleadings .....	4	3%
Failure to communicate with client.....	44	35%	Aiding a nonlawyer in the unauthorized practice of law.....	4	3%
Improper handling of funds.....	39	31%	Failure to supervise employees .....	4	3%
Fraudulent or deceptive activity.....	36	29%	Improper advance of financial assistance to client.....	3	2%
False statement or failure to respond in bar admission or disciplinary matter .....	24	19%	Assisting a judge in conduct that violates the Judicial Code.....	3	2%
Conflict of interest .....	23	18%	Improper ex parte communication with judge.....	3	2%
Rule 1.7: concurrent conflicts .....	10		Improper threat of criminal/disciplinary prosecution .....	2	2%
Rule 1.9: successive conflicts.....	4		Improper employment where lawyer may become witness .....	2	2%
Rule 1.8(a)-(e): self-dealing conflicts .....	3		Failure to maintain client confidences.....	2	2%
Rule 1.8(f)-(h): improper settlement of client's claim against lawyer .....	6		Not abiding by client's decision or taking unauthorized action on client's behalf.....	2	2%
Criminal conduct by the lawyer .....	20	16%	Making false statements about the integrity of a judge.....	2	2%
Practicing in jurisdiction not authorized .....	14	11%	Failure to report discipline in another jurisdiction.....	1	1%
Improper withdrawal from employment without court approval or avoiding prejudice to client.....	13	10%	Improper delegation to outside counsel.....	1	1%
Failure to provide competent representation .....	12	10%	State or imply an ability to improperly influence a tribunal.....	1	1%
Excessive or unauthorized fees .....	11	9%			
Falsifying evidence or making false statements to tribunal .....	11	9%			
Misrepresentation to third persons.....	8	6%			
Improper lawyer advertising/solicitation.....	8	6%			
Improper division of legal fees with nonlawyer .....	7	6%			

\*Totals exceed 126 cases and 100% because most complaints allege more than one type of misconduct.

**Chart 9: Area of Law Involved in Complaints Filed Before Hearing Board in 2001**

<u>Area of Law</u>	<u>Number of cases</u>	<u>% of cases filed*</u>	<u>Area of Law</u>	<u>Number of cases</u>	<u>% of cases filed*</u>
Tort .....	41	33%	Criminal .....	11	9%
Impeding Disciplinary Process .....	25	20%	Contract.....	9	7%
Criminal Conduct by Lawyer.....	19	15%	Debt Collection.....	4	3%
Real Estate .....	17	13%	Mental Health.....	3	2%
Personal Misconduct.....	16	13%	Civil Rights.....	2	2%
Probate .....	14	11%	Tax .....	2	2%
Domestic Relations.....	14	11%	Bankruptcy.....	1	1%
Corporate Matters.....	14	11%	Local Government.....	1	1%
Workers' Comp/Labor Relations.....	12	10%	Immigration.....	1	1%

\* Totals exceed 126 cases and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

Chart 10 shows the type of action by which the Hearing Board concluded 129 cases during 2001.

**Chart 10: Actions Taken by Hearing Board in Matters Terminated in 2001**

<b>A. Disciplinary Cases: Rules 753 &amp; 761(d)</b>	
Administrator's motion for leave to dismiss granted.....	1
Recommendation of discipline.....	52
Cases closed by administration of a reprimand to respondent.....	4
Cases closed by filing of petition for disbarment on consent.....	10
Cases closed by filing of petition for other discipline on consent.....	54
Recommendation of dismissal or discharge.....	3
<b>Total Disciplinary Cases</b> .....	<b>124</b>
<b>B. Reinstatement Petitions: Rule 767</b>	
Petition withdrawn.....	1
<b>C. Restoration Cases: Rule 759</b>	
Restored to active status with condition.....	1
<b>D. Transfer to Disability Inactive Status: Rules 757 &amp; 758</b>	
Petition allowed.....	3
<b>Total Matters Terminated</b> .....	<b>129</b>

**C. Matters Filed Before the Review Board**

Once the Hearing Board files its report in a case, either party may file exceptions before the Review Board, which serves as an appellate tribunal. Chart 11 shows activity at the Review Board during 2001.

**Chart 11: Trend of Matters in the Review Board in 2001**

Cases pending on January 1, 2001 .....	22
<b>Cases filed during 2001:</b>	
Exceptions filed by Administrator.....	11
Exceptions filed by Respondent.....	17
Exceptions filed by both.....	0
<b>Total</b> .....	<b>28</b>
<b>Cases decided in 2001:</b>	
Hearing Board affirmed.....	10
Hearing Board reversed on findings or sanction .....	13
Notice of exceptions stricken .....	3
Notice of exceptions withdrawn .....	1
Case closed by filing of petition for disbarment on consent .....	1
<b>Total</b> .....	<b>28</b>
Cases pending December 31, 2001.....	22

**D. Supreme Court – Disciplinary Cases**

Only the Supreme Court has authority to sanction attorneys for misconduct, except for a Board reprimand which can be imposed in a disciplinary case without order of the Court by either the Hearing or Review Board. In 2001, the Hearing Board administered four reprimands (see Chart 10). Other than Board reprimands, the Hearing and Review Board reports are recommendations to the Supreme Court.

During 2001, the Court entered 123 sanctions against 123 attorneys. Chart 12 reflects the nature of the orders entered.

**Chart 12: Disciplinary Sanctions Ordered by the Supreme Court in 2001**

Disbarment.....	26
Suspension.....	68 *
Probation.....	16
Censure.....	10
Reprimand.....	3
Total.....	123

\*In addition to the 68 suspensions ordered as final sanctions in cases, the Court also ordered 11 interim suspensions during 2001, as reported in charts 16F and 16I.

Of the 123 sanctions entered by the Supreme Court, 44% were entered pursuant to consent petitions. Of the 26 disbarments, 16 were by consent petition.

Charts 13 and 14 provide demographic information on 127 lawyers (the 123 attorneys sanctioned by the Supreme Court during 2001, as well as the four attorneys who were reprimanded by the Hearing Board in 2001). As was true in prior years, the vast majority of attorneys sanctioned during 2001 have practiced more than 10 years; all are over 30 years old; and most are male. Only 10% of the attorneys sanctioned in 2001 had practiced fewer than 10 years, a reversal of a trend first reported in 1996. Chart 15 tracks the type of misconduct that led to the sanction orders entered in 2001. The lawyer with the fewest years in practice was

admitted in 1998 and was disbarred and a lawyer admitted in 1951 had the most years in practice and was censured.

**Chart 13: Attorneys Disciplined in 2001**

<b>Years in Practice:</b>	
Less than 10 years .....	10%
10 years or more .....	90%
<b>Age:</b>	
30 – 49 years old .....	51%
50-74 years old .....	49%
<b>Gender:</b>	
Female.....	12%
Male.....	88%

**Chart 14: County of Practice**

County	Number Disciplined	County	Number Disciplined
Cook.....	56	Jersey.....	1
Out-of-State .....	32	LaSalle.....	1
DuPage.....	7	Logan.....	1
Lake.....	4	Madison.....	1
Kane.....	3	McLean.....	1
Peoria.....	3	Montgomery.....	1
Coles.....	2	Ogle.....	1
DeKalb.....	2	St. Clair.....	1
Will.....	2	Stephenson.....	1
Carroll.....	1	Washington.....	1
Clinton.....	1	Winnebago.....	1
Franklin.....	1	Vermillion.....	1
Jackson.....	1		

**Chart 15: Misconduct Committed by the 127 Lawyers Disciplined in 2001\***

<u>Types of Misconduct</u>	<u>Number of Cases in Which Type of Misconduct Was Sanctioned</u>			
	<u>Disbarment</u>	<u>Suspension**</u>	<u>Censure</u>	<u>Reprimand***</u>
<b>Total Number of Cases:</b>	<b>26</b>	<b>84</b>	<b>10</b>	<b>7</b>
Improper management of client or third party funds, including commingling and conversion.....	12	22	0	0
Neglect or lack of diligence .....	10	28	6	4
Fraudulent or deceptive activity .....	6	19	2	1
Criminal conduct by the lawyer .....	14	15	0	0
Failing to communicate with client, including failing to communicate basis of a fee.....	8	23	4	1
Failure to provide competent representation.....	0	12	3	1
Fee violations, including failing to refund unearned fees .....	6	14	2	0
Failure to cooperate with or false statement to disciplinary authority .....	4	16	0	0
False statements about the qualifications or integrity of a judge .....	0	0	1	0
Improper fee division with nonlawyer .....	0	4	0	0
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf .....	1	3	0	0
Improper withdrawal, including failure to return file .....	1	4	0	0
Aiding in the unauthorized practice of law by a nonlawyer .....	0	5	0	0
Breach of client confidences or secrets .....	0	1	0	0
Conflict of interest (between current clients).....	0	2	0	0
Conflict of interest (former client) .....	0	0	0	1
Conflict of interest (lawyer's own interests).....	0	7	0	0
Conflict of interest (improper business transaction with client).....	2	2	0	1
Conflict of interest (improper agreement with client to limit lawyer's liability or avoid disciplinary action).....	0	1	2	0
Conflict of interest (improper gift from client) .....	0	0	1	1
Filing frivolous or non-meritorious claims or pleadings.....	0	4	1	0
Counseling/assisting a client in criminal or fraudulent conduct.....	2	3	0	0
Misappropriation of law firm funds .....	0	4	0	0
Misrepresentation to a tribunal.....	2	7	2	0
Misrepresentation to clients to cover up neglect .....	2	13	2	1
Misrepresentation to third persons .....	1	4	3	0
Failure to report criminal conviction.....	1	1	0	0
Practice after failure to register .....	2	2	0	0
Practice after suspension .....	0	3	0	0
Unauthorized practice by a lawyer.....	0	3	0	0
Improper solicitation or advertising .....	0	3	0	0
Failure to supervise lawyer's employees.....	0	2	1	0
Improper communication with a represented person.....	0	1	1	0

\* Totals exceed 127 cases because in most cases more than one type of misconduct was found.  
 \*\* Includes suspensions stayed by probation.  
 \*\*\* Includes four Hearing Board reprimands.

Disciplinary cases reach the Court in several ways. Chart 16 reflects the actions taken by the Supreme Court in disciplinary matters in varying procedural contexts in which those matters are presented.

**Chart 16: Orders Entered by Supreme Court in Disciplinary Cases in 2001**

<b>A. <u>Motions for disbarment on consent: Rule 762(a)</u></b>		<b>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u></b>	
.....	16	Allowed .....	21
Denied.....	0	Denied and more discipline imposed.....	3
Total .....	16	Denied and less discipline imposed .....	0
		Total .....	24
<b>B. <u>Petitions for discipline on consent: Rule 762(b)</u></b>		<b>F. <u>Petitions for interim suspension due to conviction of a crime: Rule 761(b)</u></b>	
Allowed:		Rule enforced and lawyer suspended.....	5
Suspended .....	27	Rule discharged .....	2
Suspension stayed in part, probation ordered .....	2	Total.....	7
Suspension stayed in its entirety, probation ordered .....	2		
Censured .....	7	<b>G. <u>Petitions for reciprocal discipline: Rule 763</u></b>	
Respondent's motion to dismiss petition .....	1	Allowed .....	24
Total .....	39	Denied .....	0
Denied.....	3	Total.....	24
Total .....	42		
<b>C. <u>Petitions for leave to file exceptions to report and recommendation of Review Board: Rule 753(e)(1) and 761</u></b>		<b>H. <u>Petitions for reinstatement: Rule 767</u></b>	
Allowed, and briefing schedule ordered.....	1	Reinstated by verification of reciprocal reinstatement.....	2
Allowed, and sanctions recommended by Review Board imposed .....	1	Allowed with conditions.....	1
Allowed, and more discipline ordered .....	9	Referred to Hearing Board.....	4
Denied, and sanctions recommended by Review Board imposed .....	10	Withdrawn before hearing .....	1
Total .....	21	Total.....	8
<b>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u></b>		<b>I. <u>Petitions for interim suspension: Rule 774</u></b>	
Allowed.....	1	Rule enforced and lawyer suspended.....	6
Denied.....	0	Total.....	6
Total .....	1		

In addition to the sanctions ordered during 2001, the Court ordered briefing and oral argument in *In re Paul M. Stormont, Jr., No. 92832*, which presents the issue of whether an Illinois lawyer, formerly licensed but subsequently disbarred in Missouri, can take a fee for referring a case to a lawyer in Missouri. The respondent had previously been suspended in Illinois for two years for telling a client to lie under oath in a custody hearing. He was disbarred by the Missouri Supreme Court and the U.S. District Court for the Eastern District of Missouri for the same conduct. After his Illinois suspension ended, but while he remained disbarred in Missouri, he was approached to represent a client charged in a criminal case in the U.S. District Court in Missouri. He referred the case to a Missouri lawyer, but kept \$18,500 of the \$58,500 fee paid by the client. The Hearing Board and Review Board concluded that taking that fee did not constitute misconduct. The Administrator filed exceptions. The Court heard oral arguments on March 12, 2002. The Administrator argued that a lawyer may not take a referral fee where an ethical impediment (here, the lawyer's disbarment in the court and state where the case was heard) prevents the attorney himself from representing the client.

**E. Supreme Court – Non-Disciplinary Action**

In addition to activity in disciplinary cases, the Supreme Court entertains pleadings in non-disciplinary matters that affect an attorney's status. Chart 17 reflects the orders entered in such cases during 2001.

**Chart 17: Non-Disciplinary Actions by the Supreme Court**

<b>A. Rule 759</b>	
Petition for restoration to active status:	
Allowed .....	68
Remanded to Hearing Board for further proceedings .....	1
Total.....	69
<b>B. Rules 757 and 758</b>	
Petitions for involuntary transfer to inactive status due to mental disability or substance addiction:	
Allowed .....	2
Denied .....	0
Total.....	2
<b>C. Rule 752</b>	
Petition by complainant to require Administrator to further investigate charges or expedite proceedings:	
Allowed .....	0
Denied .....	17
Total.....	17
<b>D. Rule 383</b>	
Motion for supervisory order:	
Allowed .....	0
Denied .....	2
Total.....	2

**Chart 18: A Comparison 1989-2001**

	Number of Registered Attorneys	Investigations Docketed <sub>1</sub>	Investigations Docketed Per Attorney <sub>2</sub>	Closure By Administrator No Misconduct Alleged	Closure By Administrator After Investigation	Closure By Inquiry After Investigation	Complaint Voted By Inquiry Board
1989	54,866	5,822	est. 6,849	818	5,552	1,266	343
1990	56,896	6,489	est. 7,634	1,023	5,254	1,410	349
1991	58,953	5,969	est. 7,022	608	5,701	839	325
1992	61,107	6,291	7,338	889	5,210	473	277
1993	63,328		6,345	974	5,422	137	241
1994	65,163		6,567	1,224	5,125	133	247
1995	67,121		6,505	1,359	5,134	73	277
1996	68,819		6,801	1,364	4,946	76	300
1997	70,415		6,293	1,202	5,018	81	342
1998	72,149		6,048	1,352	4,414	58	272
1999	73,514		5,877	1,131	4,268	69	231
2000	73,661		5,716	1,146	4,319	87	224
2001	74,311		5,811	1,077	4,318	55	273

1 This figure represents the number of complaints received, whether or not they included charges against more than one attorney as reported through 1992.

2 This column represents the number of complaints received counting a separate investigation for each attorney named in each complaint, a tracking method commenced in 1992.

	Matters Filed With Hearing Board	Matters Filed With Review Board	Matters Filed With Supreme Court <sub>3</sub>	Sanctions Ordered By Court
1989	89	23	791	132
1990	105	23	578	100
1991	127	25	604	78
1992	122	37	560	89
1993	106	44	593	114
1994	115	35	869	109
1995	113	35	916	148
1996	129	22	891	115
1997	129	32	869	117
1998	141	31	732	138
1999	129	28	663	116
2000	119	29	474	120
2001	137	28	239	123

3 The data reported in this column represents both disciplinary and non-disciplinary matters filed with the Court.

### III. Amendments to the Rules Regulating the Profession

#### A. Supreme Court Rule 756: Disclosure of Trust Account Information

Effective for the 2002 registration year, the Court amended Supreme Court Rule 756 to require lawyers to report trust account information as part of the annual registration process. Rule 756(d) requires a lawyer to identify all trust accounts maintained by the lawyer or the lawyer's law firm during the past year and to indicate whether each account is an IOLTA account. If a lawyer does not maintain a trust account, the lawyer shall state the reason why no such account is required. If a lawyer fails to provide the information required by Rule 756(d), the lawyer will be deemed not registered for the year as provided in Rule 756(e). The responses received for the 2002 registration year are set forth in Chart E on Page 5.

### IV. ARDC Programs

#### A. Client Protection Program

The Client Protection Program was created by the Illinois Supreme Court in 1994 by the adoption of Rule 780. In 2001, the program approved 73 claims totaling \$257,219 to clients who lost money or property due to the dishonest conduct of attorneys holding an Illinois license. The program may reimburse losses up to \$10,000 for each client. The majority of claims involve sums less than \$10,000. Fifty-two percent of the approvals involved unearned fee claims, which also constituted 24% of the payouts. The program does not cover losses resulting from professional negligence or malpractice and does not consider claims involving contractual disputes. Awards are made out of the Disciplinary Fund. The rules governing the administration of the program are contained in Commission Rules 501 through 512.

**Chart 19: Classification of Approved Claims**

<i>Type of Misconduct:</i>	
Accepting fees without performing services.....	39
Conversion/Forged endorsement .....	30
Investment/Loan .....	4
<i>Area of Law</i>	
Labor /Employment.....	16
Criminal/Quasi-Criminal .....	14
Tort/Workers' Comp .....	12
Probate/Trusts.....	10
Domestic Relations.....	9
Real Estate.....	8
Debt Collection.....	1
Bankruptcy .....	1
Corporate.....	1
Immigration .....	1

**Chart 20: Summary of Approved Claims**

	1998	1999	2000	2001
New Claims submitted:	216	153	170	161
Claims concluded:				
• approvals .....	75	91	148	73
• denials .....	106	89	87	88
Amount approved:	\$257,054	\$310,604	\$348,630	\$257,219
Number of lawyers: (approved claims)	41	44	45	31

#### B. Ethics Inquiry Program

The Commission's Ethics Inquiry Program is a telephone inquiry service that allows Illinois attorneys and members of the public to call for help in resolving hypothetical questions about ethical dilemmas, the Illinois Rules of Professional Conduct and the Rules of the Commission. No legal opinion or binding advisory opinion is given.

In 2001, the Ethics Inquiry Program handled over 3,000 calls from attorneys, including 600 calls from lawyers with questions about the new Rule 756 trust account reporting requirement. This figure does not include calls received from nonlawyers. Addition information about the program can be obtained from the ARDC website at [www.iardc.org](http://www.iardc.org).

## **C. Education**

### ***Illinois Professional Responsibility Institute: Professionalism Seminar***

Since November 1996, the Commission has sponsored a seminar on law office management issues and ethical obligations of lawyers. The seminar is held three times a year for lawyers who are required to attend as part of their disciplinary sanctions or who attend voluntarily. Over 100 lawyers have attended the seminar thus far.

The seminar was created in cooperation with members from the Chicago Bar Association, Illinois State Bar Association and Cook County Bar Association, to further the Commission's efforts to develop preventive and remedial programs for attorneys on relevant ethics issues. The *Professionalism Seminar* is taught mostly by select, volunteer practicing Illinois attorneys. Any attorney interested in learning more about the *Professionalism Seminar*, may call Mary F. Andreoni, Administrative Counsel, ARDC, Chicago, or consult the ARDC web site at [www.iardc.org](http://www.iardc.org).

### ***ARDC Web Site***

On October 1, 2001, the Commission launched the ARDC web site ([www.iard.org](http://www.iard.org)). The site presently contains recently filed disciplinary sanction orders issued by the Supreme Court, Hearing Board and Review Board reports, the schedule of hearings in public disciplinary cases, as well as the Rules of Professional Conduct. Information and forms relating to registration matters and the investigation process are also available on the site. In the future, the site will also include a searchable database of disciplinary reports and the ability to search the Master Roll for certain basic, public registration information about Illinois lawyers.

## ***Speeches, Presentations and Articles***

The Commission continued its efforts to familiarize attorneys with the ethics rules and concerns by having its legal staff make more than 100 presentations to bar associations, law firms, law schools, continuing legal education seminars and civic groups. Any group interested in having a Commission representative speak to their group, may call Mary F. Andreoni, Administrative Counsel, ARDC, Chicago.

Also, Commission lawyers published a number of articles that appeared in various legal publications. Some of those articles are reprinted on the ARDC's web site at [www.iardc.org](http://www.iardc.org).

## ***V. Developments During 2001***

### ***A. Court Appointments***

#### ***1. ARDC Commissioners***

The ARDC Commission consists of four members of the Illinois Bar and three non-lawyers. The Commissioners, who serve without compensation, establish ARDC policies, appoint members of the ARDC Inquiry and Hearing Boards and, subject to the approval of the Supreme Court, appoint the Commission's chief executive officer, the Administrator. The ARDC Administrator is Mary Robinson. As of April 2002, the Commissioners of the ARDC include Benedict Schwarz II, of West Dundee, as Chairman, Donn F. Bailey, Ph.D. of Chicago, Tobias G. Barry of LaSalle, Patricia C. Bobb of Chicago, John P. Kujawski of Belleville, James J. McDonough of Chicago, and Brian McFadden of Springfield.

#### ***Retirement of J. Jeffrey Allen***

On December 20, 2001, Commissioner J. Jeffrey Allen, a Joliet lawyer, resigned his appointment as a lawyer member commissioner

upon his appointment as a judge to serve on the 12<sup>th</sup> Circuit Court in Will County. He was appointed by the Court as a Commissioner in April 2001. Mr. Allen was the Program Director and Managing Attorney of the Will County Legal Assistance Program and was a former president of the Will County Bar Association.

#### *Appointment of Tobias G. Barry*

On December 20, 2001, the Illinois Supreme Court appointed former Appellate Court Justice Tobias G. Barry, as a Commissioner. Justice Barry served for 20 years on the Illinois Appellate Court for the Third District, from 1974 to 1994.

During that time, he served as president of both the Illinois Judges Association and the Lawyers Assistance Program. Justice Barry now practices with the LaSalle law firm of Aplington, Kaufman, McClintock, Steele and Barry, Ltd. Admitted to practice law in 1952, he received his J.D. from the University of Notre Dame and his undergraduate degree from Marquette University. He replaces J. Jeffrey Allen as Commissioner. His term expires December 31, 2003.

## **2. Review Board Appointments**

#### *Retirement of William F. Costigan*

On December 31, 2001, William F. Costigan concluded his term on the Review Board. He is a partner in the Bloomington law firm of Costigan & Wollrab, P.C. Mr. Costigan was appointed to the Review Board in 1990, and served as chair of the Review Board from 1998 through 2000. Prior to his appointment on the Review Board, Mr. Costigan served on the Inquiry Board from 1973 to 1978 and on the Hearing Board from 1978 to 1990. He received his J.D. from the University of Illinois and was admitted to practice law in Illinois in 1951.

#### *Appointment of Bruce Jay Meachum*

Effective January 1, 2002, the Court appointed Danville lawyer, Bruce Jay Meachum, to served on the Review Board. Mr. Meachum is

a partner in the law firm of Meachum & Martin. He received his J.D. from the University of Illinois and was admitted to practice law in Illinois in 1976. He practices in the areas of real estate, probate, bankruptcy and corporation law. He is currently first vice-president of the Vermilion County Bar Association. He succeeds William F. Costigan. His term expires December 31, 2004.

#### *Retirement of Gary V. Johnson*

On December 31, 2001, Gary V. Johnson concluded his term on the Review Board. He is a partner in the Aurora law firm of Camic, Johnson, Wilson & McCulloch, where he concentrates in the area of criminal law. Mr. Johnson was appointed to the Review Board in 1993. He received his J.D. from Drake University and was admitted to practice law in Illinois in 1978.

#### *Appointment of John W. Rapp Jr.*

Effective January 1, 2002, John W. Rapp, Jr., a retired judge from Mount Carroll, was appointed by the Court to serve on the Review Board, to fill the vacancy left by the retirement of Gary V. Johnson. Justice Rapp served as a circuit judge in Carroll County beginning in 1970, and was Chief Judge of the 15<sup>th</sup> Circuit Court from 1982 until 1998, when he was appointed to the Illinois Appellate Court for the Second District. He was admitted in 1965 and received his J.D. from Loyola University, Chicago. His term expires December 31, 2004.

#### *Retirement of Melissa A. Chapman Rheinecker*

In September 2001, Melissa A. Chapman Rheinecker resigned her position on the Review Board, upon her appointment to the Illinois Appellate Court for the Fifth District. Before joining the bench, Ms. Chapman was a partner in the Granite City law firm of Morris B. Chapman & Associates, Ltd., concentrating in the area of personal injury litigation.

### *Appointment of Terrence V. O'Leary*

Effective September 20, 2001, Terrence V. O'Leary, a Granite City lawyer, was appointed by the Court to serve on the Review Board, to fill the vacancy left by the retirement of Melissa A. Chapman Rheinecker. He received his J.D. in 1973 from St. Louis University. Mr. O'Leary is a partner in the law firm of Morris B. Chapman & Associates, Ltd., in Granite City, where he concentrates his practice in the area of personal injury. He is a past president of the Madison County Bar Association and Tri-City Bar Association. His term expires December 31, 2003.

### ***VI. Financial Report***

The Commission engaged the services of Grant Thornton LLP to conduct an independent audit as required by Supreme Court Rule 751(e)(7). The audited financial statements for the year ended December 31, 2001, are attached.

Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF FINANCIAL POSITION  
December 31, 2001

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Chicago, Illinois  
February 5, 2002

*Grant Thornton LLP*

700 One Prudential Plaza  
130 E Randolph Street  
Chicago, IL 60601-6164  
T 312.296.0200  
F 312.565.4719  
W www.grantthornton.com

Grant Thornton LLP  
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ASSETS	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents, including restricted cash of \$20,694	\$ 536,835
Short-term investments, at fair value	9,781,272
Accrued interest receivable	207,269
Accounts receivable, net of allowance for doubtful accounts of \$763,785	-
Prepaid expenses and other assets	80,738
Total current assets	10,606,114
<b>FIXED ASSETS, at cost - net of accumulated depreciation</b>	453,561
<b>LONG-TERM INVESTMENTS, at fair value</b>	6,406,674
<b>TOTAL ASSETS</b>	<b>\$17,466,349</b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and other accruals	\$ 219,891
Accrued vacation	206,412
Deferred registration fees	8,711,545
Deposits	23,694
Total current liabilities	9,161,542
<b>LONG-TERM LIABILITIES</b>	
Accrued Medicare replacement funding	913,599
Deferred rent expense	2,533,773
Total long-term liabilities	3,447,372
Total liabilities	12,608,914
<b>NET ASSETS - UNRESTRICTED</b>	<b>4,857,435</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$17,466,349</b>

The accompanying notes are an integral part of this statement.

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2001

<b>REVENUES</b>	
Registration fees and delinquent charges	\$11,434,636
Investment income	
Interest income	802,206
Net unrealized appreciation of investments	36,530
Total investment income	838,736
Cost reimbursements collected	49,704
Miscellaneous income	3,162
Total revenues	12,326,238
<b>EXPENDITURES</b>	
Salaries and related expenses	7,054,656
Travel expenses	95,217
Library and continuing education	155,324
General expenses and office support	1,748,924
Computer expenses	199,360
Other professional and case-related expenses	783,260
Client protection program payments	266,419
Depreciation and amortization expense	348,996
Total expenditures	10,652,156
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>1,674,082</b>
Unrestricted net assets	
Beginning of year	3,183,353
End of year	\$ 4,857,435

The accompanying notes are an integral part of this statement.

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF CASH FLOWS  
Year ended December 31, 2001

<b>Cash flows from operating activities</b>	
Increase in net assets	\$ 1,674,082
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Unrealized appreciation of investments	(36,530)
Depreciation and amortization expense	348,996
Investment security amortization	(18,726)
(Increase) decrease in assets	
Accounts receivable and accrued interest receivable	(4,571)
Prepaid expenses and other assets	24,985
Increase (decrease) in liabilities	
Accounts payable, accrued vacation and other accruals	141,492
Deferred registration fees	983,639
Accrued Medicare replacement funding	91,749
Deferred rent expense	(131,427)
Net cash provided by operating activities	3,073,689
<b>Cash flows from investing activities</b>	
Net decrease in money market investments	23,325
Purchases of investment securities	(10,756,969)
Maturities of investment securities	8,146,000
Acquisitions of fixed assets	(147,239)
Net cash used in investing activities	(2,734,883)
<b>Cash flows from financing activities</b>	
Deposits received	1,167
Net cash provided by financing activities	1,167
<b>Net increase in cash and cash equivalents</b>	<b>339,973</b>
Cash and cash equivalents	
Beginning of year	196,862
End of year	\$ 536,835

The accompanying notes are an integral part of this statement.

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**NOTE A - GENERAL PURPOSE DESCRIPTION**

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

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

- Rule 756, as amended, on July 26, 2001, increased the annual registration fees from \$140 to \$180 for active lawyers licensed to practice for three or more years, and from \$70 to \$90 for active lawyers licensed between one and three years and inactive lawyers.
- Rule 773, as amended, provides that an attorney-respondent has a duty to pay certain costs associated with the disciplinary proceedings against the attorney-respondent, including witness fees, court-reporting expenses, expert fees and document duplication fees. Effective November 1, 2000, the Commission is limited to collection of \$1,000 for cost reimbursements, absent exceptional circumstances (See note C).
- Rule 769 provides that every attorney has a duty to retain all financial records related to the attorney's practice for a period of not less than seven years.
- Rule 780 establishes the Client Protection Program to reimburse claimants for losses caused by the dishonest conduct of Illinois lawyers. Pursuant to section (d) of the rule, the Commission annually allocates an amount of money to pay these claims.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying financial statements reflect the financial position and activities of the Commission. Net assets are generally reported as unrestricted, unless assets are received from donors with explicit stipulations that limit the use of the assets. At December 31, 2001, the Commission has no temporarily or permanently restricted net assets.

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, cash and cash equivalents include all deposits in checking and savings accounts. Money market accounts and cash balances held in investment trust accounts are not considered cash equivalents since the Commission intends to reinvest these funds.

*Investments*

Investments are stated at fair value, which generally represents quoted market value as of the last business day of the year. Investments in money market accounts are carried at cost, which approximates market value.

*Fixed Assets*

Fixed assets are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets or asset groups principally on the straight-line method. Upon disposal of assets, gains or losses are included in income. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease period.

The estimated useful lives of the fixed assets are as follows:

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

*Accrued Vacation*

The Commission's vacation policy provides time off for full-time salaried employees based on years of service. Years of service are computed from each employee's anniversary date of employment. Employees are permitted to carry over five days vacation time for 90 days from year to year. Any vacation days remaining unused after 90 days will be forfeited. An accrual is included in the financial statements representing vacation time earned, but unused at December 31, 2001, along with the Commission's related retirement contribution.

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Deferred Registration Fees*

The Commission is funded by an annual registration fee assessed on Illinois attorneys. The annual fee for the subsequent year is billed before November 1 and is due January 1. Deferred registration fees represent the fees for calendar year 2002 received prior to December 31, 2001.

*Deferred Rent Expense*

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

*Income Taxes*

The Commission has received a favorable determination letter from the Internal Revenue Service stating that it is a tax-exempt organization under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(6).

*Significant Estimates and Concentrations of Risk*

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

The Commission's registration fees are sent directly by registering attorneys to a lock box under the sole supervision of LaSalle Bank (the "Bank"). The Bank accounts for the contents of the lock box, and all receipts are deposited to the Commission's account at the Bank. The Bank sends an accounting for these funds to the Commission's registration department for processing and comparison with the registration and billing records.

The Commission maintains most of its cash and money market funds at the Bank. The balance is insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2001, the Commission's cash in excess of FDIC insurance coverage approximated \$416,000. The Commission has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances. All investment transactions are handled by the Bank's Trust Department. All investment securities are held in safekeeping at the Trust Department.

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**NOTE C - COST REIMBURSEMENTS**

The Commission receives cost reimbursements for investigative and disciplinary costs from disciplined attorneys. Cost reimbursement is billed at the time that discipline is imposed by the Court, but may not be a total reimbursement or match the period in which the investigative disciplinary costs were incurred. Between November 1995 and November 2000, the Commission regularly sought entry of judgments by the Court with interest at the rate charged by the State of Illinois (9% at December 31, 2001) for all invoices not paid within 30 days of the initial billing. The Commission has also established payment plans for disciplined attorneys. Effective November 1, 2000, the Commission was limited to \$1,000 in cost reimbursement for each disciplined attorney, absent exceptional circumstances. Procedures for resuming collection of cost in light of the amendment are being finalized.

The Commission cannot reasonably estimate the collectibility of the cost reimbursements. Whether the Commission can fully collect all cost reimbursements is dependent upon each disciplined attorney's ability to pay and the current economic environment. Therefore, the Commission records cost reimbursements as revenue under the cost recovery method when the reimbursements are received. In 2001, the Commission collected approximately \$49,700 in cost reimbursements. At December 31, 2001, approximately \$764,000 in additional amounts remain unpaid by attorney-respondents, for which a corresponding allowance is recorded.

**NOTE D - FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION**

An analysis of the Commission's functional expenses, by natural classification, is as follows:

	Registration and discipline	Client protection	Administration and support	Total
Salaries and related expenses	\$5,734,175	\$136,084	\$1,184,397	\$ 7,054,656
Travel expenses	71,330	983	22,904	95,217
Library and continuing education	126,339	2,973	26,012	155,324
General expenses and office support	1,435,415	32,156	281,353	1,748,924
Computer expenses	162,157	3,816	33,387	199,360
Other professional and case-related expenses	764,234	6,882	12,144	783,260
Client protection program payments	-	266,419	-	266,419
Depreciation and amortization expense	283,870	6,680	58,446	348,996
<b>Total expenditures</b>	<b>\$8,577,520</b>	<b>\$455,993</b>	<b>\$1,618,643</b>	<b>\$10,652,156</b>

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**NOTE E - INVESTMENTS**

Investments consist of the following:

	Cost	Market
U.S. Treasury notes and bills	\$15,809,816	\$15,908,082
Money market funds	279,864	279,864
Total	\$16,089,680	\$16,187,946

Short-term investments are readily liquid investments that mature within one year. Long-term investments are holdings with maturities in excess of one year.

The following table lists the maturities of securities held at December 31, 2001:

	Cost	Market
Due in one year or less	\$ 9,760,339	\$ 9,781,272
Due after one year through five years	5,918,866	5,991,246
Due after five years	410,475	415,428
Total	\$16,089,680	\$16,187,946

**NOTE F - FIXED ASSETS**

Fixed assets at December 31, 2001, consist of:

Office furniture and equipment	\$1,594,655
Computer and related equipment	1,064,200
Library	40,524
Leasehold improvements	121,000
	2,820,379
Less accumulated depreciation and amortization	2,366,818
Total	\$ 453,561

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**NOTE G - LEASE AND MAINTENANCE COMMITMENTS**

The Commission leases its Chicago and Springfield offices under operating lease agreements. The Chicago office lease, which began in May 1993, has a term of 15 years and provides for a minimum annual base rent plus related taxes and operating expenses. In addition, the lease provided 32 months "free rent" with the first rent payment made on January 1, 1997. Pursuant to the lease, the landlord advanced a sum equal to the present value of estimated taxes and operating costs for the 32-month period and the Commission made monthly payments for actual tax and operating cost assessments during that period. This amount and the value of the "free rent" is included in deferred rent.

The Springfield office lease, which began in November 1995, has a term of 7 years and provides for a minimum annual rent. The lease gives the Commission the option to renew the lease for another 7-year period.

Rent expense under all lease agreements was approximately \$1,051,000 in 2001.

Future minimum lease payments, including estimated liability for taxes and operating expenses, relating to lease agreements in excess of one year are:

Year	Springfield	Chicago	Total
2002	\$65,200	\$1,199,900	\$1,265,100
2003	-	1,248,400	1,248,400
2004	-	1,300,600	1,300,600
2005	-	1,354,900	1,354,900
2006	-	1,411,700	1,411,700
Remaining	-	2,091,500	2,091,500
	\$65,200	\$8,607,000	\$8,672,200

**NOTE H - MEDICARE REPLACEMENT RESERVE TRUST**

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

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

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**NOTE H - MEDICARE REPLACEMENT RESERVE TRUST - Continued**

The Commission engages the services of an actuary to compute the liability every other year.

A summary of actuarial assumptions and methods as of the last measurement date are as follows:

Measurement date	January 1, 2001
Actuarial cost method	Projected unit credit method
Actuarial assumptions	Mortality - 1983 GAM table Discount rate - 7.5% Expected return on assets - 7.5% Retirement will occur between age 55 and 65

**Actuarial valuation**

Net periodic post-retirement benefit cost	
Service cost	\$ 38,544
Interest cost	58,012
Amortization	-
Expected return	(57,144)
Expected benefit payments	(4,807)
	\$ 34,605
Accumulated post-retirement benefit obligations	
Benefit obligation, January 1, 2001	\$775,891
Service cost	38,544
Interest cost	58,012
Actuarial loss	45,959
Benefits paid	(4,807)
Benefit obligation, December 31, 2001	\$913,599

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**NOTE H - MEDICARE REPLACEMENT RESERVE TRUST - Continued**

The Commission maintains a separate trust for the Medicare replacement reserve. The trust fund assets are included in the Commission's investments (see note E). The trust fund assets at fair value as of December 31, 2001, are as follows:

U.S. Treasury notes	\$770,200
Money market account	87,936
Accrued interest receivable	13,506
	\$871,642

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

**NOTE I - EMPLOYEE BENEFIT PLAN**

The Commission maintains a defined contribution retirement plan and trust for the benefit of all eligible employees. Based on the decision of the Social Security Administration discussed in note H, the Commission enhanced employees' retirement benefits. Employee contributions are not permitted under the Plan's provisions. The Commission contributes 18% of compensation for eligible employees, which approximated \$939,000 in 2001. The Commission also pays the Plan's administrative expenses, which approximated \$55,500 in 2001.

**NOTE J - LITIGATION**

Various complaints and actions have been filed against the Commission. At December 31, 2001, the Commission believes that pending matters do not present any serious prospect of negative financial consequences.

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