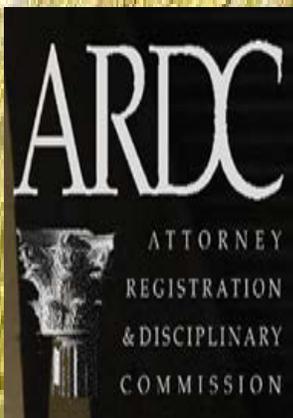


Annual Report of 2019

Attorney Registration & Disciplinary Commission



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ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

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Chicago
April 30, 2020

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 2019 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 2019 and an accounting and audit of the monies received and expended during the twelve-month period that ended December 31, 2019.

This year's report begins with a dedication to Justice Lloyd A. Karmeier who has served as the Court's liaison officer to the ARDC for the past fifteen years.

Respectfully submitted,

David F. Rolewick, Chairperson
Timothy L. Bertschy, Vice-Chairperson
Karen Hasara
LaShana T Jackson
John H. Simpson
Cedric D. Thurman
J. Nelson Wood, Commissioners

Jerome Larkin, Administrator
Scott Renfro, Deputy Administrator, Appeals
Peter L. Rotskoff, Deputy Administrator, Litigation
Althea K. Welsh, Deputy Administrator, Intake & Administration

Dedication



The Attorney Registration and Disciplinary Commission (ARDC) dedicates its 2019 Annual Report to Justice Lloyd A. Karameier who, for 15 years has served as the Supreme Court's liaison officer to the ARDC. His anticipated retirement as Justice of the Supreme Court later this year provides occasion for the ARDC to make a record of his outstanding, extensive, and positive impact upon the organization.

How did Justice Karameier have such an impact? Quite literally, he participated in nearly all Board and other ARDC events and shared his considerable talents with us. In his quiet, thoughtful, friendly and respectful manner, he encouraged us to consider constructive change, understand the many nuances of any action we considered taking, and inspired us to seek comments from stakeholders on key initiatives.

Justice Karameier demonstrated appreciation of his role as the Court's liaison officer. He helped us to understand the Court's expectation that our proposals reflect our careful consideration of all aspects of the recommendations presented. We submitted our recommendations to the Court by reports made to Justice Karameier and, in most instances, the Court approved the ARDC's proposed action. In recent years, on behalf of the Court, Justice Karameier invited and welcomed Commission representatives in annual administrative meetings with the Court. Those meetings have provided the ARDC the opportunity to gain additional insight into the Court's expectations.

Here are just a few examples of key ARDC initiatives adopted with the aid of Justice Karameier's good counsel.

- Engagement of the profession through regular in-person and online CLEs, most recently including the PMBR online, self-assessment course which featured Justice Karameier's opening remarks.
- Ongoing openness to change to make disciplinary procedures more fair, effective and expeditious. Improvements have included more open discovery, procedures to support more expeditious proceedings, more available LAP referrals and diversion opportunities, and a graceful, non-disciplinary, permanent retirement option for lower level misconduct.

- A commitment to diversity, equity and inclusion, manifested by appointment of an ARDC Diversity & Inclusion Director, the establishment of term limits to support diversity among board members, and the implementation of procedures designed to recruit and retain a diverse staff. Through his guidance and efforts, the organization has adopted a genuine commitment to inclusive decision-making.
- An ongoing commitment to assist the Court in determining whether changes to the regulation of the legal market might address conditions that have led many prospective clients to choose means other than legal services to resolve legal matters.

The ARDC benefitted from Justice Karameier's attendance at many functions hosted by the ARDC, other Court entities, and the organized bar. Often, his wife, Mary Karameier, attended those functions as well. Both gave generously of their time and talents. We observed their goodness, concern, graciousness, and integrity.

We thank Justice Karameier for his outstanding service to the Court, the profession and the public in his role as the Court's liaison to the ARDC. We have benefitted from and appreciate Justice Karameier's advice, counsel, common sense, and humor. On the next page, we provide a few photographs reflecting key events in Justice Karameier's career as a lawyer and judge.

We, at the ARDC, wish the Karameiers a retirement rich with family, friends, adventure, and good health.

David F. Rolewick, ARDC Chairperson
Timothy L. Bertschy, ARDC Vice-Chairperson
Jerome Larkin, ARDC Administrator
James J. Grogan, ARDC Deputy Administrator (ret.)



April 2020



Washington County Courthouse, Nashville, IL

Native of Nashville, Washington County, IL

Born in rural Washington County, Justice Karmeier attended a one-room grade school and graduated as valedictorian in 1958 from Okawville Community High School. He received his B.S. degree in 1962 and his J.D. degree in 1964, both from the University of Illinois, where he met his future wife, Mary.

US Supreme Court Justice Harry Blackmun (1908-1999) and IL Supreme Court Justice Ralph L. Maxwell (1905-1956) were also born in Nashville.

Clerkship for Illinois Supreme Court Justice Byron O. House

Justice Karmeier clerked for former Illinois Supreme Court Justice Byron O. House from 1964 to 1968, and clerked for former U.S. District Court Judge James L. Foreman from 1972 to 1973.



Justice Byron O. House, Illinois Supreme Court (1957-1960), Chief Justice (1959-1960) Source: Illinois Supreme Court website



Legal Practice and Circuit Court Judge, Washington County

Justice Karmeier practiced law for 22 years with the Nashville, IL firm of Hohlt, House, DeMoss & Johnson from 1964 to 1986, before first ascending to the bench, serving also as part-time state's attorney of Washington County from 1968-72.

He was resident Circuit Judge of Washington County from 1986 to 2004, when he was elected to the Illinois Supreme Court.



Elected Illinois Supreme Court Justice, 2004

Elected to the Illinois Supreme Court in 2004, Justice Karmeier was the third person from Nashville to hold that office, preceded by Justice Byron O. House (1957-1960) and Ralph L. Maxwell (1951-1956).

Justice Karmeier gets some help from his wife, Mary, with his robe after being sworn in as the new Illinois Supreme Court justice in Springfield.

Sworn in for a Second Term, 2014

Justice Karmeier was sworn in to a second 10-year term on December 1, 2014, by former Justice Philip Rarick during a ceremony at the Washington County Judicial Center in Nashville. Retiring Justice Phil Rarick swore Karmeier in for his first term as a Supreme Court justice in 2004, and again in 2014 when Karmeier was retained for a new term.



Sworn in as Illinois Supreme Court, Chief Justice

Justice Karmeier became Illinois' 120th Chief Justice in October 2016, and was sworn in by outgoing Chief Justice Rita Garman, while he was wearing a robe that belonged to Illinois Supreme Court Chief Justice Byron O. House, also of Nashville, for whom Karmeier clerked from 1964 to 1968

Liaison to the Attorney Registration and Disciplinary Commission (ARDC) (2004-2020)



Reception and Dinner in O'Fallon, IL

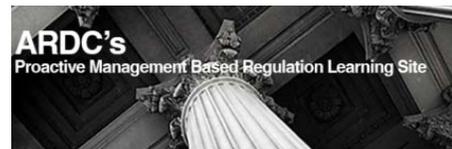
In April 2019, at a reception and dinner held in honor of Jim Mendillo, who completed his term as ARDC Chair and Commissioner, and retiring ARDC Board members from southern Illinois. Mendillo was Karmeier's appointee to the Commission.

Justice Karmeier with ARDC Chairperson David Rolewick recognizing ARDC Board members whose terms were complete.

Left to Right: Justice Karmeier, Bill Lucco (Inquiry), Kurt Reitz (Hearing), Carolyn Berning (Hearing), Ron Motil (Hearing), and ARDC Chairperson David Rolewick.



Justice Karmeier, his wife Mary, and ARDC Administrator Jerome Larkin.



Introductory Video



Launch of ARDC PMBR Self-Assessment Course

Justice Karmeier provided the introductory remarks for the first PMBR online, self-assessment course launched in December 2017.



Gallery doorway of Supreme Court courtroom. Source: Illinois Supreme Court website.

“Audi alteram partem” is a Latin phrase **meaning** "listen to the other side", or "let the other side be heard as well". It is this principle of due process that no person should be judged without a fair hearing that is exemplified in Justice Karmeier’s integrity, respect and honor for the court, the law, his background and others.

ARDC MISSION STATEMENT

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

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

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

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

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



ARDC Annual Report of 2019 written and compiled by Mary F. Andreoni, Ethics Education Counsel, ARDC.

ois, and to the public in accordance with Supreme Court Rule 751.

A Report of the Activities of the ARDC in 2019

Initiatives, Statistical Summaries and
Trends Impacting the Regulation of Lawyers in Illinois

ARDC INITIATIVES IN 2019

Educational Initiative

To meet the needs of a constantly evolving and diverse legal profession and the community we serve, the development of quality education and outreach programs is a significant part of the ARDC's mission. Through seminars, publications and outreach on the ethical duties of lawyers, the ARDC helps lawyers serve their clients effectively and professionally, protects clients and the public from harm, and assists the public in understanding the legal system and the duties of lawyers.

E-Learning MCLE Accredited Seminars

As a leading CLE provider in Illinois, the ARDC produces recorded MCLE accredited webcasts, free of charge, and available 24/7 on the ARDC website, to meet the demand for high-quality professional responsibility training and ethics education for the profession. ARDC webcast offerings aid Illinois lawyers seeking professional responsibility CLE, including the new mental health/substance abuse and diversity/inclusion CLE requirements. In 2019, there were 22 on-demand, recorded webcasts available on the ARDC website, providing 17.25 hours of professional responsibility CLE credit. Approximately 30,000 certificates of CLE completion were issued in 2019, totaling over 22,000 hours of professional responsibility earned.

Included in the ARDC webcast offerings is the Proactive Management-Based Regulation (PMBR) course. The PMBR course is a four-hour interactive, online self-assessment comprised of eight law firm management topics. Lawyers earn four hours of free professional responsibility CLE credit in Illinois. Beginning with the 2018 registration year, and every other year thereafter, lawyers who report that they did not have malpractice insurance and are in private practice must complete the course. 7,186 lawyers were required to take PMBR for the 2019 registration and over 73% completed the course. The next version will be available on the ARDC website in spring 2020. Any lawyer may take the course or any one of the eight components that make up the course. Nearly 14,000 CLE certificates of completion have been issued from the aggregate of all eight components.

All ARDC CLE on-demand recorded webcasts, including the PMBR course, can be accessed from the ARDC website directly at www.iardc.org/CLE_Opening_Page.pdf.

Speaking Engagements

An important part of the ARDC's outreach efforts and as a service to the Illinois bar, the ARDC offers experienced presenters to speak to lawyer and citizen groups. As much sought-after presenters, ARDC Commissioners and staff members gave 269 presentations in 2019, at no charge, to bar associations, government agencies, law-related organizations, schools and civic organizations throughout the state and country on a variety of subjects related to lawyer regulation. Most of these presentations were in-person and gave lawyers and the public the opportunity to meet with ARDC staff. Also, several ARDC staff lawyers participate as instructors at National Institute for Trial Advocacy Training (NITA) as well as at Illinois law schools, and volunteer at local pre-law high school programs.

Ethics Inquiry Program

The ARDC Ethics Inquiry Program assists attorneys and the general public with general questions about a lawyer's professional responsibilities. Since the Program began in October 1995, the Program has assisted thousands of lawyers each year understand their professional obligations and provided guidance in resolving important issues in their practice. In 2019, staff lawyers responded to 3,834 calls from lawyers providing research assistance and guidance regarding ethics issues and the Illinois Rules of Professional Conduct, free of charge. A lawyer's mandatory duty to report lawyer or judicial misconduct under Rule 8.3 of the Illinois Rules of Professional Conduct and the handling of client trust funds continue to be the greatest areas of inquiry posed to the ARDC's Ethics Inquiry Program. See Chart 26, at Appendix, which shows the trend of lawyer reports for the past fifteen years from 2005 through 2019.

Lawyers with inquiries are requested to present their questions in the hypothetical form, and callers may remain anonymous if they so choose. An inquiry can be made by calling the Commission offices in Chicago (312-565-2600) or Springfield (217-546-3523). Additional information about the Program can be obtained at: www.iardc.org/ethics.html.

Publications

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

ARDC Website

The ARDC website (www.iardc.org) is a vital tool in the ARDC's education and outreach efforts. With more than 1.25 million visits each year, the ARDC website serves as an important source of information to the public and the legal profession about all aspects of the regulation of the legal profession in Illinois. The most visited page of the website is the Lawyer Search function. The Lawyer Search function provides ready access to the public, the profession, and the judiciary to lawyers' credentials and contact information. In 2019, there were over 1 million visits to the Lawyer Search page.

The ARDC website also includes information about the ARDC investigative process and how to request an investigation, a schedule of public hearings and arguments on public disciplinary matters pending before the Hearing and Review Boards, and a searchable database of disciplinary decisions issued by the Supreme Court and reports filed by the disciplinary boards. Also available on the site is information about the Client Protection Program and claim forms as well as information about the Ethics Inquiry Program, and links to other legal ethics research sites.

The ARDC website handles as well all registration matters for over 94,000 lawyers each year and is a portal for connecting the legal profession to important updates impacting Illinois lawyers, educational resources to assist lawyers in their practice, and CLE programming,

ARDC Education Group Formation

In furtherance of the ARDC's mission to provide high quality educational opportunities for Illinois lawyers, and as part of the organization's recent restructuring, a new Education Group was recently established. The ARDC's Education Group is responsible for creating, producing and supporting innovative instructional initiatives such as PMBR, the ARDC's Annual Report, hundreds of hours of in-person and virtual CLE presentations, dozens of online webcasts, the Ethics Inquiry Program and various publications and training courses. The Education Group plans to continue developing robust programs and resources, helping lawyers better serve their clients.

Diversity and Inclusion Initiative

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

Through sustained and pervasive efforts to incorporate diversity and inclusion into the ARDC's

work both within the organization and through its outreach work in the legal community and the public, the ARDC is focused on improving the disciplinary process and the delivery of its services in a way that is fair and responsive to a rapidly changing demographic population.

The Commission's D&I efforts of the ARDC D&I Director, the D&I Committee and staff throughout the year for the legal profession and broader community include maintaining relationships and establishing staff liaisons/point of contact with fourteen local affinity bar associations for historically marginalized groups and providing CLE-accredited webcasts for diversity and inclusion credit. D&I efforts within the ARDC include extending and improving efforts to recruit a more diverse pool of board members, engaging consultants to identify D&I strengths and opportunities and development training sessions for ARDC staff and leadership, and providing educational opportunities for the entire ARDC staff on issues of bias, cultural identity, and inclusive leadership.

Lawyer Well-Being Initiative

Lawyers are at a much higher risk than other professionals for alcohol abuse, depression, anxiety, and stress. This is especially true with lawyers facing disciplinary charges. Between 25% to 30% of lawyers disciplined each year are identified as suffering from an addiction or mental illness.

The ARDC is focused on finding ways to improve wellness in the profession and take practical steps for positive change. The ARDC has adopted regulatory objectives that prioritize lawyer well-being and endorse well-being as part of a lawyer's duty of competence; expanded continuing education programming to include well-being topics; implemented a referral program that allows the ARDC to share lawyer well-being information with lawyer assistance programs; and adopted diversion programs. See *Diversion and Probation Program*, at page 28. The ARDC is also committed to promoting well-being in the workplace and in 2019 took the ABA Well-Being Pledge which calls upon legal employers to work to adopt and prioritize strategies to improve the mental health and well-being of lawyers.

ARDC Intermediary Connecting Services Initiative

The ARDC Intermediary Connecting Services Initiative is part of the ARDC's efforts to address the nationwide access to justice challenge. In April 2017, the ARDC began a study of how to address the unmet civil legal needs of an underserved population who do not recognize the need for a lawyer, the benefit of hiring a lawyer, or are unable to find a lawyer. The study was

prompted by such data as 93 out of 102 Illinois counties reported that more than 50% of their civil cases involved a self-represented litigant and over half of Illinois' 24 judicial circuits reported that 70% or more of litigants in civil matters were self-represented. See *Advancing Access to Justice in Illinois: 2017–2020 Strategic Plan*, Illinois Supreme Court Commission on Access to Justice (May 2017), available at http://www.illinoiscourts.gov/supremecourt/Committees/ATJ_Commnn/ATJ_Comm...

The ARDC studied issues relating to inefficiencies in the legal marketplace, the proliferation of for-profit, online services matching lawyers with potential clients (also known as “intermediary connecting services”), and the potential lost opportunities for lawyers to access this market.

In June 2018, the ARDC's *Client-Lawyer Matching Services Study* was posted to the ARDC website seeking comment from the Bar and public on whether client-lawyer, for-profit matching services should be regulated and whether lawyers should be permitted to pay for-profit services as a means to increase access to the legal market.

In February 2020, the ARDC submitted to the Supreme Court and published for public comment the *Intermediary Connecting Services Proposal*. The proposal would regulate lawyers' participation in for-profit matching services and regulate the services themselves as well as provide new and heightened public protections in the use of such connecting services. The proposal includes:

- Amendments to Rule 7.2 that would permit lawyers to participate in registered and regulated for-profit intermediary connecting services (ICS), and that would permit lawyers to pay a fee for every connection resulting in a potential client hiring the lawyer.
- Amendments to Supreme Court Rule 730 that would define the scope of ICS, and that would set forth requirements for registration and regulation.
- New Supreme Court Rule 220, which would modify the attorney-client privilege to cover communications between potential clients and “lawyer-client connections services.”

The ARDC *Intermediary Connecting Services Proposal* is available on the ARDC website as well as Companion Materials to the proposal. Click [here](#) to access the Proposal and [here](#) to access the Companion Materials. Comments may be emailed to information@iadc.org.

ARDC Reorganization Initiative

Legal Staff Restructuring

Informed by careful planning, the ARDC restructured its legal staff in 2019. Recognizing then-approaching senior staff succession issues, ongoing caseload decreases that appear to mirror those in our court system for several years, and multi-year decline in the type of matters selected for prosecution following the Court's administrative direction in the *Thomas*, *Karavidas* and *Edmonds* disciplinary opinions, the ARDC continued its multi-year reliance on an attrition strategy to reduce the size of the litigation counsel staff.

Following the departure of several experienced litigators, who left the staff in 2019 to accept attractive employment opportunities in private, not-for-profit and public sectors, and retirement of James J. Grogan, the ARDC's long-time Deputy Administrator and Chief Counsel, the ARDC restructured its legal staff. The ARDC Commission and the Supreme Court approved unanimously the recommendation of the Administrator Jerome Larkin and Mr. Grogan to appoint the Chiefs of Intake, Litigation and Appeals as three Deputy Administrators.

In consultation with the deputies and with the approval of the Commissioners, the Administrator reassigned existing staff and hired additional staff to implement new strategies and efficiencies. These actions include:

- reassignment of three litigators to other responsibilities, and the hiring of additional litigators to reach the target of 15 litigation counsel (nine less than several years ago);
- extension of the responsibilities of its appellate staff to include professional development, media spokesperson, and policy development roles;
- increase of the number of Intake counsel from five to six;
- increase of the number of education counsel from one to three; and
- reduction of the number of adjudication counsel by two, and the assignment of projects to the adjudication staff to evaluate and propose regulatory policy..

Across the legal staff, the size of practice teams has been reduced to no more than four lawyers to support diversity and inclusion, professional development, and efficiency goals.

The goal of these changes is to have a positive impact on the caseload outcomes and educational offerings. Litigators are expected to be able to focus more effectively on a reduced

number of serious disciplinary matters and, when indicated, to seek interim relief in collaboration with the appeals team. Intake counsel will have more time to act more immediately to help lawyers address practice issues through early education, diversion and deferrals and to conclude more investigations without referral to litigation. The increased size of the education team is intended to enhance the ARDC's online MCLE offerings, including its updated PMBR self-assessment course and other interactive online presentations.

In March 2020, the ARDC announced a series of appointments, promotions and new hires.

The ARDC leadership is now comprised as follows:

Jerome Larkin, Administrator. Appointed to that position in March 2007, he serves as the principal executive officer of the ARDC. After he was licensed to practice law in 1978, he joined the ARDC as staff counsel and has served in a variety of leadership roles. Mr. Larkin is a past President of the National Organization of Bar Counsel (NOBC), the bar association of lawyer regulators. He is the fourth Administrator since the ARDC was established in 1973, following the late Carl H. Rolewick (1973-1988), John C. O'Malley (1988-1992) and Mary Robinson (1992-2007).

Scott Renfroe, Deputy Administrator, Appeals. In that role, he manages the ARDC's Appeals Group, which handles appeals before the Review Board and the Supreme Court and prepares petitions to impose reciprocal discipline on Illinois attorneys who have been disciplined in other jurisdictions. He also oversees the defense of ARDC staff, volunteer board members and Commissioners when lawsuits are filed against them relating to the performance of their official duties. He continues to handle a litigation caseload and also directs the education staff. Joining the ARDC in 1985, Mr. Renfro has served as counsel, senior counsel and in several leadership roles. Prior to his appointment, he was Chief of Supreme Court Practice. He was most recently appointed to serve as *ex officio* member of the Supreme Court Committee on Professional Responsibility.

Peter Rotskoff, Deputy Administrator, Litigation. He has oversight of all litigation matters, including the review of draft complaints, Inquiry Board referrals, and trial strategy, as well as the supervision of litigation group managers and the management of the ARDC Springfield office. Mr. Rotskoff has been with the ARDC since 1991 and has served in a number of capacities, most recently as Chief of Litigation and Professional Education. Located in the ARDC Springfield office, he continues to handle a litigation caseload.

Althea K. Welsh, Deputy Administrator, Intake and Administration. Ms. Welsh's duties include general oversight of the ARDC's Intake Division, assisting the Administrator in conducting and managing key business activities of the ARDC, assisting in formulating and presenting proposals to the Commission regarding long-range planning, overseeing the ARDC's employee engagement efforts, assisting in the management of management protocols and caseloads, maintaining the record of meetings of the Commission, and handling select disciplinary investigations. She joined the ARDC in 1987 upon admission after graduation from law school and was formerly Division Chief of the ARDC's Intake Division.

The ARDC also made the following promotions and appointments:

Moving into the roles of group managers are senior litigation attorney **Lea S. Gutierrez**, litigation attorney **Jonathan M. Wier**, senior attorney **Myrrha B. Guzman** and **Christine P. Anderson**. Wier and Gutierrez were named managers of litigation groups, and Guzman and Anderson will be group managers in the Intake Division. Gutierrez will continue to head the ARDC's Diversity and Inclusion initiative while Anderson will maintain her position as the Director of Probation and Lawyer Deferral Services.

The ARDC named litigation manager **Melissa A. Smart** the Commission's new Director of Education. **Athena T. Taite** was named to the newly-created position of Director of Professional Development, in addition to her role as senior appellate counsel.

Steven Splitt, Senior Counsel, Appeals, was named ARDC Public Information Officer, taking over the spokesman duties for the Commission after the retirement of Deputy Administrator and Chief Counsel James Grogan.

Benjamin Boroughf, Counsel, Appeals, was asked to take on a regulatory policy role in addition to his duties as appellate counsel.

Newly-hired staff counsels include:

Matthew Lango from the City of Chicago's Commission on Human Relations to become a manager of one of the four litigation groups in the Chicago office;

Thomas Sukowicz who returns to the ARDC, after having retired from private practice, to work in the Intake Division; and

Four new litigation attorneys: **Richard Gleason**, **Rory Quinn**, and **Michael Rusch** who join the ARDC from private practice after having all served as Cook County Assistant State's Attorneys, and **Patrick Bernard** comes over from the Illinois Department of Professional Regulation.

Compensation Study

Also in response to the departure of several staff counsel to pursue other attractive employment opportunities during 2018 and 2019, and certain signs of an improving legal marketplace in 2019, the ARDC hired a compensation consultant to conduct a salary and benefits study. The last such study conducted for the ARDC was done in 2008. Beginning in 2010, the ARDC had applied the Court's fiscal restraint directives and limited compensation growth. In 2019, the compensation study found generally that ARDC salaries were consistent with public and not-for-profit benchmarks.

IT Staffing and Resources

The ARDC contracted with a national managed cloud services consultant to migrate its premise-based IT system to the cloud and manage that cloud-based system. That project is well underway and the ARDC has reduced its IT staff by three.

ILLINOIS LAWYER POPULATION

Master Roll Demographics

Attorney Population in 2019

The 2019 Master Roll of Attorneys for the state of Illinois numbered 94,662 attorneys at the end of the 2019 registration year, comprised mostly of Active and Inactive status lawyers. The total number of Active and Inactive registered lawyers for 2019 does not include the 1,459 attorneys who first took their oath of office in November or December 2019, when the Commission began the 2020 registration process.

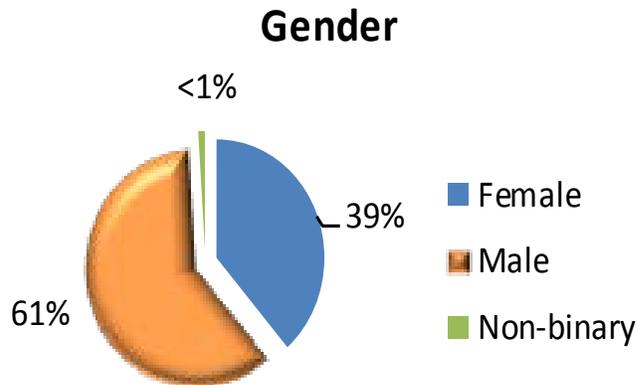
Beginning in 2014, the rate of growth in the lawyer population has been virtually static.¹ There were only 54 more registered lawyers in 2019 than in 2018, which marked the first net decrease in the Illinois lawyer population reported since the Commission was established in 1973. Similarly, the total number of lawyers in the United States has seen little increase in the last few years; in 2019, there were 1.35 million lawyers in the U.S. – nearly unchanged from the previous year (0.7% increase), and not much above the 2015 figure of 1.3 million. See [ABA National Lawyer Population Survey: Historical Trend in Total National Lawyer Population \(1878-2019\)](#) and [Lawyer Population by State \(2018-2019\)](#), which tracks “active and resident” lawyer populations nationally and by state.²

The slowing in the growth of the Illinois lawyer population, noted in the 2002 ARDC Annual Report, began in the late 1990s and contrasts sharply with the substantial growth in the number of lawyers both nationally and in Illinois during the 1970s, 1980s and mid-1990s. See 2002 ARDC Annual Report, at page 3. One factor impacting Illinois lawyer population growth were changes in 2000 to the Supreme Court rules governing registration categories. Amendments to Rule 756 added a retired status category for the first time and also eliminated the out-of-state registration category thereby requiring lawyers located or practicing out-of-state to choose active, inactive or retired status. The number of lawyers removed for reasons including nonpayment, death, discipline and retirement jumped from 993 in 1999, to 2,407 in 2000. See 2000 ARDC Annual Report, at page 3; Chart 4 Attorney Removals from the Master Roll: 2009-2019 Registration Years, at Appendix.

¹ See Chart 25A Registration Growth for the past fifteen years (2005-2019), at Appendix. ARDC Annual Reports (1973-2019) are available online at www.iardc.org/AnnualReports.html

² According to the 2019 ABA National Lawyer Population Survey, the five states with the largest number of active lawyers living in the state experienced the following growth between 2009 and 2019: New York (18.7%); California (13.4%); Texas (21.5%); Florida (27.7%); and Illinois (7.3%). From 2018 to 2019 (12/31/18), however, the rate of growth was negligible: New York (1.5%); California (0.0%); Texas (0.8%); Florida (0.3%); and Illinois (-1.1%).

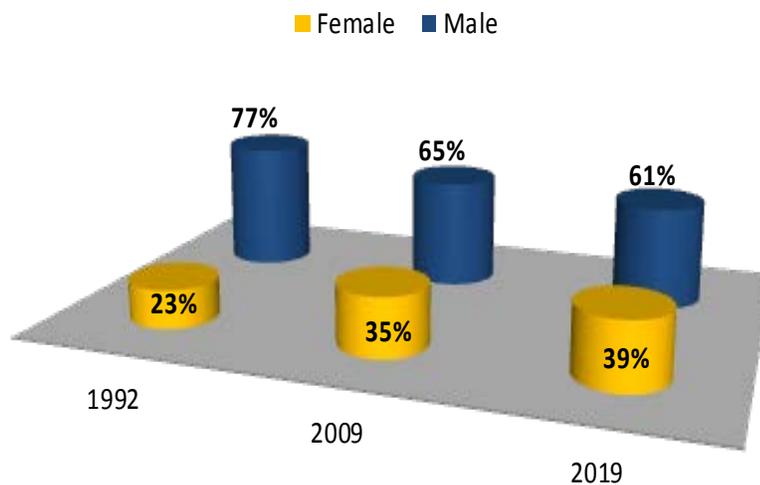
Age, Gender and Years in Practice for Attorneys Registered in 2019

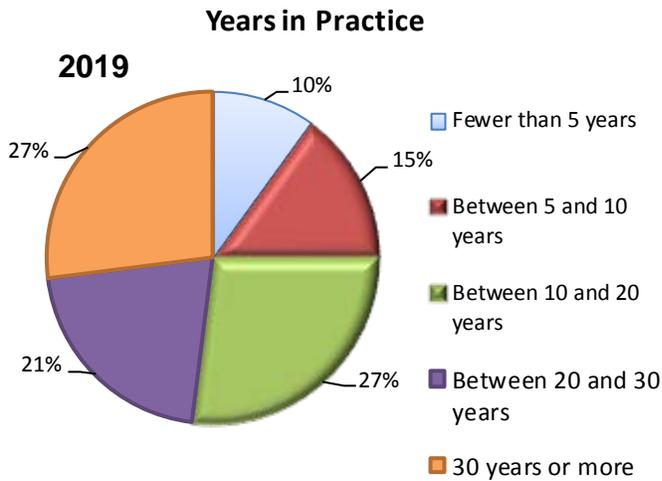


It is notable that female lawyers, which increased 1% over 2018, now make up 39% of the profession in Illinois. This represents the highest percentage of female lawyers in the profession since this statistic was first reported in 1992, when women constituted 23% of the legal profession in Illinois, and is above the national average of 36% female lawyers in the United States. See [ABA National Lawyer Population Survey, 10-Year Trend in Lawyer Demographics \(2009-2019\)](#).

Trend of Registered Lawyers By Gender*: 1992-2019

*Binary was added as a registration choice for lawyers starting in 2018



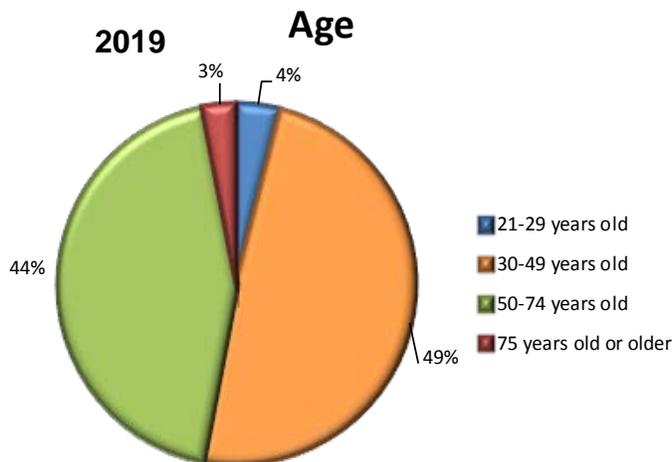


In 2019, 25% of the profession was less than 10 years in practice, a 1% decrease over 2018.

The number of lawyers less than 10 years in practice has steadily declined 17% since 1992, when age and years in practice, in addition to gender, were first reported. Conversely, those lawyers over 10 years in practice increased from 58% of the profession in 1992, to 75% in 2019.

| | <5 yrs. | 5-10 yrs. | 11-20 yrs. | 21-30 yrs. | 30+ yrs. |
|-------------|---------|-----------|------------|------------|----------|
| 1992 | | 42%* | | 58%* | |
| 2009 | 16% | 14% | 27% | 23% | 20% |
| 2019 | 10% | 15% | 27% | 21% | 27% |

* For ARDC annual reports 1992-2006, the breakdown reported was less than 10 years in practice and over 10 years in practice.



This changing demographic is also reflected in the age of Illinois lawyers. In 1992, lawyers aged 21 to 29 years old constituted 8% of the profession. In 2019, these lawyers are only 4% of the profession.

By comparison, lawyers between the ages of 50 and 74 years constituted 22% of the legal profession in 1992. In 2019, these lawyers accounted for 44% of the profession.

| | 21-29 yrs. | 30-49 yrs. | 50-74 yrs. | +75 yrs. |
|-------------|------------|------------|------------|----------|
| 1992 | 9% | 65% | 22% | 4% |
| 2009 | 7% | 52% | 39% | 2% |
| 2019 | 4% | 49% | 44% | 3% |

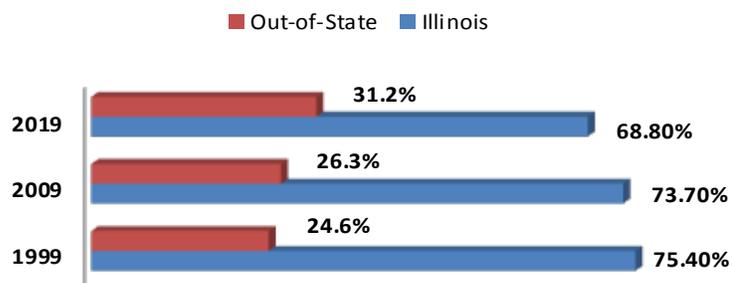
Principal Business Location

All Active and Inactive Registered Lawyers

Of the 94,622 lawyers registered in 2019, 65,107 or 68.8% of Active and Inactive attorneys reported a principal business address in Illinois, a 0.4% increase over 2018. 29,555 or 31.2% of registered attorneys reported a principal address outside Illinois in 2019. This breakdown is fairly consistent with the average percentage reported between 2014 and 2019, where lawyers practicing principally in Illinois averaged around 68.5% versus out-of-state state lawyers at 31.5%.

Beginning in 2013, however, the percentage of Illinois-centric lawyers began to markedly decline. See 2013 ARDC Annual Report, at page 8. Prior to 2013, the percentage of lawyers with a principal business location in Illinois was at least 73% or greater of the Illinois legal population. There has been a steady increase in the number of lawyers with their principal business address outside of Illinois over the past 20 years. See Chart 1A Principal Business Location: In-State vs. Out-of-State Lawyers 1999-2019, at Appendix. This decline may be a reflection of a national trend toward a relaxation of the rules allowing for reciprocal admission to another state. 69.4% of these 29,555 lawyers hold a license in another jurisdiction in addition to their Illinois license.

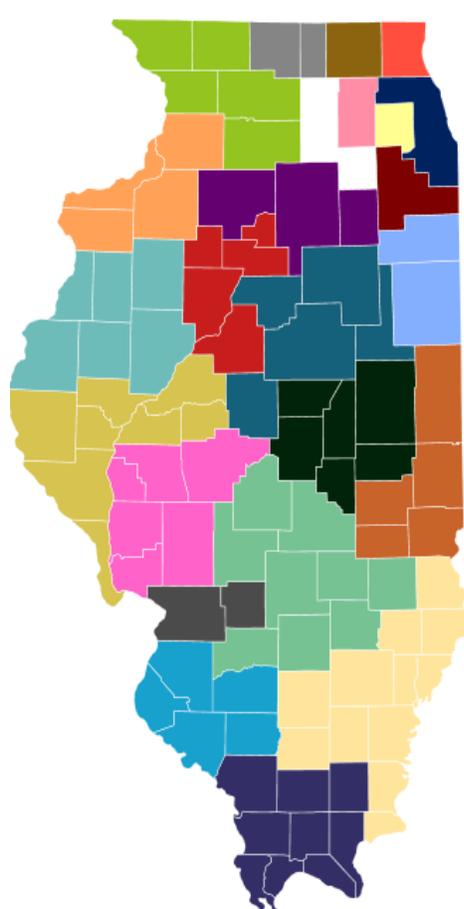
Trend of Principal Business Location: Illinois vs. Out-of-State



The top five jurisdictions where these out-of-state lawyers are located continue to be: Missouri, California, Indiana, Texas, and Florida. These 29,555 attorneys registered as either active (67.6%) and able to practice under the auspices of their Illinois license or inactive (32.4%).

Active and Inactive Registered Lawyers by County: 2018-2019

Total 2018: 64,679 | Total 2019: 65,107



Judicial Circuit

- 1st
- 2nd
- 3rd
- 4th
- 5th
- 6th
- 7th
- 8th
- 9th
- 10th
- 11th
- 12th
- 13th
- 14th
- 15th
- 16th
- 17th
- 18th
- 19th
- 20th
- 21st
- 22nd
- 23rd
- Cook

Of the 65,107 Active and Inactive lawyers located in Illinois in 2019, 84.6% or 55,107 lawyers have an Active status license.

Of those 55,107 Active status lawyers in Illinois, 69.7% or 38,431 are in private practice.

86.8% or 33,359 of the 38,431 lawyers in private practice with an Active status license practice within the six most populous counties in the state (Cook, DuPage, Will, Kane, Lake and McHenry); 5,072 or 13.2% practice in the remaining 96 counties of the state.

Map: Illinois ARDC. Created in partnership with the Chicago Daily Law Bulletin. Click [here](#) to view interactive map.

See also Charts 2 and 3 for the distribution of Active and Inactive lawyers located in Illinois by judicial district, circuit and county (2014-2019), Appendix.

Practice Demographics

Lawyers must report *pro bono*, trust account, malpractice insurance information, and other practice-related information during the annual registration process as required by Supreme Court Rule 756(c) through (g). Most of the data collected under the rule is confidential except for the contact information provided in most attorneys' listings on the Master Roll and whether a lawyer maintains malpractice insurance.

Beginning with the 2016 registration year, lawyers on Active status and engaged in the practice of law must provide certain practice related information. The information provided is confidential

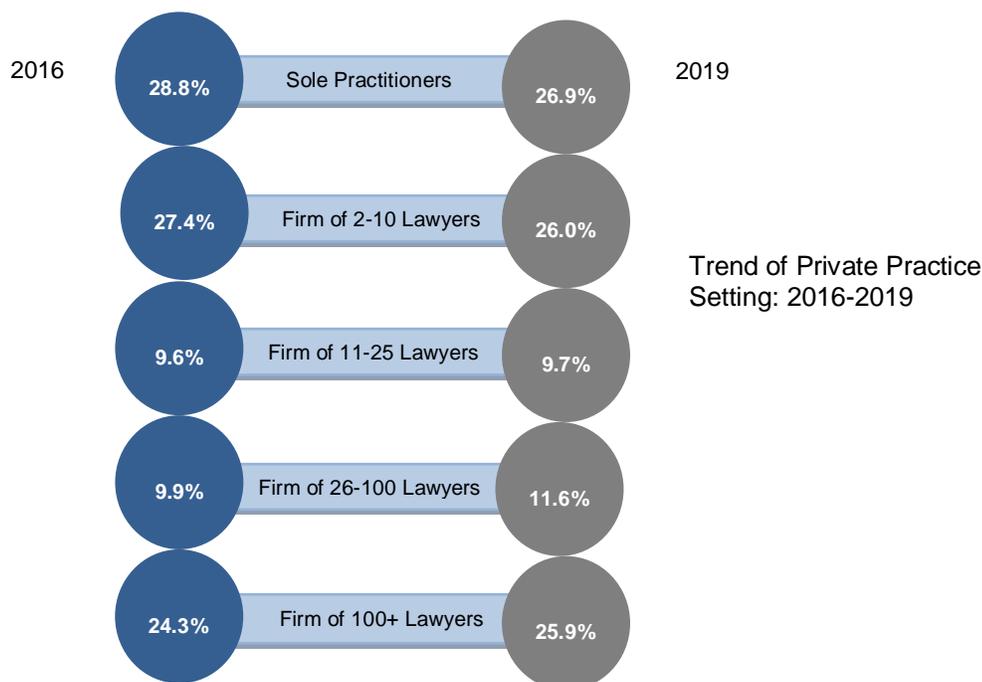
and is permitted to be reported in the aggregate under the rule.

Practice Setting

Of the 82,571 responses from lawyers with an Active registration status for 2019, 73,787 or 89.4% indicated that they are currently practicing law. Of the 73,787 Active status lawyers currently engaged in the practice of law, 67.8% or 49,996 are in a private setting. See Chart 6A 2016-2019 Practice Setting: Active Status and Currently Practicing, Appendix.

Practice Size

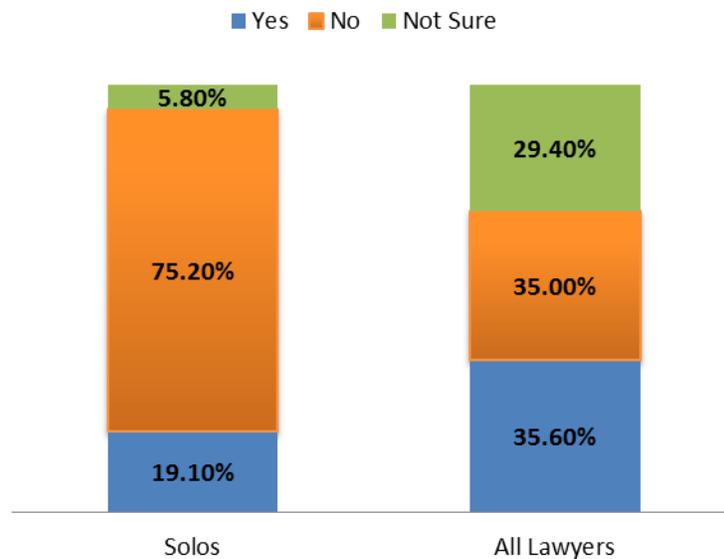
Of the 49,996 of lawyers with an Active status license, engaged in the practice of law, in private practice, 26.9% practice as sole practitioners. Sole practitioners and lawyers in firms of 2 to 10 lawyers account for 52.9% of lawyers actively practicing in private practice, a 3.3% decline since 2016. Conversely, firms of lawyers with more than 25 lawyers increased 3.3% since 2016. Lawyers in law firms of 11 to 25 lawyers accounted for 9.7% in 2019 and this figure has remained fairly constant. See Chart 6B 2016-2019 Practice Size: Active Status, Currently Practicing, and in Private Practice, at Appendix.



Succession Planning

Under Rule 756(g), Active status lawyers engaged in the practice of law must disclose whether the entity at which they practice law has established a written succession plan. A succession plan is a plan for how the law firm will function in the event of the lawyer's death, disability or other inability to continue a law practice. At a minimum, such a plan should identify another person, preferably a lawyer, who agrees to assume responsibilities for notifying clients and disposing of client-related materials and other property. This is particularly critical for lawyers in a solo practice.

Succession Planning Responses in 2019



Of the 13,443 Active status lawyers that identify as solo practitioners engaged in the private practice of law, 19.1% reported that they have a written succession plan, an increase of 1.4 % over the prior year and a 3.0% since 2016. 75.2% reported that they do not have a written succession plan and 5.8% indicated that they are not sure of whether they have a plan in place. See Chart 7A 2016-2019 Succession Planning: Active Status, Currently Practicing, and in Private Practice, at Appendix. 28.5% of sole practitioners that identify real estate as their practice area do not have a written succession plan. See Chart 7B Top Five Practice Areas of Solo Firm Lawyers Who Responded "No" to Written Succession Plan, at Appendix.

Report on Pro Bono Activities

Under Supreme Court Rule 756(f), all lawyers are required to report voluntary *pro bono* service and monetary contributions on their registration forms even though pro bono activities are voluntary. Of the 94,662 lawyers registered for 2019, 31,954 or 33.7% reported that they had provided a total of 1,918,462 *pro bono* legal service hours. Of those, the average lawyer provided 60 hours of pro bono time during 2019, above the aspirational goal of ABA Model Rule 6.1 of providing at least 50 hours of pro bono legal services per year.

73% or 23,367 of all lawyers reporting pro bono service in 2019, were lawyers located in Illinois. Of those resident Illinois lawyers, 23,211 were Active status lawyers, representing 42.1% of all Active status lawyers located in Illinois (55,107) and 50.1% or 19,263 of all Active status lawyers located in Illinois and in private practice in 2019 (38,431).

Of the 62,708 attorneys who reported that they had not provided *pro bono* legal services, 9,482, or 15.1%, indicated that they were prohibited from providing *pro bono* legal services because of their employment. The information reported by individual attorneys concerning voluntary *pro bono* service and trust accounts is confidential under Supreme Court Rule 766 and is not reported as part of a lawyer's individual listing under "Lawyer Search" on the ARDC website (www.iardc.org).

Report on Pro Bono Hours (2014-2019)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Type of <i>Pro Bono</i> Services | Service Hours |
| Legal services to persons of limited means | 1,071,492 | 1,083,664 | 1,022,811 | 1,051,684 | 1,129,983 | 1,096,544 |
| Legal services to enumerated organizations designed to address needs of persons of limited means | 354,054 | 372,601 | 326,961 | 335,118 | 355,969 | 333,371 |
| Legal services to enumerated organizations in furtherance of their purposes | 559,543 | 545,450 | 462,419 | 471,646 | 473,603 | 444,546 |
| Training intended to benefit legal service organizations or lawyers providing <i>pro bono</i> services | 45,325 | 54,272 | 43,572 | 54,874 | 48,051 | 44,001 |
| Total: | 2,030,414 | 2,055,987 | 1,855,763 | 1,913,322 | 2,007,606 | 1,918,462 |

18,206 lawyers made \$16,930,744 in monetary contributions in 2019. Although there was a decrease of 7.1% in the number of lawyers making monetary contributions over 2018, the average amount contributed per lawyer increased from \$880 in 2018 to \$930 in 2019.

Monetary Contributions to Pro Bono Service Organizations (2014-2019)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Amount Contributed</i> | \$14,270,521 | \$14,802,544 | \$16,005,396 | \$17,858,268 | \$18,223,917 | \$16,930,744 |
| <i>Number of lawyers who made contributions</i> | 17,179 | 17,565 | 18,619 | 19,871 | 20,709 | 18,206 |
| <i>% of lawyers who made contributions</i> | 18.5% | 18.7% | 19.7% | 21.0% | 21.9% | 19.2% |

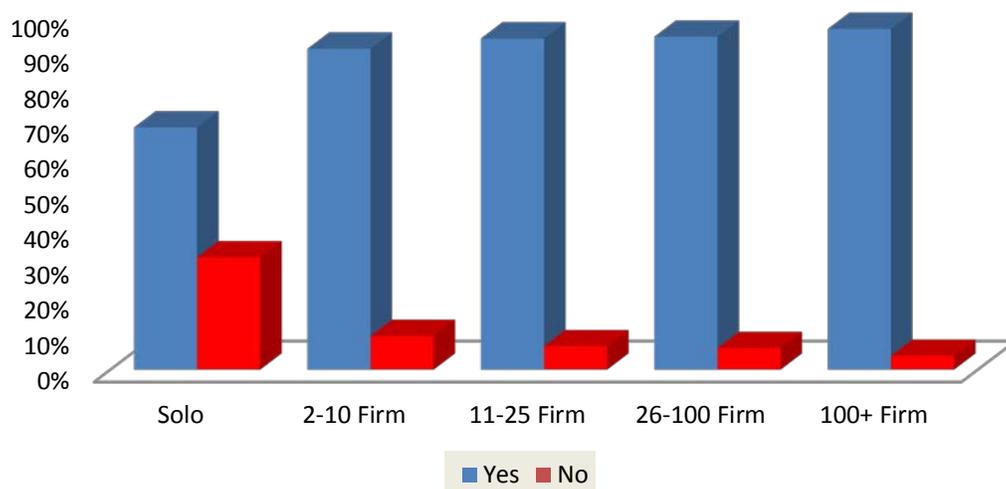
Not reflected in the above chart is the fact that most Illinois lawyers contribute to the funding of legal aid through the \$95 portion of the full annual registration fee paid by Active status lawyers that is remitted to the Lawyers Trust Fund of Illinois, as well as the contributions lawyers have made to other charitable and not-for-profit organizations. For the 2019 registration year, \$7,091,476.00 was remitted to the Lawyers Trust Fund. A total of \$74,169,342 has been remitted to the Lawyers Trust Fund since the 2003 registration year, the first year the ARDC began the collection and remittance of this fee as provided in Supreme Court Rules 751(e)(6) and 756(a)(1).

Trust Accounts

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

From the 94,622 lawyers who were registered for 2019, 50.8% or 48,078 of all registered lawyers reported that they or their law firm maintained a trust account sometime during the preceding 12 months. 81.3% of these trust accounts were IOLTA accounts and 18.7% were non-IOLTA accounts. Of those who reported that they or their law firm did not maintain a trust account, nearly 50% reported that they had no outside practice because of their full-time employment in a corporation or governmental agency. See Chart 8A, Trust Account Disclosure Reports in 2019, at Appendix. For sole practitioners in private practice, 31.7% reported that they did not maintain a trust account as compared to all other firms with 2 or more lawyers, which averaged around 6.1%. These figures have remained fairly constant since 2016 when this information was first required to be disclosed in registration. See Chart 8B, 2016-2019 Trust Account Disclosure Reports, at Appendix.

2019 Private Practice Lawyers with Trust Accounts



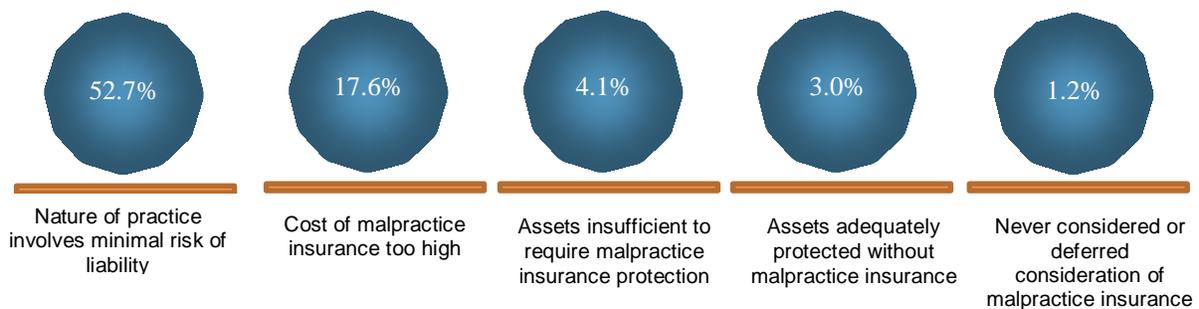
Malpractice Insurance

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

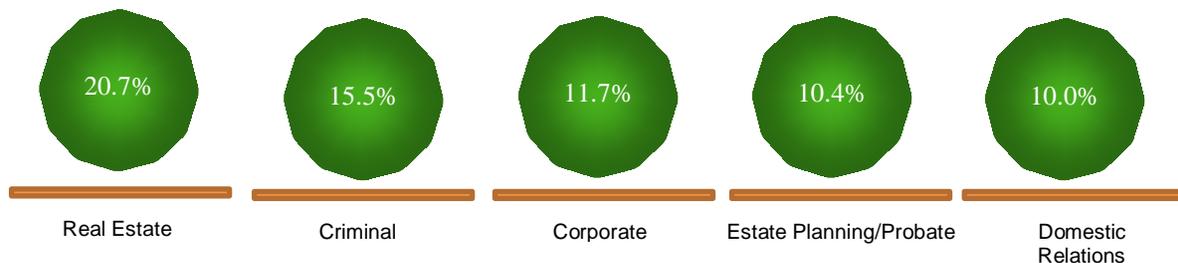
In 2019, 55.0% of all 94,662 registered lawyers reported that they have malpractice insurance, a 0.5% increase from 2018 and an overall increase of 2.7% over the past five years. See Chart 9A Malpractice Disclosure: 2014-2019, at Appendix.

Of the 49,996 lawyers with an Active status license currently engaged in private practice (who most likely may have the need to carry malpractice), that number increases significantly. 87.4% of lawyers in private practice reported that they carried malpractice insurance, an increase of 3.4% since 2016. In terms of practice size, 62.1% of sole practitioners reported that they carried malpractice insurance as compared to at least 94% of firms of 2 and above that responded in the affirmative. See Chart 9B Malpractice Disclosure: Active Status, Currently Practicing Law and in Private Practice: 2016-2019, at Appendix.

The top five reasons given by solo practitioners who responded “No” to the malpractice question:



The top five practice areas identified by solo practitioners who responded “No” to the malpractice question:

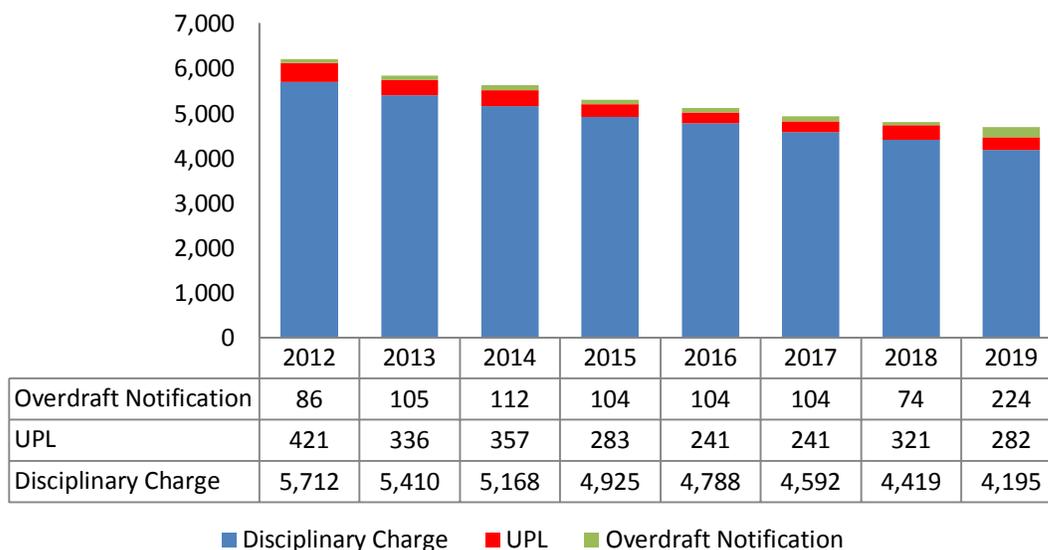


2019 Investigations, Prosecutions and Sanctions

Investigations Initiated in 2019

During 2019, the Commission docketed 4,937 investigations, a 1.8% decrease over the prior year and a 22.8% decline beginning after 2013 and continuing for the past seven years.

Trend of Top Three Categories of Investigations: 2012-2019



See Chart 10 Trend of Types of Investigations: 2013-2019, at Appendix.

Those 4,937 investigations involved charges against 3,633 different attorneys, representing 3.8% of all registered attorneys. About 16.7% of these 3,633 attorneys were the subject of more than one investigation docketed in 2019. See Chart 11, Appendix, which also shows the percentage of lawyers who were the subject of a grievance by gender and years in practice.

Grievances that stem from a breakdown in the attorney-client relationship (neglect of a client's cause, failure to communicate, billing and fee issues, and improper management of client trust funds) are consistently the top areas of grievance each year and account for 54.7% of all grievances. Consistent with prior years, the top subject areas most likely to lead to a grievance of attorney misconduct are criminal law, domestic relations, tort, real estate, and probate. See Charts 12 2019 Classification of Charges and Chart 13 2019 Area of Law, at Appendix

Investigations Concluded in 2019

In 2019, 4,802 investigations were concluded. If an investigation does not reveal sufficiently serious, provable misconduct, the Administrator will close the investigation. Of the 4,802 closed investigations in 2019, 4,667 were concluded by the Administrator's staff: 1,147 grievances were closed after initial review of the complainant's concerns and 3,520 were closed after investigation. See Chart 14 Investigations Docketed and Concluded: 2014-2019, at Appendix.

If an investigation produces evidence of serious misconduct, the case is referred to the Inquiry Board, unless the matter is filed directly with the Supreme Court under Rules 757, 761, 762(a), or 763. The Inquiry Board operates in panels of three, composed of two attorneys and one nonlawyer, all appointed by the Commission, and has authority to vote a formal complaint if it finds sufficient evidence to support a charge, to close an investigation if it does not so find, or to place an attorney on supervision under the direction of the panel pursuant to Commission Rule 108. The Administrator cannot pursue formal charges without authorization by an Inquiry Board panel.

In 2019, 15 grievances resulted in the filing of a petition for discipline directly with the Supreme Court, 68 grievances were voted as disciplinary complaints by the Inquiry Board and an additional 48 files were closed after Inquiry Board review. Four grievances were concluded upon compliance with Commission Rule 108 conditions. See Chart 15 Investigations Concluded in 2019, at Appendix.

In keeping with the Commission's policy that disciplinary matters be handled expeditiously, more than 93% of grievances where no misconduct was alleged were concluded within 60 days of the docketing of the grievance and 58% requiring investigation were closed within 90 days of receipt. See Chart 16 Timeliness of Investigations Concluded in 2019, at Appendix.

Unauthorized Practice of Law Investigations

Since December 2011, the ARDC, pursuant to its authority under Supreme Court Rule 779, investigates allegations of engaging in the unauthorized practice of law (UPL) made against suspended and disbarred Illinois lawyers, out-of-state lawyers licensed in another jurisdiction, and persons not licensed in any jurisdiction.

Approximately 900 investigations were initiated between 2012 and 2019. See Chart 18A Rule 779 Unauthorized Practice of Law Investigation (2012-2019), at Appendix. In 2019, there were 117 investigations opened involving UPL charges against 83 unlicensed individuals or entities, 22 against out-of-state lawyers and 12 involving disbarred or suspended Illinois lawyers. The top areas of law involved in UPL investigations in 2019 were real estate (25%), criminal (16%), and immigration (14%). See Chart 18B Area of Law in 779 Investigations in 2019, at Appendix.

UPL proceedings against a suspended Illinois lawyer or a lawyer from another U.S. jurisdiction are begun by filing a disciplinary complaint before the Hearing Board and proceeding as Supreme Court Rule 753 directs. In 2019, two lawyers were sanctioned by the Illinois Supreme Court.

UPL proceedings against a disbarred Illinois attorney or against a person, entity or association that is not licensed to practice law in any other United States' jurisdiction may be brought as civil or contempt actions commenced in the circuit court pursuant to the Supreme Court's rules, its inherent authority over the practice of law, and other laws of the state related to the unauthorized practice of law. Between 2012 and 2019, 38 complaints have been filed in the circuit court mostly against unlicensed persons. See Chart 18C Rule 779(b) UPL Actions Filed in the Circuit Court (2012-2019), at Appendix.

In 2019, the Administrator initiated two formal actions in circuit court against non-attorneys for operating a law firm without a license. In one case, a Cook County man, Hiran Y. Patel, was sentenced to nine months' incarceration after an investigation initiated by the ARDC revealed he had been acting as a lawyer for more than four years despite never receiving a law license. His unlicensed practice — Patel Law Group — represented clients in immigration and divorce proceedings.

In addition, ARDC staff coordinates with other regulators and provides outreach regarding UPL matters. ARDC staff liaison with the Illinois State Bar Association's Task Force on the Unauthorized Practice of Law, the Chicago Bar Association's Unauthorized Practice & Multidisciplinary Practice Committee, and serve on the American Bar Association's Standing Committee on Public Protection in the Provision of Legal Services. The ARDC also regularly communicates with the Illinois Attorney General's Office and counsel from various state's attorneys' offices in connection with UPL cases, and consults with the Federal Trade Commission about these UPL matters. Finally, since investigation and formal action involving out-of-state attorneys may involve attorney regulators from other states, the ARDC frequently coordinates with those authorities in unauthorized practice investigations.

Overdraft Trust Account Notification Investigations

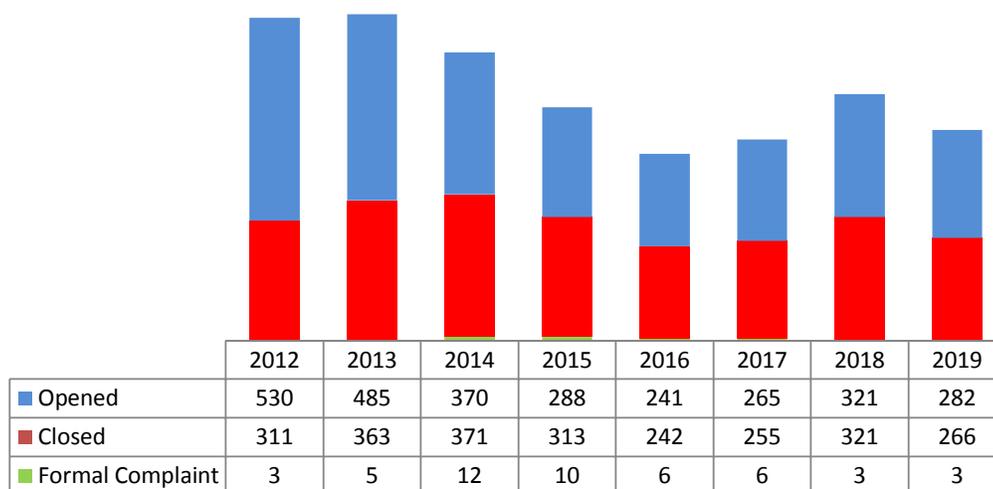
Since adoption of the automatic overdraft notification rules in September 2011, RPC 1.15(h), financial institutions are required to notify the ARDC of a client trust account overdraft. In most overdraft investigations, the lawyer is required to provide a written explanation of the facts and circumstances that caused the account shortage, together with copies of relevant financial records.

Many overdraft investigations show that the overdraft was the result typically of a mathematical, clerical or accounting error rather than intentional misuse of client funds; however, some overdraft investigations reveal problems with the lawyer's handling of trust funds or the lawyer's

recordkeeping practices. In these situations, the ARDC’s focus is to educate the attorney regarding the requirements of Rule 1.15 of the Illinois Rules of Professional Conduct and to ensure that necessary practice corrections are made such as ARDC counsel directing lawyers to review sections of the ARDC’s [Client Trust Account Handbook](#) or to view the ARDC’s webinars covering the requirements of Rule 1.15 (see ARDC [CLE Seminars](#).) Lawyers may also be provided with sample recordkeeping forms or may receive informal one-on-one instruction on trust account recordkeeping. Lawyers who implement changes in their trust accounting practices to correct deficiencies may be asked to complete written reports regarding their improved trust accounting practices to ensure that all rule requirements are being met.

After the overdraft notification rule took effect in 2012, there was an average of 460 investigations opened each year. Beginning in 2015, however, the number of overdraft notices has decreased significantly to an average of 280 new filings each year. In 2019, 282 overdraft investigations were opened. Evidence that client funds were converted will likely result in the filing of a formal complaint against the lawyer. Three investigations resulted in the filing of formal disciplinary complaints in 2019. Only 48 formal complaints or 1.7% of the 2,782 notices received since 2012 have resulted in formal disciplinary charges.

Trend of Overdraft Notification Investigations: 2012-2019



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

If a practice is closing due to the lawyer's death, disability or disappearance and if “no partner, associate, executor or other responsible party capable of conducting the lawyer's affairs is known to exist,” Supreme Court Rule 776 provides for the appointment of a receiver to inventory the law firm files and fulfill the duties necessary to close the practice. The ARDC has provided

assistance to the family, friends, and professional colleagues who have undertaken to close a lawyer's practice as well as to those appointed as a receiver. In the event that there is no one to assume this responsibility, the ARDC will seek to be appointed receiver to ensure that clients' interests are not prejudiced by the lawyer's absence from the practice.

In 2019, the ARDC was appointed receiver of a lawyer's law practice in four matters. Since 2014, the ARDC has been appointed a receiver of a lawyer's practice in 19 instances, seven of which were active in 2019. In addition, the ARDC conducted 17 investigations in 2019 to determine if a receivership was necessary. See Chart 23, ARDC-Appointed Receiverships (2014-2019), at Appendix.

Disciplinary and Regulatory Proceedings

Supreme Court Filings

In 2019, the ARDC initiated the filing of 39 disciplinary and disability matters filed directly with the Illinois Supreme Court. See Chart 19 Proceedings Filed Directly with the Illinois Supreme Court (2015-2019), at Appendix. This is in addition to the 51 disciplinary proceedings filed before the Hearing Board in 2019. See Chart 20A Matters Before the Hearing Board in 2019, at Appendix.

Hearing Board Filings

A formal complaint setting forth all allegations of misconduct pending against the attorney is filed when an Inquiry Board panel authorizes the filing of charges. The matter then proceeds before a panel of the Hearing Board which functions much like a trial court in a civil case. Each panel is comprised of three members, two lawyers and one nonlawyer, appointed by the Commission. 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. See Chart 24, Non-Disciplinary Actions by the Supreme Court in 2019, at Appendix.

There were 51 cases added to the Hearing Board's docket in 2019. The decreasing number of disciplinary investigations since 2013 is also reflected in the declining number of new filings at the Hearing Board. The average number of new filings before the Hearing Board between 2005 and 2014 was 124 each year. The average number of new filings after 2014, is now 73 each year, representing a 58.9% decrease over the past five years. See Chart 25B Disciplinary and Regulatory Proceedings (2005-2019), at Appendix.

Of those 51 new cases, 44 were initiated by the filing of a new disciplinary complaint. See Chart 20A Matters Before the Hearing Board in 2019, at Appendix. The majority of the 44 lawyers charged were 30 or more years in practice (38.6%), 50 to 74 years of Age (63.6%), and male (81.9%). See Chart 20B Demographics of Lawyers Charged in 2019, at Appendix. Fraudulent or deceptive activity was the basis for 73% of the misconduct charges, followed by improper handling of trust funds at 30%, and failure to respond to or making a false statement in the disciplinary investigation accounting for 27%. See Chart 20C Types of Misconduct Alleged in 2019, at Appendix. The top five subject areas involved in the complaints are: probate (30%), real estate (20%), tort (14%), and the lawyer’s own criminal conduct or conviction (14%), and domestic relations (11%). See Chart 20D Subject Area Involved, at Appendix.

Hearing Board Dispositions

The Hearing Board concluded a total of 71 matters, including 63 disciplinary cases during 2019. As shown in the chart below, 18 cases or 29% proceeded as contested hearings and involved the filing of a comprehensive report and recommendation. 32 cases were closed by the filing of discipline on consent, and 7 proceeded as a default hearing. The remaining 43 cases were concluded without the need to prepare a detailed report and recommendation from the Hearing Board.

| 2019 Disciplinary Cases: Rules 753 & 761(d) | |
|---|-----------|
| Case closed by filing of petition for discipline on consent other than disbarment | 28 |
| Recommendation of discipline after contested hearing | 18 |
| Recommendation of discipline after default hearing | 7 |
| Case closed by filing of motion for disbarment on consent | 4 |
| Case closed by administration of a reprimand to respondent by consent | 1 |
| Complaint dismissed after hearing | 4 |
| Case closed by death of respondent | 1 |
| 2019 Total Disciplinary Cases | 63 |

In addition to disciplinary cases, the Hearing Board also presided over reinstatement and disability petitions in 2019.

| 2019 Reinstatement Petitions: Rule 767 | |
|--|---|
| Recommendation of petition allowed with conditions after contested hearing | 1 |
| Petition withdrawn | 5 |
| 2019 Disability Inactive Status Petitions: Rule 758 | |
| Recommendation of petition allowed after contested hearing | 1 |

Review Board Dispositions

Once the Hearing Board files its report in a case, either party may file a notice of exceptions to the Review Board, which serves as an appellate tribunal.

The Review Board is composed of nine lawyer members appointed by the Supreme Court to three-year terms. The Supreme Court designates one member of the Board as Chair. The Review Board is assisted by a legal staff hired by the Commission that is separate from the Administrator's office and the Hearing Board's adjudication staff. The charts below show activity at the Review Board during 2019.

2019 Cases pending on January 1, 2019: 7

2019 Cases filed in 2019: 19

Exceptions filed by Respondent 12

Exceptions filed by Administrator 7

Exceptions filed by both 0

2019 Cases concluded in 2019 17

Hearing Board affirmed 7

Hearing Board reversed on findings and/or sanction 8

Notice of exceptions withdrawn 2

Supreme Court Matters

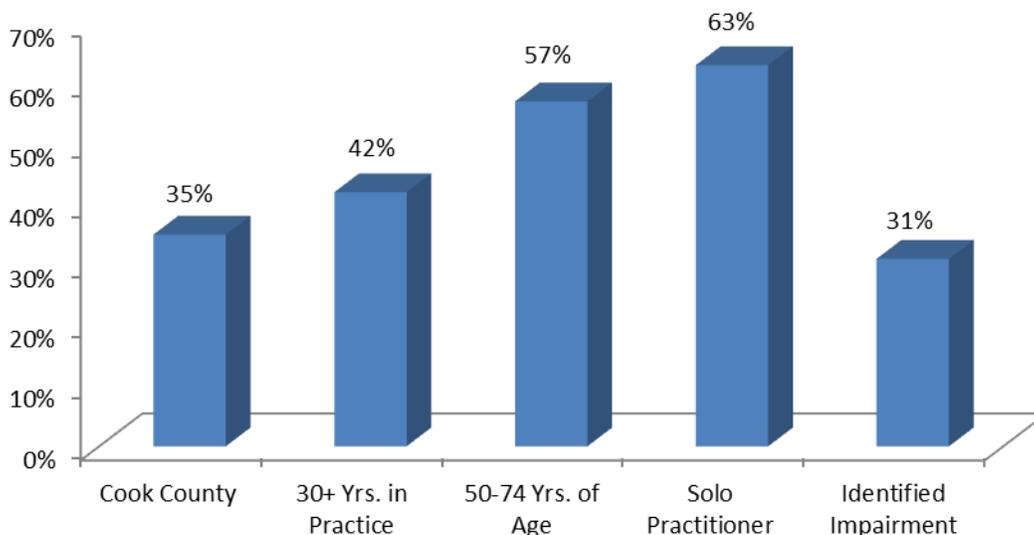
Disciplinary Cases

The Supreme Court has sole authority to sanction attorneys for misconduct, except for a reprimand, which can be imposed in a disciplinary case without order of the Court by either the Hearing or Review Board. In 2019, the Court entered 96 sanctions against 95 lawyers (one lawyer was disciplined twice in 2019).



In addition to the 95 lawyers disciplined by the Supreme Court, there was one lawyer reprimanded by the Hearing Board in 2019. The Hearing and Review Boards have the authority to reprimand a lawyer in addition to the Supreme Court. Other than Board reprimand, however, the Hearing and Review Boards issue reports that include recommendations to the Supreme Court for disposition. Disciplinary cases reach the Court in several different ways. Some disciplinary matters are filed directly with the Court upon petition and others are initiated by the filing of an action before the Hearing Board. See Chart 21A Disciplinary Sanctions Entered By Supreme Court in 2019, at Appendix

Lawyers Sanctioned in 2019



35% of lawyers disciplined in 2019 had their principal business location in Cook County. Sole practitioners accounted for 63% of the 96 lawyers disciplined in 2019. See Charts 21A-21C, at Appendix, for demographic information on the 96 lawyers disciplined in 2019.

It is frequently seen in discipline cases that an attorney-respondent is impaired by addiction to alcohol or other substance or suffers some mental illness or disorder. Thirty out of the 96 lawyers disciplined in 2019, or 31%, had at least one substance abuse or mental impairment issues, and 8 lawyers or 27% had more than one identified impairment. In addition, 18 out of the 30 disciplined lawyers with identified impairments, or 60%, were sole practitioners at the time of the misconduct. These statistics reflect only those cases in which one or more impairments were raised either by the lawyer or otherwise known by staff counsel. It is likely that many cases involving impaired lawyers are never so identified. See Chart 21D, Impairments Identified, at Appendix.

CLIENT PROTECTION PROGRAM

The Supreme Court of Illinois created the Client Protection Program under Supreme Court Rule 780 to reimburse clients who lost money as the result of the dishonest conduct of an Illinois lawyer who has been disciplined or is deceased. Funded by a \$25 annual assessment paid by most Active status lawyers and remitted to the Client Protection Program Trust Fund, the maximum per-award limit is \$100,000 and the per-lawyer limit is \$1 million. The Program does not cover losses resulting from professional negligence or malpractice and does not consider claims involving fee or contract disputes.

In 2019, 277 claims were filed and the Commission approved payment of \$1,392,321 on 56 claims against 26 lawyers. 132 claims were denied. Four approvals were for the \$100,000 maximum, and 22 were for \$10,000 or less. The Commission awarded more than \$547,861 on 13 claims involving Rajesh Kanuru. Kanuru was disbarred on consent in 2018 for intentional misuse of settlement funds in workers' compensation and tort cases.

The amount paid out in the last few years has increased significantly, due in part to increases in the claim cap and larger dollar misappropriation of client funds. The original claim cap was \$10,000. The cap was increased from time to time over the years, and in 2014 was increased to \$100,000. The average amount paid per year from 2014 to 2019 was \$2,062,856. 69% of claims approved involved claims of intentional misappropriation of client funds and 39% arose out of tort matters. See Charts 27A and B, Appendix.

Commission Rules 501 through 512 govern the administration of the Program. More information about the Client Protection Program is [available online](#) on the ARDC website.

DIVERSION AND PROBATION PROGRAM

The ARDC utilizes remedial actions in disciplinary matters as a way to meaningfully address some causes of lawyer misconduct particularly involving mental health and addiction impairments and law office management issues. The ARDC continues to explore practical and innovative approaches to prevent future harm and restore the public's trust in the administration of justice and the rule of law.

Referrals to the Illinois Lawyers' Assistance Program (LAP). Supreme Court Rule 766 allows the ARDC to make referrals to LAP during an otherwise confidential stage of a matter, when the investigation has revealed reasonable cause to believe that a lawyer is or may be addicted to or abusing drugs or alcohol or may be experiencing a mental health condition or other problem impairing the lawyer's ability to practice law. The ARDC will also refer all respondents subject to a DUI or criminal case involving substance abuse or mental illness issues as well as lawyers who default in their disciplinary proceedings. ARDC referrals to LAP continue to increase and in 2019, there were 57 referrals made to LAP as compared to 46 in 2018, 40 referrals in 2017 and 11 in 2016. Of those 57 referrals to LAP in 2019, only three resulted in the initiation of formal disciplinary proceedings. The majority of the other referrals made in 2019 resulted in diversion and other remedial actions being taken without the need for further regulatory intervention.

Diversion Program under Commission Rules 54 and 56. The Diversion Program allows for closure of an investigation by the ARDC in certain matters if the lawyer agrees to complete one or more activities, services or programs that address the issues that may be causing grievances. Diversion is available in all circumstances except those involving misappropriation, certain criminal acts, unreimbursed injury, and dishonesty, fraud, deceit or misrepresentation. The objective is to encourage early identification and resolution of issues that negatively affect an attorney's ability to properly represent clients and that contribute to grievances and, in addition, to provide assistance to the attorney to rectify those issues and engage with appropriate services. Seven lawyers entered into diversion in 2019.

Pilot ARDC Intermediary Program. In June 2019, the Supreme Court approved the ARDC's establishment of an intermediary program, on a pilot basis, to enhance ongoing efforts to reach out to lawyers who do not respond to repeated ARDC contacts during investigations and proceedings. Statistics suggest that lawyers that fail to participate in a disciplinary matter likely do so because of mental health illness, addiction or other impairment. Under the program, lawyers experienced in dealing with such impairments were hired to act as an intermediary to engage a nonresponsive lawyer. The intermediary acts independent of the ARDC and communications between the intermediary and subject lawyer are privileged and protected under Rules 1.6(d) and 8.3(c). The goal is to decrease the number of lawyers who are unresponsive in a disciplinary matter, provide them with the assistance they may need, and save ARDC time and resources. Eight lawyers were referred to the pilot program, with contact being made with seven lawyers, and of those cooperation and engagement obtained with four.

ARDC Commissioners

The Commission is composed of seven members appointed by the Court for three-year terms. Four Commissioners are Illinois lawyers, and the other three members are nonlawyers. The Commission has administrative responsibility for the registration and discipline of Illinois lawyers. The Commission acts as a board of directors for the disciplinary agency, setting general policy and overseeing its implementation. The Commission also makes Client Protection claim determinations.

Passing of Bernard M. Judge, Commissioner

The Commission was saddened by the death of Bernard M. Judge. Mr. Judge served as a Commissioner of the ARDC from 2012 until the time of his passing in June 2019. A journalist, he served in management positions at the City News Bureau of Chicago, the *Chicago Tribune*, the *Chicago Sun-Times* and the *Chicago Daily Law Bulletin*, where he became the publisher in 2001 until his retirement in 2007. Mr. Judge served previously as a non-lawyer Hearing Board member (2007-2012)



Appointment of LaShana T. Jackson

LaShana T. Jackson was appointed by the Illinois Supreme Court to serve as a nonlawyer-member Commissioner, effective Dec. 4, 2019 and expiring on Dec. 31, 2020. Ms. Jackson is senior vice president of talent management and inclusion, and human resources for IT and global business services at the firm R1 RCM, a healthcare revenue cycle management company servicing hospitals, health systems, and physician groups across the United States. She received her bachelor's degree in business administration from Howard University in Washington, D.C.

ARDC Review Board

The ARDC Review Board is composed of nine members, all of whom are lawyers appointed by the Illinois Supreme Court. The Review Board sits in panels of three and considers appeals from reports of the ARDC Hearing Board. Review Board members receive no compensation for their services.



Bradley N. Pollock Appointment

Bradley N. Pollock was appointed by the Illinois Supreme Court to serve as a member of the Review Board effective Jan. 1, 2020, for a term expiring Dec. 31, 2022. Mr. Pollock is a partner at the law firm of *Taxman, Pollock, Murray & Bekkerman*, LLC, where he focuses his practice in personal injury

law, including wrongful death, medical malpractice, and products liability. He received his bachelor's degree from the University of Illinois at Urbana-Champaign. He earned his law degree from the Loyola University of Chicago School of Law.

Mr. Pollack replaces Keith E. ("Chuck") Roberts, Jr., a sole practitioner in the Wheaton law firm, *Roberts, PC*. Mr. Roberts served on the Review Board from 2010 until his term expired on December 31, 2019, and prior to that was a member of the Hearing Board from 2006 to 2010.



Esther J. Seitz Appointment

Esther J. Seitz was appointed by the Illinois Supreme Court to serve as a member of the Review Board effective Jan. 1, 2020, for a term expiring Dec. 31, 2022. Ms. Seitz is a partner in the Springfield office of *Hinshaw & Culbertson, LLP*. She received her bachelor's degrees in economics and English from Centenary College of Louisiana. She earned her law degree from the University of Arkansas School of Law and her LL.M. in intellectual property law from MIPLC, a collaboration of the Max-Planck Institute of Intellectual Property and Competition Law in Munich, Germany, and the George Washington University School of Law.

Ms. Seitz replaces Claire A. Manning, a partner at the Springfield firm of Brown, Hay and Stephens. Ms. Manning who served as the Chairperson of the Review Board from 2016 until her term ended on December 31, 2019. Ms. Manning previously served on the Hearing Board a panel chair from 2006 until her appointment to the Review Board in 2011.



Leslie D. Davis Appointment

Leslie D. Davis was appointed by the Illinois Supreme Court to serve as a member of the Review Board, effective Jan. 10, 2020, and expiring on Dec. 31, 2021. Ms. Davis is a partner in the Chicago office of *Riley Safer Holmes & Cancila LLP*. She concentrates her practice in commercial litigation, including product liability, employment counseling, and insurance litigation. She studied journalism at the University of Iowa before earning her J.D. from Iowa's law school and was admitted to practice in Illinois in 1995. Before practicing law, Davis was a legal analyst for Court TV, where she covered numerous cases including the 1995 O.J. Simpson trial.

Ms. Davis replaces Johnny A. Fairman, II, who was appointed an Associate Circuit Court Judge in Cook County in January 2020. Mr. Fairman served on the Review Board in 2013 until his appointment to the bench in January 2020. He previously served as a member of the Hearing Board from 2008 to 2012.

ARDC Hearing Board

Audio Recording of Disciplinary Hearings

Effective January 1, 2020, all hearings are video and audio recorded. The recordings are made for the purposes of security, training and monitoring of the hearings to ensure that all proceedings are conducted safely and in accordance with the Commission's standards and policies. These recordings do not replace current court reporter procedures, and are intended for internal use only, are not discoverable, and will not be made available to the parties or the public.

Reduction of Hearing Board Appointments

In response to the declining number of formal disciplinary matters brought before the Hearing Board, the number of Hearing Board members was reduced from 135 members in 2019 to 86 for 2020 and the number serving as Hearing Board chair was similarly reduced from 28 to 16.

ARDC Office



Retirement of James J. Grogan, Deputy Administrator and Chief Counsel

James J. Grogan, Deputy Administrator and Chief Counsel, retired in August 2019, after 40 years at the ARDC. Considered the face of the ARDC, Mr. Grogan, who began his ARDC career in 1979 as a law clerk, was the deputy administrator and chief counsel when he retired. He joined while he was still a law student at Loyola University Chicago School of Law. The ARDC expresses its deepest gratitude to Jim Grogan for his four decades of service to the Court, judges, lawyers and the public and his many, spectacular contributions to the ARDC and ARDC staff who are prepared, with the example and mentorship of Jim Grogan, to take on leadership positions at the top level of the agency. [Read more](#) about his career.

Hosting International Conference of Legal Regulators

The ARDC was selected to host the 2020 annual conference of the International Conference of Legal Regulators (ICLR). The ICLR (www.iclr.net) seeks to bring legal regulators from around the globe to share knowledge and best practices and to find solutions to common challenges. The conference was scheduled for October 2020 in Chicago but was postponed due to the coronavirus pandemic.

Response to COVID-19 Pandemic

The ARDC implemented a number of contingency measures during the COVID-19 pandemic to maintain the health and safety of ARDC staff while remaining operations including limiting physical access to the ARDC offices, continuing most disciplinary hearings, and instituting remote access measures to enable lawyers and staff to enable the ARDC to continue most operations.

The ARDC website was utilized to post for lawyers important information, updates and resources during the State's stay-at-home order. An e-blast was also sent to all Active status lawyers to remind lawyers of the ARDC's free, e-learning CLE webcasts, available 24/7, offering over 17 hours of professional responsibility CLE credit.

2019 FINANCIAL REPORT

The ARDC engaged the services of Legacy Professionals LLP to conduct an independent financial audit as required by Supreme Court Rule 751(e)(6). The audited financial statements for the year ended December 31, 2019, including comparative data from the 2018 audited statements are attached. In addition, a five-year summary of revenues and expenditures as reported in the audited statements appears after the text in this section. The ARDC is also subject to a bi-annual audit conducted by the State of Illinois Office of the Auditor General (OAG). The OAG audit report for the two years ended December 31, 2017 can be found on the OAG website at www.auditor.illinois.gov/. The next OAG audit report is expected to be released in the spring or summer of 2020 and will cover the two years ended December 31, 2019.

The ARDC has successfully maintained its operations through careful expense management, which has more than offset the negative revenue impact from historically low interest rates and a reallocation of \$5 from the ARDC to the Commission on Professionalism in 2012.

The number of paid attorneys did not change materially from 2017 to 2018 and from 2018 to 2019.

The Court approved a \$3 increase in the registration fee structure effective with the 2017 registration season. This increase applied to attorneys admitted for more than three years and was allocated in full to the Illinois Lawyers' Assistance Program (LAP). LAP is a not-for-profit organization that helps attorneys, judges and law students get confidential assistance with substance abuse, addiction and mental health issues.

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

The total fee paid by attorneys admitted for more than three years was \$385 in 2019. The \$385 fee was allocated as follows:

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

The fee paid to the ARDC by inactive attorneys, Rule 707 attorneys and attorneys admitted between one and three years was \$121 in 2019.

Since 2007, funding for Client Protection Program (CPP) award payments comes from the \$25 allocation referenced above. During 2009, the ARDC determined that CPP expenses should also be paid from that separate Client Protection Fund instead of the ARDC Disciplinary Fund. For 2019 and 2018, the Client Protection Fund reimbursed the Disciplinary Fund \$313,766 and \$309,447 respectively for the administrative costs of the Program.



of the Supreme Court of Illinois

Appendix

Registration

Chart 1

Registration Categories for 2019

| <i>Category</i> | <i>Number of Attorneys</i> |
|---|----------------------------|
| Admitted between January 1, 2018, and October 31, 2019..... | 1,726 |
| Admitted between January 1, 2016, and December 31, 2017 | 3,386 |
| Admitted before January 1, 2016 | 72,982 |
| Serving active military duty..... | 377 |
| Spouse of active military attorney under Rule 719..... | 2 |
| Serving as judge or judicial clerk..... | 1,831 |
| In-House Counsel under Rule 716..... | 561 |
| Foreign Legal Consultant under Rule 713 | 13 |
| Legal Service Program Counsel under Rule 717..... | 18 |
| <i>Pro Bono</i> Authorization under Rule 756(k)..... | 120 |
| <i>Pro Hac Vice</i> under Rule 707 | 1,555 |
| Inactive status..... | <u>12,091</u> |
| Total Active and Inactive Attorneys Currently Registered | 94,662 |

Chart 1A

Principal Business Location: In-State vs. Out-of-State Lawyers 1999-2019

| Year | Out-of-State lawyers | | In-State Illinois Lawyers | | Total # of Registered Lawyers |
|------|----------------------|-------|---------------------------|-------|-------------------------------|
| 2019 | 29,555 | 31.2% | 65,107 | 68.8% | 94,662 |
| 2018 | 29,929 | 31.6% | 64,679 | 68.4% | 94,608 |
| 2017 | 30,603 | 32.2% | 64,175 | 67.8% | 94,778 |
| 2016 | 30,315 | 32.0% | 64,295 | 68.0% | 94,610 |
| 2015 | 29,379 | 31.2% | 64,749 | 68.8% | 94,128 |
| 2014 | 28,317 | 30.5% | 64,439 | 69.5% | 92,756 |
| 2013 | 26,373 | 29.0% | 64,710 | 71.0% | 91,083 |
| 2012 | 24,095 | 27.0% | 65,235 | 73.0% | 89,330 |
| 2011 | 23,667 | 26.9% | 64,276 | 73.1% | 87,943 |
| 2010 | 23,019 | 26.6% | 63,638 | 73.4% | 86,657 |
| 2009 | 22,303 | 26.3% | 62,474 | 73.7% | 84,777 |
| 2008 | 21,466 | 25.6% | 62,442 | 74.4% | 83,908 |
| 2007 | 20,914 | 25.4% | 61,466 | 74.6% | 82,380 |
| 2006 | 20,776 | 25.6% | 60,370 | 74.4% | 81,146 |
| 2005 | 18,911 | 23.6% | 61,130 | 76.4% | 80,041 |
| 2004 | 18,274 | 23.4% | 59,827 | 76.6% | 78,101 |
| 2003 | 17,860 | 23.3% | 58,811 | 76.7% | 76,671 |
| 2002 | 17,470 | 23.2% | 57,951 | 76.8% | 75,421 |
| 2001 | 17,175 | 23.1% | 57,136 | 76.9% | 74,311 |
| 2000 | 17,201 | 23.4% | 56,460 | 76.6% | 73,661 |
| 1999 | 18,083 | 24.6% | 55,431 | 75.4% | 73,514 |

Chart 2

Registered Active and Inactive Attorneys by Judicial Districts: 2014-2019

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| First District | | | | | | | | | | | | | |
| Cook County | 45,171 | 45,487 | 45,210 | 45,292 | 45,834 | 46,345 | | | | | | | |
| Second District | | | | | | | Fourth District | | | | | | |
| 15 th Circuit | 200 | 197 | 196 | 185 | 186 | 189 | 5 th Circuit | 247 | 238 | 235 | 223 | 225 | 225 |
| 16 th Circuit | 1,171 | 1,159 | 1,157 | 1,144 | 1,140 | 1,139 | 6 th Circuit | 852 | 848 | 830 | 820 | 825 | 821 |
| 17 th Circuit | 787 | 796 | 778 | 784 | 787 | 763 | 7 th Circuit | 1,285 | 1,289 | 1,280 | 1,265 | 1,256 | 1,249 |
| 18 th Circuit | 4,362 | 4,352 | 4,308 | 4,299 | 4,307 | 4,312 | 8 th Circuit | 186 | 181 | 179 | 176 | 177 | 176 |
| 19 th Circuit | 3,123 | 3,117 | 3,100 | 3,021 | 2,986 | 3,023 | 11 th Circuit | 662 | 657 | 674 | 673 | 669 | 646 |
| 22 nd Circuit | 563 | 568 | 570 | 572 | 569 | 568 | Total | 3,232 | 3,213 | 3,198 | 3,157 | 3,152 | 3,117 |
| 23 rd Circuit+ | 277 | 280 | 266 | 263 | 268 | 268 | | | | | | | |
| Total | 10,483 | 10,469 | 10,375 | 10,268 | 10,243 | 10,262 | | | | | | | |
| +circuit eff. 12/3/12 | | | | | | | | | | | | | |
| Third District | | | | | | | Fifth District | | | | | | |
| 9 th Circuit | 186 | 185 | 173 | 170 | 168 | 159 | 1 st Circuit | 446 | 444 | 448 | 432 | 435 | 439 |
| 10 th Circuit | 917 | 931 | 916 | 890 | 875 | 858 | 2 nd Circuit | 304 | 304 | 285 | 288 | 291 | 274 |
| 12 th Circuit | 945 | 960 | 950 | 957 | 964 | 981 | 3 rd Circuit | 737 | 739 | 759 | 762 | 761 | 739 |
| 13 th Circuit | 319 | 318 | 308 | 306 | 304 | 306 | 4 th Circuit | 255 | 256 | 248 | 248 | 245 | 236 |
| 14 th Circuit | 488 | 488 | 486 | 470 | 460 | 460 | 20 th Circuit | 814 | 817 | 806 | 801 | 808 | 799 |
| 21 st Circuit | 142 | 138 | 133 | 134 | 139 | 132 | Total | 2,556 | 2,560 | 2,546 | 2,531 | 2,540 | 2,487 |
| Total | 2,997 | 3,020 | 2,966 | 2,927 | 2,910 | 2,896 | | | | | | | |
| | | | | | | | Grand Total | 64,439 | 64,749 | 64,295 | 64,175 | 64,679 | 65,107 |

Chart 3

Registered Active and Inactive Attorneys by County: 2018-2019

| <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | |
|-------------------------|----------------------------|-------------|-------------------------|----------------------------|-------------|-------------------------|----------------------------|---------------|
| | <u>2018</u> | <u>2019</u> | | <u>2018</u> | <u>2019</u> | | <u>2018</u> | <u>2019</u> |
| Adams | 116 | 111 | Hardin | 4 | 3 | Morgan | 41 | 39 |
| Alexander | 6 | 7 | Henderson | 8 | 9 | Moultrie | 11 | 13 |
| Bond | 13 | 14 | Henry | 50 | 45 | Ogle | 50 | 52 |
| Boone | 47 | 45 | Iroquois | 21 | 21 | Peoria | 741 | 722 |
| Brown | 10 | 11 | Jackson | 197 | 189 | Perry | 24 | 23 |
| Bureau | 27 | 28 | Jasper | 9 | 9 | Piatt | 21 | 23 |
| Calhoun | 4 | 5 | Jefferson | 118 | 109 | Pike | 10 | 11 |
| Carroll | 12 | 13 | Jersey | 18 | 17 | Pope | 3 | 5 |
| Cass | 7 | 9 | Jo Daviess | 35 | 34 | Pulaski | 4 | 3 |
| Champaign | 536 | 539 | Johnson | 11 | 11 | Putnam | 10 | 9 |
| Christian | 36 | 35 | Kane | 1,140 | 1,139 | Randolph | 27 | 27 |
| Clark | 15 | 13 | Kankakee | 118 | 111 | Richland | 22 | 22 |
| Clay | 12 | 11 | Kendall | 97 | 100 | Rock Island | 328 | 330 |
| Clinton | 27 | 23 | Knox | 51 | 51 | Saline | 37 | 43 |
| Coles | 81 | 84 | Lake | 2,986 | 3,023 | Sangamon | 1,137 | 1,137 |
| Cook | 45,834 | 46,345 | LaSalle | 205 | 205 | Schuyler | 9 | 9 |
| Crawford | 19 | 19 | Lawrence | 16 | 13 | Scott | 7 | 5 |
| Cumberland | 7 | 7 | Lee | 37 | 37 | Shelby | 15 | 16 |
| DeKalb | 171 | 168 | Livingston | 45 | 43 | St. Clair | 701 | 694 |
| DeWitt | 16 | 17 | Logan | 23 | 22 | Stark | 6 | 6 |
| Douglas | 19 | 19 | Macon | 222 | 210 | Stephenson | 52 | 53 |
| DuPage | 4,307 | 4,312 | Macoupin | 37 | 34 | Tazewell | 108 | 112 |
| Edgar | 21 | 20 | Madison | 748 | 725 | Union | 28 | 29 |
| Edwards | 4 | 4 | Marion | 43 | 42 | Vermilion | 101 | 101 |
| Effingham | 56 | 56 | Marshall | 10 | 9 | Wabash | 16 | 14 |
| Fayette | 24 | 22 | Mason | 11 | 10 | Warren | 22 | 19 |
| Ford | 12 | 13 | Massac | 16 | 15 | Washington | 23 | 21 |
| Franklin | 50 | 49 | McDonough | 43 | 38 | Wayne | 11 | 12 |
| Fulton | 30 | 29 | McHenry | 569 | 568 | White | 12 | 12 |
| Gallatin | 8 | 7 | McLean | 563 | 543 | Whiteside | 76 | 79 |
| Greene | 16 | 17 | Menard | 10 | 10 | Will | 964 | 981 |
| Grundy | 72 | 73 | Mercer | 6 | 6 | Williamson | 133 | 137 |
| Hamilton | 11 | 10 | Monroe | 33 | 34 | Winnebago | 740 | 718 |
| Hancock | 14 | 13 | Montgomery | 23 | 22 | Woodford | 26 | 25 |
| | | | | | | Grand Total | 64,679 | 65,107 |

Chart 3

Registered Active and Inactive Attorneys by County: 2016-2017

| <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | |
|-------------------------|----------------------------|-------------|-------------------------|----------------------------|-------------|-------------------------|----------------------------|---------------|
| | <u>2016</u> | <u>2017</u> | | <u>2016</u> | <u>2017</u> | | <u>2016</u> | <u>2017</u> |
| Adams | 112 | 113 | Hardin | 5 | 4 | Morgan | 42 | 41 |
| Alexander | 6 | 6 | Henderson | 7 | 8 | Moultrie | 11 | 11 |
| Bond | 11 | 12 | Henry | 56 | 51 | Ogle | 55 | 49 |
| Boone | 46 | 49 | Iroquois | 20 | 20 | Peoria | 775 | 756 |
| Brown | 10 | 10 | Jackson | 205 | 195 | Perry | 22 | 23 |
| Bureau | 29 | 29 | Jasper | 9 | 9 | Piatt | 19 | 20 |
| Calhoun | 5 | 5 | Jefferson | 114 | 117 | Pike | 13 | 11 |
| Carroll | 14 | 11 | Jersey | 20 | 18 | Pope | 6 | 5 |
| Cass | 9 | 9 | Jo Daviess | 38 | 36 | Pulaski | 4 | 4 |
| Champaign | 540 | 529 | Johnson | 10 | 11 | Putnam | 10 | 10 |
| Christian | 44 | 40 | Kane | 1,157 | 1,144 | Randolph | 27 | 26 |
| Clark | 14 | 14 | Kankakee | 113 | 114 | Richland | 23 | 22 |
| Clay | 12 | 12 | Kendall | 106 | 100 | Rock Island | 342 | 335 |
| Clinton | 25 | 26 | Knox | 52 | 53 | Saline | 34 | 33 |
| Coles | 89 | 80 | Lake | 3,100 | 3,021 | Sangamon | 1,160 | 1,146 |
| Cook | 45,210 | 45,292 | LaSalle | 208 | 205 | Schuyler | 8 | 8 |
| Crawford | 19 | 18 | Lawrence | 14 | 15 | Scott | 6 | 6 |
| Cumberland | 7 | 8 | Lee | 35 | 38 | Shelby | 15 | 16 |
| DeKalb | 160 | 163 | Livingston | 42 | 43 | St. Clair | 703 | 701 |
| DeWitt | 17 | 17 | Logan | 27 | 24 | Stark | 7 | 7 |
| Douglas | 22 | 20 | Macon | 221 | 223 | Stephenson | 54 | 51 |
| DuPage | 4,308 | 4,299 | Macoupin | 37 | 38 | Tazewell | 114 | 107 |
| Edgar | 19 | 19 | Madison | 748 | 750 | Union | 27 | 27 |
| Edwards | 4 | 4 | Marion | 42 | 40 | Vermilion | 106 | 102 |
| Effingham | 54 | 57 | Marshall | 10 | 10 | Wabash | 16 | 15 |
| Fayette | 24 | 25 | Mason | 11 | 10 | Warren | 22 | 19 |
| Ford | 12 | 12 | Massac | 16 | 16 | Washington | 23 | 21 |
| Franklin | 50 | 52 | McDonough | 46 | 45 | Wayne | 12 | 11 |
| Fulton | 32 | 30 | McHenry | 570 | 572 | White | 13 | 12 |
| Gallatin | 6 | 8 | McLean | 567 | 568 | Whiteside | 79 | 78 |
| Greene | 15 | 16 | Menard | 11 | 10 | Will | 950 | 957 |
| Grundy | 71 | 72 | Mercer | 9 | 6 | Williamson | 140 | 135 |
| Hamilton | 9 | 10 | Monroe | 31 | 30 | Winnebago | 732 | 735 |
| Hancock | 14 | 15 | Montgomery | 23 | 23 | Woodford | 26 | 26 |
| | | | | | | Grand Total | 64,295 | 64,175 |

Chart 3

Registered Active and Inactive Attorneys by County: 2014-2015

| <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | | <u>Principal Office</u> | <u>Number of Attorneys</u> | |
|-------------------------|----------------------------|-------------|-------------------------|----------------------------|-------------|-------------------------|----------------------------|---------------|
| | <u>2014</u> | <u>2015</u> | | <u>2014</u> | <u>2015</u> | | <u>2014</u> | <u>2015</u> |
| Adams | 118 | 116 | Hardin | 5 | 5 | Morgan | 41 | 43 |
| Alexander | 7 | 7 | Henderson | 7 | 7 | Moultrie | 10 | 11 |
| Bond | 13 | 12 | Henry | 55 | 55 | Ogle | 57 | 55 |
| Boone | 49 | 45 | Iroquois | 21 | 20 | Peoria | 775 | 787 |
| Brown | 9 | 10 | Jackson | 199 | 204 | Perry | 24 | 23 |
| Bureau | 32 | 30 | Jasper | 8 | 9 | Piatt | 23 | 21 |
| Calhoun | 5 | 5 | Jefferson | 117 | 120 | Pike | 12 | 12 |
| Carroll | 17 | 15 | Jersey | 18 | 19 | Pope | 7 | 6 |
| Cass | 11 | 7 | Jo Daviess | 35 | 39 | Pulaski | 6 | 6 |
| Champaign | 554 | 545 | Johnson | 11 | 11 | Putnam | 10 | 10 |
| Christian | 45 | 45 | Kane | 1,171 | 1,159 | Randolph | 31 | 29 |
| Clark | 13 | 15 | Kankakee | 121 | 118 | Richland | 24 | 25 |
| Clay | 14 | 15 | Kendall | 109 | 108 | Rock Island | 348 | 349 |
| Clinton | 24 | 26 | Knox | 59 | 57 | Saline | 39 | 37 |
| Coles | 101 | 92 | Lake | 3,123 | 3,117 | Sangamon | 1,166 | 1,165 |
| Cook | 45,171 | 45,487 | LaSalle | 221 | 220 | Schuyler | 7 | 7 |
| Crawford | 24 | 23 | Lawrence | 15 | 15 | Scott | 5 | 6 |
| Cumberland | 8 | 8 | Lee | 37 | 36 | Shelby | 16 | 15 |
| DeKalb | 168 | 172 | Livingston | 45 | 44 | St. Clair | 705 | 712 |
| DeWitt | 16 | 17 | Logan | 25 | 26 | Stark | 7 | 7 |
| Douglas | 22 | 22 | Macon | 227 | 232 | Stephenson | 54 | 52 |
| DuPage | 4,362 | 4,352 | Macoupin | 39 | 41 | Tazewell | 116 | 118 |
| Edgar | 18 | 18 | Madison | 724 | 727 | Union | 29 | 26 |
| Edwards | 4 | 4 | Marion | 44 | 42 | Vermilion | 107 | 105 |
| Effingham | 54 | 54 | Marshall | 9 | 9 | Wabash | 13 | 13 |
| Fayette | 24 | 24 | Mason | 10 | 10 | Warren | 20 | 20 |
| Ford | 12 | 12 | Massac | 17 | 17 | Washington | 23 | 23 |
| Franklin | 58 | 57 | McDonough | 44 | 47 | Wayne | 13 | 11 |
| Fulton | 41 | 38 | McHenry | 563 | 568 | White | 14 | 13 |
| Gallatin | 5 | 6 | McLean | 557 | 552 | Whiteside | 77 | 76 |
| Greene | 16 | 15 | Menard | 14 | 14 | Will | 945 | 960 |
| Grundy | 66 | 68 | Mercer | 8 | 8 | Williamson | 131 | 130 |
| Hamilton | 12 | 12 | Monroe | 31 | 30 | Winnebago | 738 | 751 |
| Hancock | 15 | 16 | Montgomery | 26 | 26 | Woodford | 23 | 23 |
| | | | | | | Grand Total | 64,439 | 64,749 |

Chart 4

Attorney Removals from the Master Roll: 2009 – 2019 Registration Years

| <i>Reason for Removal</i> | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Registration non-compliance | 1,132 | 1,034 | 1,186 | 1,019 | 833 | 1,228 | 1,155 | 1,135 | 1,644 | 1,286 | 981 |
| Deceased | 322 | 307 | 304 | 318 | 277 | 348 | 475 | 288 | 223 | 287 | 238 |
| Retired | 996 | 970 | 822 | 853 | 815 | 833 | 1,334 | 1,354 | 1,262 | 1,458 | 1,331 |
| Disciplined | 44 | 77 | 75 | 81 | 74 | 68 | 57 | 52 | 52 | 61 | 62 |
| MCLE General non-compliance | 680* | 154 | 133 | 75 | 76 | 70 | 109 | 111 | 128 | 120 | 148 |
| MCLE Basic Skills non-compliance | 52 | 26 | 20 | 18 | 15 | 7 | 33 | 24 | 22 | 16 | 14 |
| Total | 3,226 | 2,568 | 2,540 | 2,364 | 2,090 | 2,554 | 3,163 | 2,964 | 3,331 | 3,228 | 2,774 |

* First year of reporting MCLE compliance.

Chart 5

Pro Hac Vice Admission: 2014*-2019

| | <i>Number of Lawyer Pro Hac Vice Submissions</i> | <i>Number of Lawyers Registered</i> | <i>Number of Proceedings</i> | <i>Total AJC Per-Proceeding Fees</i> | <i>Total ARDC Per-Proceeding Fees</i> |
|-------------|--|-------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 2014 | 772 | 864 | 1,097 | \$159,540 | \$70,800 |
| 2015 | 782 | 1,078 | 1,199 | \$184,508 | \$78,379 |
| 2016 | 946 | 1,500 | 1,084 | \$190,988 | \$81,750 |
| 2017 | 925 | 1,592 | 1,134 | \$187,283 | \$80,471 |
| 2018 | 898 | 1,617 | 1,060 | \$171,021 | \$73,471 |
| 2019 | 977 | 1,780 | 1,221 | \$215,433 | \$92,325 |

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

Supreme Court Rule 707 permits an eligible out-of-state attorney to appear *pro hac vice* in an Illinois proceeding if the out-of-state lawyer meets certain licensure and other eligibility requirements, registers annually with the ARDC, and pays an annual registration fee (\$121) as well as a \$250 per-proceeding fee to the ARDC. \$175 of this per-proceeding fee is remitted to the Illinois Supreme Court Commission on Access to Justice (AJC) and \$75 is retained by the ARDC. The chart above shows *pro hac vice* activity for 2014-2019, including the total AJC and ARDC per-proceeding fees collected.

Practice Demographics: 2016-2019

Chart 6A

2016-2019 Practice Setting: Active Status Lawyers and Currently Practicing Law

| Practice Setting | Practice Size % of Total | | | |
|--------------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2016 | 2017 | 2018 | 2019 |
| Private Practice | 68.2% 47,456 | 68.6% 49,444 | 68.5% 49,970 | 67.8% 49,996 |
| Corporate In-house | 13.9% 9,662 | 14.0% 10,080 | 14.3% 10,423 | 14.8% 10,901 |
| Government/Judge | 11.4% 7,911 | 11.4% 8,209 | 11.4% 8,321 | 11.6% 8,607 |
| Other | 3.2% 2,220 | 3.2% 2,297 | 3.1% 2,233 | 3.0% 2,220 |
| Not-for-profit | 2.0% 1,360 | 2.0% 1,428 | 2.1% 1,544 | 2.2% 1,607 |
| Academia | 1.3% 963 | 0.8% 604 | 0.6% 461 | 0.6% 456 |
| Total | 69,572 | 72,062 | 72,952 | 73,787 |

Chart 6B

2016-2019 Practice Size: Active Status Lawyers, Currently Practicing Law and In Private Practice

| Practice Size of Lawyers in Private Practice | Practice Size % of Total Engaged in Private Practice | | | |
|--|---|-----------------|-----------------|-----------------|
| | 2016 | 2017 | 2018 | 2019 |
| Solo Firm | 28.8% 13,646 | 27.9% 13,798 | 27.4% 13,699 | 26.9% 13,443 |
| Firm of 2-10 Attys. | 27.4% 13,027 | 26.9% 13,282 | 26.5% 13,224 | 26.0% 12,985 |
| Firm of 11- 25 Attys. | 9.6% 4,537 | 9.8% 4,854 | 9.6% 4,817 | 9.7% 4,848 |
| Firm of 26-100 Attys. | 9.9% 4,724 | 10.4% 5,150 | 11.2% 5,605 | 11.5% 5,779 |
| Firm of 100 + Attys. | 24.3% 11,522 | 25.0% 12,360 | 25.3% 12,625 | 25.9% 12,941 |
| Total | 47,456 | 49,444 | 49,970 | 49,996 |

Chart 7A

Succession Planning of Active Status Lawyers, Currently Practicing Law and In Private Practice

| Practice Size of Lawyers in Private Practice | % Succession Planning Responses By Practice Size | | | | | | | | | | | |
|--|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Yes | | | | No | | | | Not Sure | | | |
| | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 |
| Solo Firm | 2,199 16.1% | 2,369 17.2% | 2,425 17.7% | 2,563 19.1% | 10,494 76.9% | 10,587 76.7% | 10,431 76.1% | 10,104 75.1% | 953 7.0% | 842 6.1% | 843 6.2% | 776 5.8% |
| Firm of 2-10 Attys. | 3,076 23.6% | 3,372 25.4% | 3,497 26.4% | 3,642 28.0% | 4,699 36.1% | 4,926 37.1% | 4,921 37.2% | 4,725 36.4% | 5,252 40.3% | 4,984 37.5% | 4,806 36.4% | 4,618 35.6% |
| Firm of 11- 25 Attys. | 1,295 28.6% | 1,535 31.6% | 1,521 31.5% | 1,510 31.1% | 741 16.3% | 850 17.5% | 851 17.7% | 876 18.1% | 2,501 55.1% | 2,469 50.9% | 2,445 50.8% | 2,462 50.8% |
| Firm of 26-100 Attys. | 1,539 32.6% | 1,867 36.2% | 2,212 39.5% | 2,311 40.0% | 638 13.5% | 770 15% | 806 14.4% | 815 14.1% | 2,547 53.9% | 2,513 48.8% | 2,587 46.1% | 2,653 45.9% |
| Firm of 100 + Attys. | 5,815 50.4% | 7,101 57.5% | 7,475 59.2% | 7,751 59.9% | 928 8.1% | 963 7.7% | 999 7.9% | 997 7.7% | 4,779 41.5% | 4,296 34.8% | 4,151 32.9% | 4,193 32.4% |
| Total | 13,924 29.3% | 16,244 32.9% | 17,130 34.3% | 17,775 35.6% | 17,500 36.9% | 18,096 36.6% | 18,008 36.0% | 17,517 35.0% | 16,032 33.8% | 15,104 30.5% | 14,832 29.7% | 14,702 29.4% |

Chart 7B

2019 Top Five Practice Areas of Law of Solo Firm Lawyers Who Responded “No” to Written Succession Plan*

| Practice Area of Law | % of Responses |
|-------------------------|----------------|
| Real Estate | 28.5% |
| Criminal | 17.1% |
| Estate Planning/Probate | 16.3% |
| Domestic Relations | 13.8% |
| Corporate | 13.6% |

Report on Trust Accounts

Chart 8A

2019 Trust Account Disclosure Reports

| | |
|--|--------|
| A. Lawyers with Trust Accounts:48,078 | |
| % with IOLTA trust accounts | 81.3% |
| % with non-IOLTA trust accounts..... | 18.7% |
| B. Lawyers without Trust Accounts:46,584 | |
| Full-time employee of corporation or governmental agency (including courts) | |
| with no outside practice | 23,480 |
| Not engaged in the practice of law | |
| Engaged in private practice of law (to any extent), but firm handles no client or third party funds..... | 8,065 |
| Other explanation..... | 2,419 |

Chart 8B

Trust Account Reports: 2016-2019
Active Status Lawyers, Currently Practicing Law and in Private Practice

| Practice Size | "Yes" Trust Account Responses | | | | | | | | "No" Trust Account Responses | | | |
|------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|--------------------------|
| | IOLTA Trust Account | | | | Non-IOLTA Trust Account | | | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 |
| Solo Firm | 8,997 (65.9%) | 8,727 (63.3%) | 8,554 (62.4%) | 8,301 (61.7%) | 257 (1.9%) | 610 (4.4%) | 762 (5.6%) | 884 (6.6%) | 4,392 (32.2%) | 4,461 (32.3%) | 4,383 (32.0%) | 4,258 (31.7%) |
| Firm of 2-10 Attys. | 11,437 (87.8%) | 10,903 (82.1%) | 10,403 (78.7%) | 9,897 (76.2%) | 194 (1.5%) | 952 (7.2%) | 1,466 (11.1%) | 1,855 (14.3%) | 1,396 (10.7%) | 1,427 (10.7%) | 1,355 (10.2%) | 1,233 (9.5%) |
| Firm of 11-25 Attys. | 4,265 (94.0%) | 4,137 (85.2%) | 3,880 (80.6%) | 3,694 (76.2%) | 33 (0.7%) | 418 (8.6%) | 665 (13.8%) | 832 (17.2%) | 239 (5.3%) | 299 (6.2%) | 272 (5.6%) | 322 (6.6%) |
| Firm of 26-100 Attys. | 4,415 (93.5%) | 4,370 (84.9%) | 4,452 (79.5%) | 4,352 (75.3%) | 53 (1.1%) | 475 (9.2%) | 837 (14.9%) | 1,077 (18.6%) | 256 (5.4%) | 305 (5.9%) | 316 (5.6%) | 350 (6.1%) |
| Firm of 100 + Attys. | 11,059 (96.0%) | 10,234 (82.8%) | 9,855 (78.1%) | 9,444 (73.0%) | 62 (0.5%) | 1,590 (12.9%) | 2,301 (18.2%) | 2,996 (23.1%) | 401 (3.5%) | 536 (4.3%) | 469 (3.7%) | 501 (3.9%) |
| Total | 40,173 (84.6%) | 38,371 (77.6%) | 37,144 (74.3%) | 35,688 (71.4%) | 599 (1.3%) | 4,045 (8.2%) | 6,031 (12.1%) | 7,644 (15.3%) | 6,684 (14.1%) | 7,028 (14.2%) | 6,795 (13.6%) | 6,664 (13.3%) |

Chart 9A

Malpractice Disclosure Reports: 2014-2019

| Lawyer Malpractice Insurance | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Yes | 48,492 (52.3%) | 49,250 (52.3%) | 49,727 (52%) | 50,664 (53.5%) | 51,538 (54.5%) | 51,940 (55.0%) |
| No | 44,264 (47.7%) | 44,878 (47.7%) | 44,883 (48.0%) | 44,114 (46.5%) | 43,070 (45.5%) | 42,559 (45.0%) |

Chart 9B

**Malpractice Disclosure Reports: 2016-2019
Active Status Lawyers, Currently Practicing Law and in Private Practice**

| Practice Size | % Malpractice Responses | | | | | | | |
|-----------------------|-------------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| | Yes | | | | No | | | |
| | 2016 | 2017 | 2018 | 2019 | 2016 | 2017 | 2018 | 2019 |
| Solo Firm | 8,046 59.0% | 8,074 58.5% | 8,187 59.8% | 8,346 62.1% | 5,600 41.0% | 5,724 41.5% | 5,512 40.2% | 5,097 37.9% |
| Firm of 2-10 Attys. | 11,766 90.3% | 12,070 90.9% | 12,288 92.9% | 12,209 94.0% | 1,261 9.7% | 1,212 9.1% | 936 7.1% | 776 6.0% |
| Firm of 11- 25 Attys. | 4,367 96.3% | 4,695 96.7% | 4,713 97.8% | 4,750 98.0% | 170 3.7% | 159 3.3% | 104 2.2% | 98 2.0% |
| Firm of 26-100 Attys. | 4,548 96.3% | 5,007 97.2% | 5,484 97.8% | 5,643 97.6% | 176 3.7% | 143 2.8% | 121 2.2% | 136 2.4% |
| Firm of 100 + Attys. | 11,158 96.8% | 11,985 97.0% | 12,445 98.6% | 12,738 98.4% | 364 3.2% | 375 3.0% | 180 1.4% | 203 1.6% |
| Total | 84.0% | 84.6% | 86.3% | 87.4% | 16.0% | 15.4% | 13.7% | 12.6% |

Chart 9C

**Top Five Practice Areas Identified by
Solo Firm Lawyers with No Malpractice Coverage***

| Practice Area of Law | % of Responses* |
|-----------------------------|------------------------|
| Real Estate | 20.7% |
| Criminal | 15.5% |
| Corporate | 11.7% |
| Estate Planning/Probate | 10.4% |
| Domestic Relations | 10.0% |

* Lawyers may identify multiple practice areas.

Investigations, Prosecutions and Sanctions

Investigations

Chart 10
Types of Investigations Docketed in 2013-2019

| Type of Investigation | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Disciplinary charge against Illinois lawyer | 5,410 | 5,168 | 4,925 | 4,788 | 4,592 | 4,419 | 4,195 |
| Overdraft notification of client trust account | 336 | 357 | 283 | 241 | 265 | 321 | 282 |
| Unauthorized Practice of Law | 104 | 112 | 104 | 104 | 105 | 74 | 224 |
| Monitoring disciplinary compliance | N/A | N/A | 71 | 88 | 83 | 73 | 67 |
| Disciplinary charge against out-of-state lawyer | 67 | 65 | 44 | 44 | 48 | 53 | 52 |
| Receivership | 13 | 20 | 14 | 31 | 33 | 21 | 17 |
| Reciprocal | 12 | 22 | 13 | 32 | 21 | 44 | 30 |
| Impairment | N/A | 0 | 4 | 1 | 0 | 0 | 0 |
| Conditional Admission monitoring | 1 | 2 | 2 | 1 | 0 | 1 | 0 |
| Investigation related to Petition for Reinstatement | N/A | N/A | N/A | 2 | 0 | 1 | 0 |
| Reopened investigations | 130 | 89 | 94 | 69 | 52 | 22 | 70 |
| TOTAL: | 6,073 | 5,835 | 5,554 | 5,401 | 5,199 | 5,029 | 4,937 |

Chart 11
Demographics of Lawyers the Subject of Investigations Docketed in 2019

| | | | |
|------------------------------------|-----|----------------------------|-----|
| <i>Investigations per Attorney</i> | | <i>Number of Attorneys</i> | |
| 1 | | 3,026 | |
| 2 | | 407 | |
| 3 | | 119 | |
| 4 or more | | 81 | |
| | | Total: 3,633 | |
| <i>Gender</i> | | <i>Years in Practice</i> | |
| Female | 25% | Fewer than 5 | 3% |
| Male | 75% | Between 5 and 10 | 14% |
| Non-Binary | .0% | Between 10 and 20 | 24% |
| | | Between 20 and 30 | 23% |
| | | 30 or more | 36% |

Chart 12

Classification of Charges Docketed in 2019 by Violation Alleged

| <i>Type of Misconduct</i> | <i>Number*</i> | <i>Type of Misconduct</i> | <i>Number*</i> |
|--|----------------|--|----------------|
| Neglect (Rule 1.3) | 1,734 | Improper communications with a represented person (Rule 4.2) .. | 44 |
| Fraudulent or deceptive activity including misrepresentation to a tribunal, clients, and non-clients (Rules 3.3(a)(1), 3.4(a)-(b), 4.1(a), 8.4(a)(4) and (c)) | 584 | Failing to supervise subordinates (Rules 5.1 and 5.3)..... | 49 |
| Failing to communicate with client, including failing to communicate the basis of a fee (Rule 1.4(a)(1)-(5) and (b), and 1.5(b)) | 562 | Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter (Rule 8.4(g)) .. | 39 |
| Excessive or improper fees, including failing to refund unearned fees (Rule 1.5)..... | 512 | Failing to report misconduct of another lawyer or judge (Rule 8.3(a)-(b))..... | 18 |
| Improper management of client or third party funds, including commingling, conversion, failing to promptly pay litigation costs or client creditors or issuing NSF checks (Rule 1.15(a), (d) and (e))..... | 455 | Improper communication with an unrepresented person (Rule 4.3)..... | 12 |
| Failing to provide competent representation (Rule 1.1) | 309 | Improper division of legal fees/partnership with nonlawyer (Rule 5.4) | 7 |
| Filing frivolous or non-meritorious claims or pleadings (Rule 3.1, 3.2)..... | 279 | Ex parte or improper communication with judge or juror (Rule 3.5)..... | 6 |
| Conduct prejudicial to the administration of justice, including conduct that is the subject of a contempt finding or court sanction (Rule 8.4(d)) | 204 | Improper extrajudicial statement (Rule 3.6)..... | 6 |
| Failing to properly withdraw from representation, including failing to return client files or documents (Rule 1.16(a)(2), (3), (c) and (d)) | 202 | Failing to preserve client confidences or secrets (Rule 1.6(a) and 1.18(b))..... | 5 |
| Criminal conduct, assisting a client in a crime or fraud, and counseling illegal or fraudulent conduct (Rules 1.2(d), 4.1(b) and 8.4(b)) | 199 | Failing to maintain appropriate attorney-client relationship with client with diminished capacity (Rule 1.14)..... | 5 |
| Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal (Rules 3.4(c)-(e) 3.5(d) and 4.4(a)) | 176 | False statements in bar admission or disciplinary matter (Rule 8.1(a)-(b)) | 4 |
| Conflict of Interest: | 149 | Incapacity due to chemical addiction or mental condition (S.Ct. Rules 757-758) | 4 |
| Rule 1.7: Concurrent clients..... | 76 | Improper practice after failure to register under Rule 756 | 3 |
| Rule 1.8(a): Improper business transaction with client | 13 | Violation of anti-discrimination statute or ordinance (Rule 8.4(j)) .. | 2 |
| Rule 1.8(c): Improper instrument or gift from client | 2 | False statements about a judge, judicial candidate or public official (Rule 8.2(a)) | 2 |
| Rule 1.8(e): Improper financial assistance to client | 1 | Failing to notify sender of inadvertently received document (Rule 4.2(b)) | 2 |
| Rule 1.8(h)(1) & (2): Improper agreement limiting liability | 1 | Improper agreement limiting client's right to pursue ARDC charge (Rule 8.4(h)) | 2 |
| Rule 1.8(i): Acquisition of propriety interest in cause of action | 1 | Improper use of public office to gain an advantage in matter (Rule 8.4(b)(1)) | 1 |
| Rule 1.8(j): Improper sexual relations with client | 14 | Judicial candidate's violation of Judicial Code (Rule 8.2(b)) | 1 |
| Rule 1.9: Successive conflicts..... | 27 | Bad faith avoidance of student loan (Rule 8.4(i)) | 1 |
| Rule 1.10(a): Imputed disqualification..... | 3 | Stating or implying ability to improperly influence authority (Rule 8.4(e)) | 1 |
| Rule 1.11: Public lawyer's violation of Rule 1.7 or 1.9..... | 2 | Aiding judicial misconduct/gift/loan to judge or court employee (Rule 8.4(f))..... | 1 |
| Rule 1.13: Organizational client | 6 | Failing to cease practice after sale of law practice (Rule 1.17)..... | 1 |
| Rule 1.18: Representation adverse to prospective client..... | 3 | Misconduct by lawyer in non-adjudicative proceeding (Rule 3.9) . | 1 |
| Prosecutorial misconduct (Rule 3.8)..... | 128 | No misconduct alleged | 162 |
| Practicing in a jurisdiction where not authorized (Rule 5.5(a)-(b))..... | 90 | | |
| Failing to comply with S.Ct. Rule 764 following discipline | 66 | | |
| Improper commercial speech, including inappropriate written or oral solicitation (Rules 7.1-7.5)..... | 57 | | |
| Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf (Rule 1.2(a)) | 43 | | |

* Totals exceed the number investigations docketed in 2019 because in many more than one type of misconduct is alleged.

Chart 13

Classification of Charges Docketed in 2019 by Area of Law*

| <i>Area of Law</i> | <i>Number</i> |
|---|---------------|
| Criminal/Quasi-Criminal | 1,102 |
| Domestic Relations..... | 604 |
| Tort (Personal Injury/Property Damage)..... | 527 |
| Real Estate/Landlord-Tenant..... | 412 |
| Probate | 264 |
| Labor Relations/Workers' Comp..... | 193 |
| Bankruptcy | 167 |
| Immigration..... | 127 |
| Contract..... | 120 |
| Civil Rights | 101 |
| Local Government Problems..... | 79 |
| Debt Collection | 66 |
| Corporate Matters..... | 66 |
| Tax..... | 15 |
| Patent and Trademark | 10 |
| Adoption | 10 |
| Social Security..... | 6 |
| Mental Health..... | 4 |

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

Chart 14

Investigations Docketed* and Concluded: 2014-2019 * includes reopened investigations

| Year | Pending January 1 st | Docketed During Year* | Concluded During Year | Pending December 31 st |
|------|---------------------------------|-----------------------|-----------------------|-----------------------------------|
| 2014 | 2,163 | 5,835 | 6,165 | 1,833 |
| 2015 | 1,833 | 5,554 | 5,561 | 1,826 |
| 2016 | 1,826 | 5,401 | 5,496 | 1,731 |
| 2017 | 1,731 | 5,199 | 5,102 | 1,828 |
| 2018 | 1,828 | 5,029 | 4,958 | 1,899 |
| 2019 | 1,899 | 4,937 | 4,802 | 2,034 |

Chart 15

Investigations Concluded in 2019

Concluded by the Administrator:

Closed after initial review 1,147
(No misconduct alleged)

Closed after investigation 3,520

Filed at Supreme Court pursuant to
Supreme Court Rules 757,
762(a), and 763 15

Concluded by the Inquiry Board:

Closed after panel review 48

Complaint or impairment petition voted 68

Closed upon completion of conditions
of Rule 108 supervision 4

Total 4,802

Chart 16

Timeliness of Investigations Concluded in 2019

| 1,147 Investigations Closed After Initial Review in 2019 | | | |
|---|--------------|--------------|-------------------|
| <i>Number of Days Pending Prior to Closure:</i> | | | |
| Fewer than 10 days | 10 - 20 days | 21 - 60 days | More than 60 days |
| 778 (67.8%) | 42 (3.7%) | 257 (22.4%) | 70 (6.1%) |

| 2,259 Investigations Concluded in 2019 by the Intake Staff After Investigation | | | |
|---|-----------------------|------------------------|--------------------|
| <i>Number of Days Pending Prior to Closure:</i> | | | |
| Fewer than 90 days | Between 90 - 180 days | Between 180 - 365 days | More than 365 days |
| 1,687 (74.7%) | 463 (20.5%) | 84 (3.7%) | 25 (1.1%) |

| 1,261 Investigations Concluded in 2019 by the Litigation Staff After Investigation | | | |
|---|-----------------------|------------------------|--------------------|
| <i>Number of Days Pending Prior to Closure:</i> | | | |
| Fewer than 90 days | Between 90 - 180 days | Between 180 - 365 days | More than 365 days |
| 368 (29.2%) | 220 (17.5%) | 322 (25.5%) | 351 (27.8%) |

Chart 17

Overdraft Trust Account Notification Investigations (2015-2019)

| <i>Overdraft Notification Investigations</i> | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|-------------|-------------|
| Opened | 288 | 241 | 265 | 321 | 282 |
| Closed | 313 | 242 | 255 | 321 | 266 |
| Formal Complaints Filed | 10 | 6 | 6 | 3 | 3 |

Chart 18A

Rule 779 Unauthorized Practice of Law Investigations (2012-2019)

| <i>Type</i> | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| UPL by unlicensed person | 4 | 4 | 2 | 82 | 83 | 94 | 63 | 69 |
| UPL by unlicensed entity | 8 | 35 | 19 | 10 | 14 | 4 | 11 | 14 |
| UPL by out-of-state lawyer | 2 | 4 | 15 | 12 | 7 | 8 | 16 | 22 |
| UPL by disbarred lawyer | 61 | 67 | 72 | 9 | 8 | 6 | 15 | 9 |
| UPL by suspended lawyer | 15 | 14 | 4 | 3 | 1 | 1 | 9 | 3 |
| Total | 90 | 124 | 112 | 116 | 113 | 113 | 114 | 117 |

Chart 18B

**Area of Law Involved in 779(b) UPL Investigations in 2019
(Unlicensed Persons or Entities and Disbarred Lawyers)**

| <i>Subject Area</i> | <i>Number of 779(b) Investigations*</i> | <i>Subject Area</i> | <i>Number of 779(b) Investigations*</i> |
|-------------------------|---|-------------------------------|---|
| Real Estate | 20 25% | Local Government Matters..... | 3 4% |
| Criminal | 13 16% | Probate | 3 4% |
| Immigration..... | 11 14% | Debt Collection..... | 3 4% |
| Domestic Relations..... | 7 9% | Bankruptcy | 2 2% |
| Tort..... | 6 7% | Civil Rights | 2 2% |
| Contract | 4 5% | Tax..... | 2 2% |
| Workers Comp | 4 5% | Corporate Matters | 1 1% |

* Total less than 92 investigations because eight investigations are designated as “undeterminable” and three as “other”.

Chart 18C

Rule 779(b) UPL Actions Filed in the Circuit Court: 2012-2019

| <i>Rule 779(b) UPL Complaints</i> | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Filed Against Disbarred Lawyer | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 4 |
| Filed Against Non-Lawyer | 5 | 6 | 4 | 2 | 5 | 4 | 4 | 2 | 32 |
| Filed Against Out-of-State Lawyer | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| Total | 6 | 7 | 4 | 4 | 7 | 4 | 4 | 2 | 38 |

Chart 19

Proceedings Filed Directly with the Illinois Supreme Court: 2015-2019

| <i>Type</i> | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
| Rule 762(a) Motion for Disbarment on Consent | 8 | 12 | 13 | 12 | 7 | 14 |
| Rule 763 Petitions for Reciprocal Discipline | 13 | 15 | 24 | 20 | 31 | 31 |
| Rule 757 Transfer to Disability Inactive Status | 3 | 0 | 0 | 2 | 1 | 1 |
| Total | 24 | 27 | 37 | 34 | 39 | 46 |

Disciplinary Proceedings: Hearing Board Matters

Chart 20A

Matters Before the Hearing Board in 2019

| | |
|--|----|
| Cases Pending on January 1, 2019 | 81 |
| Cases Filed or Reassigned in 2019: | |
| <i>Disciplinary Complaints Filed:</i> * | |
| ➤ Rules 753, 761(d)..... | 44 |
| ➤ Case remanded by Supreme Court after petition on consent withdrawn..... | 1 |
| <i>Reinstatement Petition Filed:</i> | |
| ➤ Rule 767..... | 6 |
| Total New Cases Filed or Reassigned | 51 |
| Cases Concluded During 2019 | 71 |
| Cases Pending December 31, 2019 | 61 |
| <p>* The number of cases filed at Hearing is significantly lower than the number of matters voted by Inquiry, because multiple investigations against a particular attorney in which the Inquiry Board has voted a complaint are consolidated into a single complaint for purposes of filing at the Hearing Board.</p> | |

Chart 20B

Years in Practice, Age and Gender of Lawyers Charged in the 44 Disciplinary Complaints Filed in 2019

| | # of Complaints Filed | % of Complaints Filed | % of Lawyer Population |
|----------------------------|-----------------------|-----------------------|------------------------|
| Years in Practice | | | |
| Fewer than 5 | 2 | 4.6% | 10% |
| Between 5 and 10 | 3 | 6.8% | 15% |
| Between 10 and 20 | 12 | 27.3% | 27% |
| Between 20 and 30 | 10 | 22.7% | 21% |
| 30 or more | 17 | 38.6% | 27% |
| Age: | | | |
| 21-29 years old | 1 | 2.3% | 4% |
| 30-49 years old | 13 | 29.6% | 49% |
| 50-74 years old | 28 | 63.6% | 44% |
| 75 or more years old | 2 | 4.5% | 3% |
| Gender: | | | |
| Female | 8 | 18.2% | 39% |
| Male | 36 | 81.8% | 61% |
| Non-binary | 0 | 0% | <0.02% |

Chart 20C

Types of Misconduct Alleged in the 44 Disciplinary Complaints* Filed Before Hearing Board in 2019

| <i>Type of Misconduct</i> | <i>Number of Cases*</i> | <i>% of Cases Filed**</i> | <i>Type of Misconduct</i> | <i>Number of Cases*</i> | <i>% of Cases Filed**</i> |
|---|-------------------------|---------------------------|--|-------------------------|---------------------------|
| Fraudulent or deceptive activity | 32..... | 73% | Misrepresentation to third persons or using means to embarrass or delay..... | 3..... | 7% |
| Improper handling of trust funds..... | 13..... | 30% | Excessive or unauthorized legal fees | 3..... | 7% |
| False statement or failure to respond in disciplinary matter..... | 12..... | 27% | Unauthorized practice after removal from Master Roll for failure to register or comply with MCLE requirements..... | 2..... | 5% |
| Neglect | 10..... | 23% | Failure to supervise law firm staff | 2..... | 5% |
| Failure to communicate with client | 9..... | 20% | Improper communication with unrepresented person | 2..... | 5% |
| Criminal conduct/conviction of lawyer..... | 7..... | 16% | Improper communication with represented person | 1..... | 2% |
| Conflicts of interest..... | 5..... | 11% | Unauthorized practice in another jurisdiction . | 1..... | 2% |
| Rule 1.7: concurrent conflicts | 2..... | | Breach of client confidentiality..... | 1..... | 2% |
| Rule 1.8(a): improper business transaction with client..... | 1..... | | False or reckless statement about a judge..... | 1..... | 2% |
| Rule 1.8(c): improper gift from client..... | 1..... | | Failure to provide competent representation... | 1..... | 2% |
| Rule 1.8(e): financial assistance to client | 1..... | | Failure to report criminal conviction (761(a)). | 1..... | 2% |
| Rule 1.8(h): improper settlement | 1..... | | Threatening criminal/disciplinary charges to gain an advantage in a civil matter..... | 1..... | 2% |
| Rule 1.8(i): improper acquisition in matters...1 | | | | | |
| Improper withdrawal from employment, including failure to refund unearned fees..... | 4..... | 9% | | | |
| Misrepresentations to a tribunal | 4..... | 9% | | | |
| Assisting a client in a crime or fraud | 4..... | 9% | | | |

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

**Totals exceed 44 disciplinary cases and 100% because most complaints allege more than one type of misconduct.

Chart 20D

Subject Area Involved in the 44 Disciplinary Complaints Filed Before Hearing Board in 2019

| <i>Subject Area</i> | <i>Number of Cases*</i> | <i>% of Cases Filed*</i> | <i>Subject Area</i> | <i>Number of Cases*</i> | <i>% of Cases Filed*</i> |
|-------------------------------------|-------------------------|--------------------------|---------------------------|-------------------------|--------------------------|
| Probate | 13..... | 30% | Criminal..... | 2..... | 5% |
| Real Estate..... | 9..... | 20% | Contract..... | 2..... | 5% |
| Tort | 6..... | 14% | Debt Collection | 2..... | 5% |
| Criminal Conduct/Conviction | 6..... | 14% | Bankruptcy..... | 1..... | 2% |
| Domestic Relations | 5..... | 11% | Patent and Trademark..... | 1..... | 2% |
| Workers' Comp/Labor Relations | 4..... | 9% | | | |

*Totals exceed 59 disciplinary complaints and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

Disciplinary Cases Before the Supreme Court

Chart 21A

Disciplinary Sanctions Ordered by the Supreme Court in 2019

| | |
|--|-----|
| Disbarment | 29 |
| Suspension until further order of Court | 13 |
| Suspension for a specified period..... | 24 |
| Suspension for a specified period & conditions | 11 |
| Probation with partially stayed suspension | 6 |
| Probation with fully stayed suspension..... | 4 |
| Censure | 3 |
| Reprimand..... | 3 |
| Reprimand and probation | 3 |
| Total | 96* |

*In addition to the 48 suspensions above, the Court also ordered 7 interim suspensions, as reported in Chart 22 at (I).

Chart 21B

County of Practice of Lawyers Disciplined in 2019

| County | Number Disciplined | County | Number Disciplined |
|--------------------|---------------------------|-----------------|---------------------------|
| Cook..... | 34 | Boone | 1 |
| Out-of-State | 33 | Christian | 1 |
| DuPage..... | 7 | LaSalle | 1 |
| Jefferson | 2 | Tazewell | 1 |
| Kane..... | 2 | Will | 1 |
| Lake | 2 | Winnebago..... | 1 |
| Madison..... | 2 | | |
| Madison..... | 2 | | |
| McHenry | 2 | | |
| Rock Island..... | 2 | | |
| Sangamon..... | 2 | | |

Chart 21C

Years in Practice, Age and Gender of Lawyers Disciplined in 2019

| Years in Practice | # of Lawyers Disciplined | % of Lawyers Disciplined | % of Lawyer Population |
|---------------------------|---------------------------------|---------------------------------|-------------------------------|
| Fewer than 5 | 1 | 1.0% | 10% |
| Between 5 and 10..... | 8 | 8.3% | 15% |
| Between 10 and 20 | 24 | 25.0% | 27% |
| Between 20 and 30 | 23 | 24.0% | 21% |
| 30 or more | 40 | 41.7% | 27% |
| Age: | | | |
| 21-29 years old..... | 0 | 0% | 4% |
| 30-49 years old..... | 31 | 32.3% | 49% |
| 50-74 years old..... | 55 | 57.3% | 44% |
| 75 or more years old..... | 10 | 10.4% | 3% |
| Gender: | | | |
| Female..... | 10 | 10.4% | 39% |
| Male | 86 | 89.6% | 61% |
| Non-binary | 0 | 0% | <0.02% |

Chart 21D

Practice Setting of Lawyers Disciplined in 2019

| <i>Practice Setting</i> | <i>Solo Firm</i> | <i>Firm 2-10</i> | <i>Firm 11-25</i> | <i>Firm 26+</i> | <i>Gov't/ Judicial</i> | <i>In-House Corporate</i> | <i>Academia</i> | <i>Not Engaged in Practice</i> |
|------------------------------|------------------|------------------|-------------------|-----------------|------------------------|---------------------------|-----------------|--------------------------------|
| 96 Lawyers Sanctioned | 60 | 20 | 1 | 6 | 2 | 3 | 0 | 4 |

Chart 21E

Impairments Identified for Lawyers Disciplined in 2019, By Practice Setting

| <i>Practice Setting</i> | <i>Solo Firm</i> | <i>Firm 2-10</i> | <i>Firm 11-25</i> | <i>Firm 26+</i> | <i>Gov't/ Judicial</i> | <i>In-House Corporate</i> | <i>Academia</i> | <i>No Practice</i> |
|-------------------------------------|------------------|------------------|-------------------|-----------------|------------------------|---------------------------|-----------------|--------------------|
| 30 Lawyers* with Impairments | 18 | 5 | 1 | 3 | 0 | 1 | 0 | 2 |
| <i>Impairment</i> | | | | | | | | |
| Substances: | | | | | | | | |
| Alcohol | 5 | 2 | | | | 1 | | 2 |
| Cocaine | 2 | | | | | | | |
| Cannabis | 1 | 1 | | | | | | |
| Amphetamine | 1 | 1 | | 1 | | | | |
| Opioids | 1 | | | | | | | |
| Other Substance | 1 | 2 | | | | | | |
| Mental Illness: | | | | | | | | |
| Depression | 8 | 2 | 1 | 2 | | | | 1 |
| Bipolar | | | | | | | | |
| Schizophrenia | | | | | | | | |
| Personality Disorder | | | | | | | | |
| Gambling | | | | | | | | |
| Sexual Disorder | | 1 | | 1 | | | | |
| Cognitive Decline | 3 | | | | | | | |
| Other | 5 | 3 | | | | | | |
| % of 30 lawyers with impairments | 60% | 17% | 3% | 10% | 0% | 3% | 0% | 7% |

*Some lawyers have more than one impairment identified.

Chart 22

Orders Entered by Supreme Court in Disciplinary Cases in 2019

| | |
|---|---|
| <p>A. <u>Motions for disbarment on consent: Rule 762(a)</u> Allowed..... 14 Denied..... <u>0</u> Total 14</p> | <p>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u> Allowed..... <u>1</u> Total..... 1</p> |
| <p>B. <u>Petitions for discipline on consent: Rule 762(b)</u> Allowed: Suspension with conditions..... 18 Suspension until further order of Court 2 Suspension stayed in part, probation ordered 4 Suspension stayed in its entirety, probation ordered 1 Censure <u>2</u> Total..... 27 Denied..... <u>0</u> Total 27</p> | <p>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u> Allowed..... 12 Denied..... <u>0</u> Total 12</p> |
| <p>C. <u>Petitions for leave to file exceptions to report and recommendation of Review Board: Rules 753(e)(1) and 761</u> Denied and same discipline imposed as recommended by Review Board..... 7 Allowed and more discipline imposed than recommended by Review Board..... 3 Allowed and same discipline imposed as recommended by Review Board..... <u>1</u> Total 11</p> | <p>F. <u>Petitions for reciprocal discipline: Rule 763</u> Allowed..... 31 Denied..... <u>0</u> Total 31</p> |
| | <p>G. <u>Petitions for reinstatement: Rule 767</u> Petition allowed with conditions..... 1 Motion to reinstate petition allowed..... 1 Petition withdrawn..... <u>5</u> Total..... 7</p> |
| | <p>H. <u>Motions to revoke probation: Rule 772</u> Allowed, probation revoked and respondent suspended..... <u>0</u> Total 0</p> |
| | <p>I. <u>Petitions for interim suspension: Rule 774</u> Rule enforced and lawyer suspended <u>7</u> Total 7</p> |

Chart 23

ARDC-Appointed Receiverships: 2014-2019

| <i>776 Receivership Appointments</i> | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------|------|------|------|------|------|------|
| | 3 | 2 | 5 | 1 | 4 | 4 |

Chart 24

Non-Disciplinary Actions by the Supreme Court for 2019

| | |
|--|---|
| <i>Rule 756(a)(8) Permanent Retirement Status</i> | |
| Motion to transfer to permanent retirement status allowed..... | 0 |
| <i>Rule 757 Transfer to Disability Inactive Status</i> | |
| Motion to transfer allowed..... | 1 |
| <i>Rule 759 Restoration to Active Status</i> | |
| <i>After Transfer to Disability Inactive Status</i> | |
| Petition for restoration to active status allowed..... | 1 |

Summary of Registration and Caseload Trends (2005-2019)

Chart 25A

Registration Growth and Disciplinary Investigations (2005-2019)

| Year | Registered Attorneys | % of Growth Over Prior Year | Investigations Docketed | Closure By Administrator: No Misconduct Alleged | Closure By Administrator After Investigation | Closure By Inquiry Board After Investigation | Complaint Voted By Inquiry Board* |
|------|----------------------|-----------------------------|-------------------------|---|--|--|-----------------------------------|
| 2005 | 80,041 | 2.5% | 6,082 | 1,460 | 4,239 | 102 | 317 |
| 2006 | 81,146 | 1.4% | 5,801 | 1,319 | 4,076 | 76 | 215 |
| 2007 | 82,380 | 1.5% | 5,988 | 1,508 | 4,117 | 125 | 279 |
| 2008 | 83,908 | 1.9% | 5,897 | 1,441 | 4,305 | 104 | 228 |
| 2009 | 84,777 | 1.0% | 5,834 | 1,322 | 3,891 | 79 | 226 |
| 2010 | 86,777 | 2.2% | 5,617 | 1,354 | 3,914 | 50 | 271 |
| 2011 | 87,943 | 1.3% | 6,155 | 1,405 | 4,293 | 83 | 156 |
| 2012 | 89,330 | 1.6% | 6,397 | 1,649 | 4,598 | 75 | 273 |
| 2013 | 91,083 | 2.0% | 6,073 | 1,544 | 3,974 | 50 | 142 |
| 2014 | 92,756 | 1.8% | 5,835 | 1,442 | 4,468 | 46 | 198 |
| 2015 | 94,128 | 1.5% | 5,554 | 1,343 | 3,993 | 52 | 158 |
| 2016 | 94,610 | 0.5% | 5,401 | 1,321 | 3,967 | 41 | 142 |
| 2017 | 94,778 | 0.17% | 5,199 | 1,191 | 3,657 | 97 | 118 |
| 2018 | 94,608 | -0.18% | 5,029 | 1,233 | 3,542 | 53 | 101 |
| 2019 | 94,662 | 0.06% | 4,937 | 1,147 | 3,520 | 48 | 68 |

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

Chart 25B

Disciplinary and Regulatory Proceedings (2005-2019)

| Year | Matters Filed With Supreme Court or Circuit Court | Matters Filed With Hearing Board | Matters Concluded at Hearing Board | Matters Filed With Review Board | Matters Concluded at Review Board | Sanctions Ordered By Supreme Court |
|------|---|----------------------------------|------------------------------------|---------------------------------|-----------------------------------|------------------------------------|
| 2005 | 41 | 144 | 134 | 28 | 47 | 167 |
| 2006 | 33 | 108 | 132 | 25 | 23 | 144 |
| 2007 | 37 | 144 | 121 | 32 | 29 | 120 |
| 2008 | 36 | 134 | 137 | 31 | 26 | 135 |
| 2009 | 39 | 137 | 135 | 30 | 31 | 130 |
| 2010 | 49 | 122 | 115 | 27 | 32 | 148 |
| 2011 | 45 | 106 | 147 | 35 | 31 | 156 |
| 2012 | 30 | 120 | 113 | 36 | 32 | 103 |
| 2013 | 40 | 95 | 120 | 29 | 48 | 149 |
| 2014 | 31 | 126 | 105 | 29 | 29 | 112 |
| 2015 | 28 | 86 | 130 | 31 | 26 | 126 |
| 2016 | 34 | 83 | 93 | 21 | 22 | 104 |
| 2017 | 41 | 79 | 88 | 23 | 24 | 118 |
| 2018 | 38 | 64 | 64 | 17 | 22 | 75 |
| 2019 | 41 | 51 | 71 | 19 | 17 | 96 |

Chart 26

Attorney Reports: 2005-2019

| Year | Number of Grievances | Number of Attorney Reports | Percent of Attorney Reports to Grievances | Number of Grievances Voted into Complaints | Number of Attorney Reports Voted into Complaints | Percent of Attorney Reports to Formal Complaints |
|------------------------------|----------------------|----------------------------|---|--|--|--|
| 2005 | 6,082 | 505 | 8.3% | 317 | 47 | 14.8% |
| 2006 | 5,800 | 435 | 7.5% | 217 | 35 | 16.1% |
| 2007 | 5,988 | 525 | 8.8% | 284 | 82 | 28.9% |
| 2008 | 5,897 | 542 | 9.1% | 228 | 69 | 30.2% |
| 2009 | 5,837 | 489 | 7.7% | 226 | 60 | 26.5% |
| 2010 | 5,617 | 497 | 8.8% | 271 | 73 | 26.9% |
| 2011 | 6,155 | 536 | 8.7% | 156 | 33 | 21.2% |
| 2012 | 6,397 | 651 | 10.2% | 273 | 86 | 31.5% |
| 2013 | 6,073 | 485 | 9.2% | 144 | 48 | 33.3% |
| 2014 | 5,835 | 581 | 9.4% | 199 | 52 | 26.1% |
| 2015 | 5,554 | 583 | 9.4% | 159 | 62 | 39.2% |
| 2016 | 5,401 | 606 | 11.1% | 142 | 67 | 47.2% |
| 2017 | 5,199 | 551 | 10.6% | 118 | 55 | 46.6% |
| 2018 | 5,029 | 479 | 9.6% | 101 | 44 | 43.6% |
| 2019 | 4,937 | 557 | 11.4% | 68 | 29 | 42.7% |
| Totals for 2005-2019 | 85,801 | 8,022 | -- | 2,903 | 842 | -- |
| Average For 2005-2019 | 5,720 | 535 | 9.3% | 194 | 56 | 31.7% |

CLIENT PROTECTION PROGRAM

Chart 27A

Client Protection Program Claims: 2005-2019

| Year | Claims filed | # Claims Approved | # Claims Denied | For Claims Approved, # Respondent Attys | Total Amounts Paid |
|------|--------------|-------------------|-----------------|---|--------------------|
| 2005 | 242 | 179 | 132 | 46 | \$951,173 |
| 2006 | 222 | 111 | 69 | 38 | \$843,054 |
| 2007 | 217 | 90 | 138 | 44 | \$697,358 |
| 2008 | 224 | 102 | 122 | 56 | \$1,029,220 |
| 2009 | 188 | 81 | 125 | 35 | \$1,091,473 |
| 2010 | 207 | 89 | 108 | 30 | \$705,168 |
| 2011 | 184 | 89 | 96 | 38 | \$1,006,013 |
| 2012 | 350 | 70 | 124 | 34 | \$986,771 |
| 2013 | 256 | 247 | 91 | 38 | \$2,016,669 |
| 2014 | 256 | 95 | 106 | 40 | \$1,300,775 |
| 2015 | 541 | 366 | 152 | 34 | \$2,488,651 |
| 2016 | 277 | 146 | 132 | 48 | \$3,094,187 |
| 2017 | 229 | 152 | 144 | 48 | \$1,776,419 |
| 2018 | 219 | 99 | 107 | 35 | \$2,324,786 |
| 2019 | 132 | 56 | 112 | 26 | \$1,392,321 |

Chart 27B

Classification of Approved Client Protection Claims in 2019

| | |
|--|----|
| <i>Type of Misconduct:</i> | |
| Intentional misappropriation of client funds | 39 |
| Failure to refund unearned fees | 17 |
| Area of Law | |
| Tort | 22 |
| Labor/Workers' Comp | 11 |
| Real Estate/Loan Modification | 8 |
| Domestic Relations | 6 |
| Criminal/Quasi criminal | 5 |
| Probate/Trusts | 2 |
| Contract | 1 |
| Debt Collection | 1 |

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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUE | | | | | |
| Investment income | | | | | |
| Interest | \$ 1,113,487 | \$ 752,102 | \$ 460,619 | \$ 325,337 | \$ 215,925 |
| Net gain (loss) on investments | 479,953 | 25,789 | 47,197 | 63,101 | (86,873) |
| Registration and program fees | 21,945,876 | 21,954,971 | 21,725,223 | 21,588,524 | 21,241,739 |
| Cost reimbursements collected | 34,542 | 81,675 | 89,142 | 111,971 | 82,782 |
| Administrative expense reimbursement from Client Protection Program | 313,766 | 309,447 | 304,543 | 292,863 | 286,324 |
| Client Protection Program reimbursements | 37,157 | 216,158 | 260,049 | 175,165 | 16,355 |
| Total revenue | <u>23,924,781</u> | <u>23,340,142</u> | <u>22,886,773</u> | <u>22,556,961</u> | <u>21,756,252</u> |
| EXPENSES | | | | | |
| Salaries and related expenses | 11,440,294 | 11,997,483 | 12,153,114 | 11,889,727 | 11,933,845 |
| Travel expenses | 152,301 | 147,652 | 111,074 | 127,337 | 130,279 |
| Library and continuing education | 235,971 | 158,995 | 201,888 | 150,463 | 143,206 |
| General expenses and office support | 2,687,316 | 2,537,817 | 2,419,124 | 2,388,365 | 2,299,321 |
| Computer expense | 658,217 | 504,532 | 515,197 | 542,478 | 479,508 |
| Other professional and case-related expenses | 545,027 | 590,756 | 602,010 | 636,352 | 835,666 |
| Client Protection Program direct expenses | 1,394,147 | 2,327,765 | 1,776,951 | 3,098,343 | 2,496,544 |
| Administrative expense reimbursement to Registration and Discipline | 313,766 | 309,447 | 304,543 | 292,863 | 286,324 |
| Depreciation and amortization expense | 218,542 | 258,203 | 379,888 | 390,611 | 412,451 |
| Total expenses | <u>17,645,581</u> | <u>18,832,650</u> | <u>18,463,789</u> | <u>19,516,539</u> | <u>19,017,144</u> |
| CHANGE IN NET ASSETS | 6,279,200 | 4,507,492 | 4,422,984 | 3,040,422 | 2,739,108 |
| NET ASSETS | | | | | |
| Beginning of year | <u>38,091,916</u> | <u>33,584,424</u> | <u>29,161,440</u> | <u>26,121,018</u> | <u>23,381,910</u> |
| End of year | <u>\$ 44,371,116</u> | <u>\$ 38,091,916</u> | <u>\$ 33,584,424</u> | <u>\$ 29,161,440</u> | <u>\$ 26,121,018</u> |
| OTHER INFORMATION AT YEAR END | | | | | |
| Number of active and registered attorneys | 95,687 | 94,608 | 94,997 | 94,461 | 93,824 |
| Registration fees | | | | | |
| More than one year and less than three years | \$ 121 | \$ 121 | \$ 121 | \$ 121 | \$ 121 |
| More than three years | \$ 230 | \$ 230 | \$ 230 | \$ 230 | \$ 230 |
| Inactive/out of state | \$ 121 | \$ 121 | \$ 121 | \$ 121 | \$ 121 |



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois (the Commission), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2019, the Commission implemented new accounting guidance for contributions received and contributions made as well as revenue from contracts with customers and the presentation of net postretirement benefit costs. Our opinion is not modified with respect to this matter.

Legacy Professionals LLP

Westchester, Illinois

April 24, 2020

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

| ASSETS | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,196,154 | \$ 2,649,227 |
| Short-term investments | 33,462,183 | 40,345,401 |
| Accrued interest receivable | 175,810 | 115,295 |
| Accounts receivable | 26,399 | 3,293 |
| Prepaid expenses and deposits | <u>201,523</u> | <u>184,811</u> |
| Total current assets | 36,062,069 | 43,298,027 |
| PROPERTY AND EQUIPMENT - net | 1,783,670 | 1,657,175 |
| LONG-TERM INVESTMENTS | <u>31,801,507</u> | <u>19,210,258</u> |
| Total assets | <u>\$ 69,647,246</u> | <u>\$ 64,165,460</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and other accruals | \$ 351,599 | \$ 788,424 |
| Amounts held for others | 3,964,527 | 4,156,323 |
| Accrued vacation | 468,230 | 474,956 |
| Deferred registration and program fees | 16,768,347 | 16,583,343 |
| Postretirement benefit obligation - current portion | 33,531 | 37,342 |
| Deposits | <u>5,502</u> | <u>3,501</u> |
| Total current liabilities | <u>21,591,736</u> | <u>22,043,889</u> |
| LONG-TERM LIABILITIES | | |
| Postretirement benefit obligation - net of current portion | 1,768,932 | 1,938,728 |
| Deferred rent expense | <u>1,915,462</u> | <u>2,090,927</u> |
| Total long-term liabilities | <u>3,684,394</u> | <u>4,029,655</u> |
| Total liabilities | 25,276,130 | 26,073,544 |
| NET ASSETS | | |
| Without member restrictions | <u>44,371,116</u> | <u>38,091,916</u> |
| Total liabilities and net assets | <u>\$ 69,647,246</u> | <u>\$ 64,165,460</u> |

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2019 | | 2018 | |
|--|-----------------------------------|---------------------------------|---------------|---------------|
| | Registration and Discipline | Client Protection Program | Total | Total |
| REVENUE | | | | |
| Investment income - net | \$ 1,559,929 | \$ 33,511 | \$ 1,593,440 | \$ 777,891 |
| Registration and program fees | 20,079,626 | 1,866,250 | 21,945,876 | 21,954,971 |
| Cost reimbursements collected | 34,542 | - | 34,542 | 81,675 |
| Administrative expense reimbursement from Client Protection Program | 313,766 | - | 313,766 | 309,447 |
| Client Protection Program reimbursements | - | 37,157 | 37,157 | 216,158 |
| Total revenue | 21,987,863 | 1,936,918 | 23,924,781 | 23,340,142 |
| EXPENSES | | | | |
| Salaries and related expenses | 11,440,294 | - | 11,440,294 | 11,997,483 |
| Travel expenses | 152,301 | - | 152,301 | 147,652 |
| Library and continuing education | 235,971 | - | 235,971 | 158,995 |
| General expenses and office support | 2,687,316 | - | 2,687,316 | 2,537,817 |
| Computer expense | 658,217 | - | 658,217 | 504,532 |
| Other professional and case-related expenses | 545,027 | - | 545,027 | 590,756 |
| Client Protection Program direct expenses | | | | |
| Awards | - | 1,392,322 | 1,392,322 | 2,324,786 |
| Administrative | - | 1,825 | 1,825 | 2,979 |
| Administrative expense reimbursement to Registration and Discipline | - | 313,766 | 313,766 | 309,447 |
| Depreciation and amortization expense | 218,542 | - | 218,542 | 258,203 |
| Total expenses | 15,937,668 | 1,707,913 | 17,645,581 | 18,832,650 |
| CHANGE IN NET ASSETS | 6,050,195 | 229,005 | 6,279,200 | 4,507,492 |
| NET ASSETS | | | | |
| Beginning of year | 37,571,596 | 520,320 | 38,091,916 | 33,584,424 |
| End of year | \$ 43,621,791 | \$ 749,325 | \$ 44,371,116 | \$ 38,091,916 |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 6,279,200 | \$ 4,507,492 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Net (gain) on investments | (479,953) | (25,789) |
| Depreciation and amortization expense | 218,542 | 258,203 |
| Change in assets and liabilities | | |
| Accounts receivable and accrued interest receivable | (83,621) | (36,543) |
| Prepaid expenses and deposits | (16,712) | (15,530) |
| Accounts payable and other accruals | (436,825) | (63,230) |
| Amounts held for others | (191,796) | 16,206 |
| Accrued vacation | (6,726) | (2,013) |
| Deferred registration and program fees | 185,004 | 68,701 |
| Deposits | 2,001 | (499) |
| Postretirement benefit obligation | (173,607) | 59,307 |
| Deferred rent expense | (175,465) | (157,217) |
| Net cash provided by operating activities | <u>5,120,042</u> | <u>4,609,088</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investment securities | (32,324,232) | (37,546,403) |
| Maturities of investment securities | 27,096,154 | 32,642,370 |
| Purchases of property and equipment | <u>(345,037)</u> | <u>(159,258)</u> |
| Net cash (used in) investing activities | <u>(5,573,115)</u> | <u>(5,063,291)</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (453,073) | (454,203) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>2,649,227</u> | <u>3,103,430</u> |
| End of year | <u>\$ 2,196,154</u> | <u>\$ 2,649,227</u> |

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1. GENERAL PURPOSE DESCRIPTION

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

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

- Rule 756(a), as amended (the Rule), has set the annual registration and program fees for active lawyers licensed to practice law for three years or more at \$385 (the full fee) and the annual registration fees for active lawyers licensed to practice between one and three years and inactive lawyers at \$121. The full fee was increased from \$382 to \$385 effective with the 2017 registration season, with the \$3 increase being allocated in full to the Illinois Lawyers' Assistance Program. Prior to this, the last fee increase occurred effective with the 2015 registration season. The charge for late payment of annual registration fees is \$25 per month for every month that fees are delinquent. The Rule requires that the Commission, as part of the annual \$385 fee, collect and remit the following amounts to the following other entities that are not administered by the Commission: \$95 to the Lawyers Trust Fund of Illinois, \$25 to the Illinois Supreme Court Commission on Professionalism and \$10 to the Illinois Lawyers' Assistance Program.
- Rule 780(b) provided for the establishment of the Client Protection Program (the Program) and set forth that the purpose of the Program "is to promote public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct" of Illinois lawyers who have been disciplined. Since the Program's inception, the Commission has administered the Client Protection Program and has maintained a separate Client Protection Fund account. Amended Rule 756 provides that \$25 of the \$385 registration fee be set aside for the Client Protection Program to fund awards made by the Client Protection Program. Prior to the Rule 756 amendment, the Commission funded payment of awards by making an annual allocation from the Disciplinary Fund. The Commission includes in its general budget allocations for administrative expenses of the Program to be paid from the Disciplinary Fund. The Program reimburses the Commission for the cost of administering the Program.

NOTE 1. GENERAL PURPOSE DESCRIPTION (CONTINUED)

- Rule 707, as amended, provides that eligible out-of-state attorneys may appear in an Illinois proceeding upon meeting certain requirements, including the payment of a \$250 per proceeding fee and an annual registration fee, which is currently \$121. The \$250 per proceeding fee is allocated between the Illinois Supreme Court Commission on Access to Justice (\$175) and the Commission (\$75). The registration fee is allocated to the Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements of the Commission have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

New Accounting Pronouncements - In June 2018, the Financial Accounting Standards Board issued Account Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, which was effective for the Commission's financial statements for the year ended December 31, 2019. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange or contribution transactions and improve guidance to better distinguish between conditional and unconditional contributions. Accordingly, there is no effect in connection with the implementation of this ASU.

In June 2018, the Financial Accounting Standards Board issued Account Standards Update (ASU) No. 2014-09- *Revenue from Contracts with Customers (Topic 606)*, which was effective for the Commission's financial statements for the year ended December 31, 2019. This guidance provides the framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for profit and not-for-profit entities. Analysis of various provisions of this standard resulted in no significant changes in the way the Commission recognizes revenue, and therefore no changes to the previously audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Commission also adopted ASU No. 2017-07 - *Compensation -Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires that the service component of net periodic benefit cost for pension and other postretirement benefits be presented as a component of employee benefit expense. The other components of net periodic benefit cost are required to be presented separately in net assets without member restrictions. No adjustments to net assets were necessary as a result of conforming to the requirements of this standard.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - In order to conform to provisions of generally accepted accounting principles, the Commission is required to report information regarding its financial position and activities in two classes of net assets: without member restriction and with member restriction.

Net Assets without Member Restriction - Net assets that are not subject to member-imposed restrictions and are available to finance the general operations of the Commission. The only limits on the use of net assets without member restriction are the broad limits resulting from the nature of the Commission, the environment in which it operates and the purposes specified in its governing rules.

Net Assets with Member Restriction - Net assets subject to member or grantor imposed restrictions. Some member-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the member. Other member imposed restrictions are perpetual in nature, where the member stipulates that resources be maintained in perpetuity. Member-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2019 and 2018, there are no net assets with member restrictions.

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

Accounts Receivable - Cost Reimbursements and Client Protection Program

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Amounts Held for Others - Amounts held for others at December 31, 2019 and 2018 consist of funds collected for the Illinois Lawyers' Assistance Program in the amount of \$304,104 and \$318,744 respectively; the Lawyers Trust Fund of Illinois in the amount of \$2,888,243 and \$3,028,254 respectively; the Illinois Supreme Court Commission on Professionalism in the amount of \$760,105 and \$796,900 respectively; and the Illinois Supreme Court Commission on Access to Justice in the amount of \$12,075 and \$12,425 respectively. All amounts were remitted subsequent to year end.

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

The following table provides information about significant changes in the deferred registration and program fees for the year ended December 31, 2019.

| | |
|--|----------------------|
| Registration and program fees paid in advance, beginning of year | \$ 16,583,343 |
| Revenue recognized that was included in registration and program fees at the beginning of the year | (16,583,343) |
| Increase in registration and program fees due to cash received during the year | <u>16,768,347</u> |
| Registration and program fees paid in advance, end of year | <u>\$ 16,768,347</u> |

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits - A portion of deposits is the reinstatement deposit that accompanies the petition of any attorney who is filing for reinstatement under Rule 767. The amount the attorney actually owes is assessed at the conclusion of the proceedings. Reinstatement deposits held at December 31, 2019 and 2018 was \$5,502 and \$3,501 respectively.

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

Revenue Recognition - The Organization receive a significant portion of their operating revenue from registration and program fees.

The registration and program fee revenue is considered an exchange transaction and is recognized on January 1 or the date of the payment (whichever is later) which is when the performance obligation of adding the attorney’s name to the Master Roll of registered attorneys is satisfied. This enables the attorney to practice law for the respective year as defined by Rule 756.

Registration and program fees paid in advance are deferred to the calendar year to which they relate. Such amounts deferred are recognized on January 1 of the following year.

Cost and Client Protection Program (the Program) reimbursement revenues are recognized at the time of receipt, not when the discipline is imposed by the Court for the related investigative and disciplinary costs. The Commission fully reserves reimbursements owed by attorneys under its Cost Reimbursement Program and the Program until the payments are received.

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

Functional Allocation of Expenses - The Commission has allocated certain administrative expenses, such as salary costs, among the various programs benefited. These allocations have been based on management’s estimate of time incurred on these programs (see Note 6).

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

Subsequent Events - Subsequent events have been evaluated through April 24, 2020, which is the date the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Commission's liquidity plan is to maintain sufficient cash and cash equivalents, money market funds, and other high quality short-term securities to fund its operations for a period of at least 1 year. The Commission utilizes a checking account, government money market funds, short-term treasury securities and FDIC insured certificates of deposit for this purpose.

Excess cash is invested in longer dated treasury securities and certificates of deposit with varying maturities designed to fund the Commission's operations beyond the one-year interval and maximize its income over time.

Cash levels can increase significantly when the Commission is collecting attorney registration fees during the annual registration season. The Commission collects approximately 75% of its annual registration fee income during the fourth quarter of each calendar year, with the bulk of the remainder in the month of January. Cash collected during these months is invested as soon as practicable. The cash collected in the fourth quarter temporarily inflates the Commission's year-end holdings of short-term liquid securities.

Specific investment allocation decisions about the Commission's portfolio are made by a third party investment manager.

None of the Commission's financial assets are subject to any member or other restrictions.

The Commission also maintains sufficient liquidity in the Client Protection Program's (the Program) financial accounts to fund award payments to the Program's beneficiaries. This liquidity provision is normally established at the end of each calendar year based on a projection of award payments for the next twelve months. The amount invested in cash and cash equivalents, government money market funds, and other high quality short-term securities is dependent on the projected timing and size of these award payments and may vary from year to year. Any excess funds that are not needed for disbursement are invested in longer dated treasury securities and FDIC insured certificates of deposit with varying maturities designed to meet the Program's future obligations and maximize its income over time.

Specific investment allocation decisions about the Program's portfolio are made by a third party investment manager.

None of the Program's financial assets are subject to any member or other restrictions.

The following is a breakdown of the Commission's and the Program's combined financial assets that are available for expenditure within one year, for the years ended December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 2,196,154 | \$ 2,649,227 |
| Short-term investments | 33,462,183 | 40,345,401 |
| Accrued interest receivable | 175,810 | 115,295 |
| Accounts receivable | 26,399 | 3,293 |
| Total | <u>\$ 35,860,546</u> | <u>\$ 43,113,216</u> |

NOTE 4. CONCENTRATION OF CASH

Cash consists of monies held in checking and highly liquid interest bearing accounts without significant withdrawal restrictions. The Commission places its cash with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Although market values may at times modestly exceed federally insured limits, management believes this credit risk to be minimal. When purchased, the cost of all such holdings fall within the FDIC insurance limits.

NOTE 5. COST REIMBURSEMENTS

The Commission receives cost reimbursements for investigative and disciplinary costs from disciplined attorneys. Cost reimbursements are billed at the time that discipline is imposed by the Court. Such billings may not reflect the total costs or match the period in which the investigative disciplinary costs were incurred. The Commission is limited to \$1,000 in cost reimbursements for each discipline case, absent exceptional circumstances. During the years ended December 31, 2019 and 2018, the Commission regularly sought entry of judgments by the Court. Interest accrues upon the unsatisfied portions of those judgments at a rate of 9% per annum, from the date of judgment until satisfied, as provided by 735 ILCS 5/2-1303. The Commission has also established payment plans for disciplined attorneys.

NOTE 6. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION

The following tables represent an analysis of the Commission's functional expenses, by natural classification, for the years ended December 31, 2019 and 2018:

| | 2019 | | | |
|---|-----------------------------------|----------------------|----------------------------------|----------------------|
| | Program | | | Total |
| | Registration and Discipline | Client Protection | Administration and Support | |
| Salaries and related expenses | \$ 9,004,053 | \$ 241,221 | \$ 2,195,020 | |
| Travel expense | 103,633 | 1,570 | 47,098 | 152,301 |
| Library and continuing education | 187,179 | 4,302 | 44,490 | 235,971 |
| General expenses and office support | 2,150,109 | 47,711 | 489,496 | 2,687,316 |
| Computer expense | 522,117 | 11,999 | 124,101 | 658,217 |
| Other professional and case-related expenses | 489,630 | 4,884 | 50,513 | 545,027 |
| Client Protection Program direct expenses: | | | | |
| Awards | - | 1,392,322 | - | 1,392,322 |
| Administrative | - | 1,825 | - | 1,825 |
| Administrative expense reimbursement to Registration and Discipline | - | - | 313,766 | 313,766 |
| Depreciation and amortization expense | 175,259 | 2,079 | 41,204 | 218,542 |
| Total | <u>\$ 12,631,980</u> | <u>\$ 1,707,913</u> | <u>\$ 3,305,688</u> | <u>\$ 17,645,581</u> |

NOTE 6. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION (CONTINUED)

| | 2018 | | | |
|---|-----------------------------------|----------------------|----------------------------------|----------------------|
| | Program | | | Total |
| | Registration and Discipline | Client Protection | Administration and Support | |
| Salaries and related expenses | \$ 9,592,456 | \$ 243,008 | \$ 2,162,019 | \$ 11,997,483 |
| Travel expense | 110,519 | 1,355 | 35,778 | 147,652 |
| Library and continuing education | 126,659 | 2,851 | 29,485 | 158,995 |
| General expenses and office support | 2,039,911 | 43,895 | 454,011 | 2,537,817 |
| Computer expense | 401,921 | 9,046 | 93,565 | 504,532 |
| Other professional and case-related expenses | 538,082 | 4,644 | 48,030 | 590,756 |
| Client Protection Program direct expenses: | | | | |
| Awards | - | 2,324,786 | - | 2,324,786 |
| Administrative | - | 2,979 | - | 2,979 |
| Administrative expense reimbursement to Registration and Discipline | - | - | 309,447 | 309,447 |
| Depreciation and amortization expense | 205,670 | 4,649 | 47,884 | 258,203 |
| Total | <u>\$ 13,015,218</u> | <u>\$ 2,637,213</u> | <u>\$ 3,180,219</u> | <u>\$ 18,832,650</u> |

NOTE 7. INVESTMENTS

The following summary presents the fair value of each of the investment categories at December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Short-term | | |
| U.S. Treasury notes and bills | \$ 9,609,613 | \$ 12,596,964 |
| U.S. bank certificates | 10,955,000 | 12,934,000 |
| Money market funds | 11,117,800 | 13,333,187 |
| Mutual funds and exchange traded funds | 1,779,770 | 1,481,250 |
| | <u>33,462,183</u> | <u>40,345,401</u> |
| Long-term | | |
| U.S. Treasury notes and bills | 16,615,507 | 9,499,258 |
| U.S. bank certificates | 15,186,000 | 9,711,000 |
| | <u>31,801,507</u> | <u>19,210,258</u> |
| Total | <u>\$ 65,263,690</u> | <u>\$ 59,555,659</u> |

NOTE 8. FAIR VALUE MEASUREMENTS

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

Basis of Fair Value Measurement

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

The following tables set forth, by level within the fair value hierarchy, the Commission's investment assets at fair value as of December 31, 2019 and 2018. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

| | Total | Fair Value Measurements at 12/31/19 Using | | |
|---|----------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasury notes and bills | \$ 26,225,120 | \$ 26,225,120 | \$ - | \$ - |
| U.S. bank certificates | 26,141,000 | - | 26,141,000 | - |
| Money market funds | 11,117,800 | 11,117,800 | - | - |
| Mutual funds and exchange traded funds | | | | |
| Fixed income | 1,017,325 | 1,017,325 | - | - |
| Equity: | | | | |
| Small cap | 100,387 | 100,387 | - | - |
| Mid cap | 100,506 | 100,506 | - | - |
| Large cap | 409,376 | 409,376 | - | - |
| Emerging Market | 50,530 | 50,530 | - | - |
| International | 101,646 | 101,646 | - | - |
| Total | <u>\$ 65,263,690</u> | <u>\$ 39,122,690</u> | <u>\$ 26,141,000</u> | <u>\$ -</u> |

| | Total | Fair Value Measurements at 12/31/18 Using | | |
|---|----------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasury notes and bills | \$ 22,096,222 | \$ 22,096,222 | \$ - | \$ - |
| U.S. bank certificates | 22,645,000 | - | 22,645,000 | - |
| Money market funds | 13,333,187 | 13,333,187 | - | - |
| Mutual funds and exchange traded funds | | | | |
| Fixed income | 922,650 | 922,650 | - | - |
| Equity: | | | | |
| Small cap | 69,122 | 69,122 | - | - |
| Mid cap | 72,872 | 72,872 | - | - |
| Large cap | 302,027 | 302,027 | - | - |
| Emerging Market | 39,749 | 39,749 | - | - |
| International | 74,830 | 74,830 | - | - |
| Total | <u>\$ 59,555,659</u> | <u>\$ 36,910,659</u> | <u>\$ 22,645,000</u> | <u>\$ -</u> |

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Measurements

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

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

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

Level 2 Measurements

U.S. bank certificates are valued at cost which approximates fair value due to their liquid or short-term nature. At December 31, 2019, the U.S. bank certificates had interest rates ranging from 1.25% to 3.05% with maturity dates between January 2020 and September 2022. At December 31, 2018, the U.S. bank certificates had interest rates ranging from 0.85% to 3.05% with maturity dates between January 2019 and June 2021.

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Computer and related equipment | \$ 3,367,432 | \$ 3,057,418 |
| Office furniture and equipment | 1,093,041 | 1,093,454 |
| Library | 2,691 | 13,965 |
| Leasehold improvements | <u>2,504,712</u> | <u>2,471,949</u> |
| | 6,967,876 | 6,636,786 |
| Less accumulated depreciation and amortization | <u>(5,184,206)</u> | <u>(4,979,611)</u> |
| Property and equipment - net | <u>\$ 1,783,670</u> | <u>\$ 1,657,175</u> |

NOTE 10. LEASE COMMITMENTS

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

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

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

Rent expense under all lease agreements was \$1,484,772 in 2019 and \$1,456,716 in 2018.

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

| | <u>Springfield</u> | <u>Chicago</u> | <u>Total</u> |
|--------------------------|--------------------|---------------------|---------------------|
| Year ending December 31, | | | |
| 2020 | \$ 111,971 | \$ 766,660 | \$ 878,631 |
| 2021 | 114,211 | 785,835 | 900,046 |
| 2022 | 116,495 | 805,457 | 921,952 |
| 2023 | 118,825 | 825,622 | 944,447 |
| 2024 | 121,202 | 846,171 | 967,373 |
| Thereafter | <u>356,551</u> | <u>2,130,575</u> | <u>2,487,126</u> |
| Total | <u>\$ 939,255</u> | <u>\$ 6,160,320</u> | <u>\$ 7,099,575</u> |

NOTE 11. POSTRETIREMENT BENEFIT OBLIGATION

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

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

NOTE 11. POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)

The following sets forth information with respect to this benefit obligation as of and for the years ended December 31, 2019 and 2018. The benefit obligation at December 31, 2019 was actuarially determined by Towers Watson, and was estimated by commission management for 2018.

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Benefit obligation at beginning of year | \$ 1,976,070 | \$ 1,875,145 |
| Service cost | 52,998 | 57,907 |
| Interest cost | 70,657 | 71,932 |
| Benefits paid | (17,478) | (13,884) |
| Actuarial (gain) | <u>(279,784)</u> | <u>(15,030)</u> |
| Benefit obligation at end year | <u>\$ 1,802,463</u> | <u>\$ 1,976,070</u> |

Net periodic benefit costs for 2019 and 2018 are comprised of the following:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|---------------------|-------------------|
| Service cost | \$ 52,998 | \$ 57,907 |
| Interest cost | 70,657 | 71,932 |
| Actuarial (gain) | <u>(279,784)</u> | <u>(15,030)</u> |
| Net periodic benefit cost | <u>\$ (156,129)</u> | <u>\$ 114,809</u> |

The key assumptions are as follows:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|--------------------------------|--------------------------------|
| Actuarial cost method | Projected unit credit method | Projected unit credit method |
| Mortality table | RP-2014 Employee and Annuitant | RP-2014 Employee and Annuitant |
| Discount rate | 4.20% | 4.10% |
| Retirement age | Between ages 55 and 75 | Between ages 55 and 65 |
| Medical trend rate ultimate | 5% | 5% |

Assumed health care cost trend rates can have a significant effect on the amounts reported for health care benefits. The actuary noted in its 2019 valuation that the effect of a 1% increase in health care cost trend rates (medical trend ultimate) would be an increase of \$5,124 on total service cost and interest cost components and an increase of \$73,938 on the postretirement benefit obligation.

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

NOTE 11. POST RETIREMENT BENEFIT OBLIGATION (CONTINUED)

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

| | |
|-------------|-------------------|
| 2020 | \$ 33,531 |
| 2021 | 38,259 |
| 2022 | 46,271 |
| 2023 | 60,131 |
| 2024 | 71,536 |
| 2025 - 2029 | <u>500,196</u> |
| Total | <u>\$ 749,924</u> |

The Commission maintains investments in a separate trust account for the Medicare replacement reserve. The assets are invested using prudent asset allocation parameters, with the goal of minimizing risk and achieving asset returns that will help the plan meet its future obligations. The plan's returns should be competitive with like institutions employing similar investment strategies. Because these investments are not considered to be plan assets, they are included in the total investment balances on the statements of financial position. The fair value of these investments totaled \$2,453,363 and \$2,098,205 at December 31, 2019 and 2018, respectively.

NOTE 12. EMPLOYEE BENEFIT PLANS

The Commission maintains a defined contribution retirement plan and trust for the benefit of all eligible employees. The Commission provides enhanced retirement plan contributions due to a Social Security Administration ruling that Commission employees are not eligible for benefits. Employee contributions are not permitted under the plan's provisions. The Commission contributes 18% of compensation for eligible employees, which totaled \$1,487,690 in 2019 and \$1,510,749 in 2018. The Commission also pays the plan's administrative expenses, which totaled \$225,311 in 2019 and \$209,749 in 2018.

The Commission also maintains a Section 457 savings plan which is primarily funded by voluntary pre-tax employee contributions. The Commission paid the savings plan's administrative expenses, which totaled \$5,756 in 2019 and \$3,200 in 2018. Effective January 1, 2015, the Commission began matching employee contributions at the rate of 10% of the employee deferral amount, subject to an annual cap of \$500 per employee. The matching formula was changed to 50% effective January 1, 2017, but subject to the same annual cap of \$500 per employee. Matching contributions totaled \$36,631 in 2019 and \$36,660 in 2018.

NOTE 13. LITIGATION

Various complaints and actions are periodically filed against the Commission. At December 31, 2019, the Commission believes that pending matters do not present any serious prospect for negative financial consequences.

NOTE 14. RISKS AND UNCERTAINTIES

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

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

NOTE 15. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which may negatively impact the Commission's operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

The Commission has taken aggressive steps to ensure that it can continue to function while its staff shelter at home to mitigate the effects of the pandemic. This includes the establishment of remote connectivity and teleworking capability for numerous Commission staff, including receptionists, secretaries and other essential administrative staff. The Commission completed most of this build-out in less than a month.

The Commission is also migrating its IT network and systems to the Cloud, which will place it in a much stronger position in the future. This project has been underway since 2019.

The Commission's investment portfolio is primarily composed of short-term U.S. government treasury securities and FDIC insured certificates of deposit. As such, the current economic decline has not had a negative impact on the Commission's financial position.

If the pandemic continues for much longer than anticipated, it is a possible that the Commission's registration revenue stream for the year 2021 could be negatively impacted. However, we have no such expectation at this time.

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Thomas A. Zimmerman, Jr.
James R. Mendillo**

**Mr. Mendillo, former ARDC Commissioner Chair, was appointed along with Commissioner Karen Hasara to receive reports from Special Counsel.

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