



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

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

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

Chicago  
April 30, 2001

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 2000 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 2000 and an accounting and audit of the monies received and expended during the twelve-month period, which ended December 31, 2000.

Respectfully submitted,

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

Mary Robinson, Administrator

## I. Registration Report

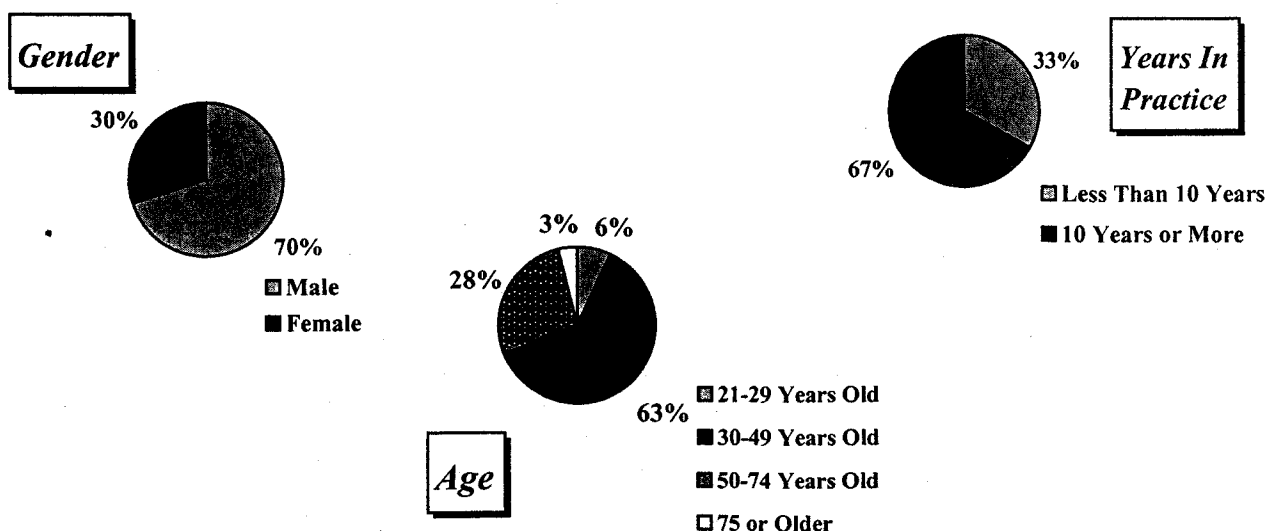
The Master Roll of attorneys registered to practice law in Illinois for the year 2000 contained the names of 73,661 attorneys as of October 31, 2000. After that date, the Commission began the 2001 registration process, so that the total reported as of October 31, 2000, does not include the 1,620 attorneys who first took their oath of office in November or December 2000.

The 2000 total, which reflects an increase of only 147 attorneys over the number who registered in 1999 (as compared to average increases of 1,600 each year for the previous five years), was impacted by amendments to the rules governing registration categories and inactive status, first effective for the 2000 registration process. The amendments eliminated from Rule 756 the out-of-state registration category under which lawyers could pay a reduced fee if they did not reside, have an office in, or practice in Illinois, and deleted Rule 770, which had provided for a court-ordered inactive status that did not require annual registration or payment of any fee. At the same time, the amendments added to Rule 756 an inactive status registration category, which requires the payment of a reduced fee and annual registration, as well as a new retirement registration status, which requires no fee and no annual registration for lawyers. Lawyers who choose to register under either of those categories are not authorized to practice. The 10,400 attorneys who had previously registered as out-of-state had to choose either active, inactive or retired status. In addition, several hundred lawyers who were previously on court-ordered inactive status returned to active status and then chose one of the new registration categories, most often choosing retired status.

As a result of the changes, the number of attorneys removed from the roll for reasons including nonpayment, death, discipline and retirement (previously counted as those who had transferred to Rule 770 inactive status) jumped from 993 in 1999 to 2,407 in 2000, including 1,943 attorneys who chose to register under the new retired status.

Chart A shows further demographic information for attorneys registered in 2000 and Chart B shows the breakdown by the registration categories set forth in Rule 756.

**Chart A: Age, Gender and Years in Practice for Attorneys Registered in 2000**



**Chart B: Registration Categories for 2000**

<u>Category</u>	<u>Number of Attorneys</u>
Admitted between January 1, 1999 and October 31, 2000.....	2,706
Admitted between January 1, 1997 and December 31, 1998 .....	4,464
Admitted before January 1, 1997 .....	54,339
Serving military duty.....	195
Serving as judge .....	1,023
Birthday before December 31, 1924 .....	2,496
Foreign legal consultant .....	8
Inactive status.....	8,430
Total attorneys active and currently registered.....	73,661
Removed from the Master Roll (Arrears, Deceased, Retired and Disciplined Attorneys).....	(2,407)

Charts C and D show the distribution by Judicial Circuit and by County of the 56,460 registered attorneys who report a principal business address in Illinois. Another 17,201 attorneys report a business address outside Illinois but register as either active and able to practice in Illinois or inactive. Those 17,201 attorneys are not included in Charts C and D. For the majority of counties, there was very little change in lawyer population since 1999. The fastest growing counties with 100 or more lawyers were Adams (9.7%), Lake (5.7%), McLean (5%), LaSalle (4.7%), DuPage and Will (both 4.6%), as compared with a 1.5% increase for Cook County.

**Chart C: Registration by Judicial Districts for 2000**

	1996	1997	1998	1999	2000		1996	1997	1998	1999	2000
<b>First District</b>						<b>Fourth District</b>					
Cook County .....	37,302	38,017	37,971	38,732	39,300	5 <sup>th</sup> Circuit.....	266	271	275	274	264
<b>Second District</b>						6 <sup>th</sup> Circuit.....	806	814	849	840	843
15 <sup>th</sup> Circuit.....	193	203	204	200	206	7 <sup>th</sup> Circuit.....	1169	1183	1205	1218	1230
16 <sup>th</sup> Circuit.....	1059	1066	1152	1169	1198	8 <sup>th</sup> Circuit.....	193	194	194	194	204
17 <sup>th</sup> Circuit.....	676	696	706	709	697	11 <sup>th</sup> Circuit.....	500	521	531	541	562
18 <sup>th</sup> Circuit.....	3111	3158	3421	3479	3640	<b>Total</b>	<b>2934</b>	<b>2983</b>	<b>3054</b>	<b>3067</b>	<b>3103</b>
19 <sup>th</sup> Circuit.....	2539	2680	3113	3127	3287	<b>Fifth District</b>					
<b>Total</b>	<b>7578</b>	<b>7803</b>	<b>8596</b>	<b>8684</b>	<b>9028</b>	1 <sup>st</sup> Circuit.....	396	412	417	426	421
<b>Third District</b>						2 <sup>nd</sup> Circuit.....	296	299	301	295	306
9 <sup>th</sup> Circuit.....	210	204	207	210	211	3 <sup>rd</sup> Circuit.....	503	502	517	542	559
10 <sup>th</sup> Circuit.....	855	847	845	855	857	4 <sup>th</sup> Circuit.....	255	267	269	269	274
12 <sup>th</sup> Circuit.....	566	601	605	636	665	20 <sup>th</sup> Circuit.....	728	737	730	733	745
13 <sup>th</sup> Circuit.....	311	318	316	321	330	<b>Total</b>	<b>2178</b>	<b>2217</b>	<b>2234</b>	<b>2265</b>	<b>2305</b>
14 <sup>th</sup> Circuit.....	503	506	505	508	509	<b>Grand Total</b>					
21 <sup>st</sup> Circuit.....	152	156	151	153	152	<b>52,589</b>	<b>53,652</b>	<b>54,484</b>	<b>55,431</b>	<b>56,460</b>	
<b>Total</b>	<b>2597</b>	<b>2632</b>	<b>2629</b>	<b>2683</b>	<b>2724</b>						

**Chart D: Registered Attorneys by County**

Principal Office	Number of Attorneys		Principal Office	Number of Attorneys		Principal Office	Number of Attorneys	
	1999	2000		1999	2000		1999	2000
Adams	113	124	Hardin	5	5	Morgan	53	50
Alexander	11	12	Henderson	6	6	Moultrie	15	15
Bond	12	12	Henry	47	50	Ogle	52	51
Boone	31	30	Iroquois	26	29	Peoria	704	709
Brown	10	9	Jackson	209	205	Perry	19	20
Bureau	41	38	Jasper	5	5	Piatt	24	24
Calhoun	4	4	Jefferson	105	104	Pike	11	11
Carroll	18	18	Jersey	19	19	Pope	4	6
Cass	13	12	Jo Daviess	33	34	Pulaski	9	7
Champaign	512	516	Johnson	13	11	Putnam	9	8
Christian	48	46	Kane	960	973	Randolph	27	27
Clark	16	15	Kankakee	127	123	Richland	24	25
Clay	18	17	Kendall	45	55	Rock Island	368	368
Clinton	26	27	Knox	69	72	Saline	37	37
Coles	103	99	Lake	2,658	2,809	Sangamon	1,081	1,098
Cook	38,732	39,300	LaSalle	213	223	Schuyler	13	13
Crawford	20	22	Lawrence	15	17	Scott	6	6
Cumberland	5	5	Lee	38	43	Shelby	18	18
DeKalb	164	170	Livingston	52	53	St. Clair	635	644
DeWitt	25	23	Logan	33	33	Stark	12	15
Douglas	23	23	Macon	241	242	Stephenson	59	60
Du Page	3,479	3,640	Macoupin	45	43	Tazewell	117	113
Edgar	33	33	Madison	530	547	Union	25	23
Edwards	5	6	Marion	54	55	Vermilion	117	112
Effingham	47	49	Marshall	13	12	Wabash	19	21
Fayette	17	18	Mason	16	15	Warren	23	22
Ford	17	18	Massac	18	15	Washington	16	17
Franklin	55	58	McDonough	49	45	Wayne	14	14
Fulton	42	44	McHenry	469	478	White	15	15
Gallatin	7	7	McLean	416	437	Whiteside	82	79
Greene	14	14	Menard	14	16	Will	636	665
Grundy	67	69	Mercer	11	12	Williamson	100	105
Hamilton	11	12	Monroe	36	37	Winnebago	678	667
Hancock	21	22	Montgomery	36	39	Woodford	23	21

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

**A. Investigations**

During 2000, the Commission docketed 5,716 investigations, 161 fewer investigations than 1999, continuing a yearly decline that began in 1997. Those 5,716 investigations involved charges against 3,901 different attorneys. This means that about 5% of all registered attorneys became the subject of an investigation in 2000. Nearly a quarter of the 3,901 attorneys were the subject of more than one investigation docketed in 2000, as shown in Chart 1.

**Chart 1: Investigations Docketed in 2000**

Number of Investigations	Number of Attorneys
1	2,984
2	586
3	169
4	75
5 or more	87

Gender	Years in Practice
Female..... 16%	Less than 10 years .....24%
Male ..... 84%	10 years or more .....76%

Charts 2 and 3 below report the classification of investigations docketed in 2000, based on an initial assessment of the nature of the misconduct alleged, if any, and the type of legal context in which the facts apparently arose. Chart 2 reflects that the most frequent areas of a grievance are: neglect of the client's cause, failure to communicate with the client, fraudulent or deceptive activity, excessive fees, and failure to provide competent representation.

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

**Chart 2: Classification of Charges Docketed in 2000 by Violation Alleged**

<i>Type of Misconduct</i>	<i>Number*</i>	<i>Type of Misconduct</i>	<i>Number*</i>
Neglect.....	2,185	Failing to preserve client confidences or secrets .....	49
Failing to communicate with client, including failing to communicate the basis of a fee .....	1,328	Failing to disclose client fraud to tribunal or third person.....	43
Fraudulent or deceptive activity, including lying to clients, knowing use of false evidence or making a misrepresentation to a tribunal .....	892	Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter .....	41
Excessive or improper fees, including failing to refund unearned fees .....	836	Prosecutorial misconduct.....	39
Failure to provide competent representation .....	597	Practicing in jurisdiction where not authorized.....	36
Improper management of client or third party funds, including commingling, conversion, failing to promptly pay litigation costs or client creditors or issuing NSF checks .....	457	Aiding a nonlawyer in the unauthorized practice of law .....	33
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf.....	429	Failing to supervise subordinates.....	29
Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal .....	358	Improper division of legal fees/partnership with nonlawyer.....	17
Conduct prejudicial to the administration of justice, including conduct which is the subject of a contempt finding or court sanction.....	276	Sexual harassment/abuse or violation of law prohibiting discrimination .....	15
Conflict of Interest:.....	263	Improper <i>ex parte</i> communication with judge .....	14
Rule 1.7: concurrent conflicts.....	162	Failing to pay tax obligation in bad faith .....	13
Rule 1.9: successive conflicts.....	40	False statements in bar admission or disciplinary matter .....	10
Rule 1.8(a)-(c): self-dealing conflicts.....	36	Incapacity due to chemical addiction or mental condition .....	7
Rule 1.8(f)-(h): improper agreement to limit liability/avoid disciplinary action .....	16	Failing to report misconduct of another lawyer.....	7
Rule 1.10: imputed disqualification.....	7	Practice after failing to register.....	6
Rule 1.11: successive government and private employment.....	2	Avoiding in bad faith the repayment of an educational loan guaranteed by a governmental entity .....	6
Failing to properly withdraw from representation, including failing to return client files or documents .....	250	Improper employment where lawyer may become witness.....	6
Filing frivolous or non-meritorious claims or pleadings .....	185	Improper division of legal fees with another lawyer .....	5
Criminal activity, including criminal convictions, counseling illegal conduct, public corruption.....	112	Failing to maintain a normal attorney-client relationship with disabled client .....	5
Improper commercial speech, including inappropriate written and oral solicitation .....	80	Improper extrajudicial statement .....	5
Improper communications with a party known to be represented by counsel or unrepresented party .....	56	Failing to comply with Rule 764 .....	4
		Assisting a judge in conduct that violates the Judicial Code.....	3
		Failing to report lawyer's own discipline in another jurisdiction ...	3
		False statements about judge, jud. candidate or public official .....	3
		Furtherance of unqualified bar applicant .....	2
		No misconduct alleged.....	462

\* Totals exceed the number of charges docketed in 2000 because in many charges more than one type of misconduct is alleged.

**Chart 3: Classification of Charges Docketed in 2000 by Area of Law**

<i>Area of Law</i>	<i>Number</i>
Criminal/Quasi Criminal .....	1,000
Domestic Relations .....	901
Tort (Personal Injury/Property Damage) .....	819
Real Estate/Landlord-Tenant .....	421
Probate .....	344
Workers' Compensation .....	275
Contract .....	221
Bankruptcy .....	160
Debt Collection .....	144
Corporate Matters .....	107
Civil Rights .....	104
Criminal Conduct/Conviction .....	80
Immigration .....	76
Local Government Problems .....	59
Tax .....	27
Adoption .....	22
Social Security .....	17
Patent and Trademark .....	17
Mental Health .....	3
Other .....	70
No area of law identified .....	188
Undeterminable .....	462

If an investigation fails to reveal sufficiently serious, provable misconduct, the Administrator will close the investigation. If an investigation produces evidence of serious misconduct, the case is referred to the Inquiry Board, unless the matter is filed directly with the Supreme Court under Rules 761, 762(a), or 763 because it is based upon a criminal conviction involving moral turpitude, because the respondent-attorney moves for disbarment prior to the referral to Inquiry, or because the matter is based upon discipline imposed by another jurisdiction. The Inquiry Board operates in panels of three, composed of two attorneys and one nonlawyer, all appointed by the Commission. An Inquiry panel has authority to vote a formal complaint if it finds evidence to support a charge, to close an investigation if it does not so find, or to place an attorney on supervision under the direction of the panel pursuant to Commission Rule 108. The

Administrator cannot pursue formal charges without authorization by an Inquiry Board panel.

Comparatively few investigations result in the filing of formal charges. Charts 4 and 5 show the number of investigations docketed and terminated during 2000, and the type of action which terminated the investigations.

**Chart 4: Investigations Docketed**

<b>Year</b>	<b>Pending January 1<sup>st</sup></b>	<b>Docketed During Year</b>	<b>Concluded During Year</b>	<b>Pending December 31<sup>st</sup></b>
1995	2,792	6,505	6,845	2,452
1996	2,452	6,801	6,686	2,567
1997	2,567	6,293	6,643	2,217
1998	2,217	6,048	6,181	2,084
1999	2,084	5,877	5,773	2,188
2000	2,188	5,716	5,857	2,047

**Chart 5: Investigations Concluded in 2000**

<b>Concluded by Administrator:</b>	
Closed after initial review .....	1,146
Closed after investigation .....	4,319
Filed at Supreme Court pursuant to Supreme Court Rules 761, 762(a), and 763 .....	75
<b>Concluded by Inquiry:</b>	
Closed after panel review .....	87
Complaint or impairment petition voted .....	224
Closed upon completion of conditions of Rule 108 supervision .....	6
<b>Total .....</b>	<b>5,857</b>

**B. Hearing Matters**

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

Chart 6 shows the activity before the Hearing Board in 2000. Staff turnover (a loss of one-third of the attorneys assigned to investigate and prosecute the more serious cases for two consecutive years) resulted in an artificially low number of new disciplinary complaints filed in 2000. Only 97 complaints were filed, and only 110 in 1999, as compared to 136 in 1998, and 121 in 1997. By the end of 2000, all counsel positions had been filled, and as of the filing of this report, new filings appear to be on pace with the 1998 experience.

**Chart 6: Matters Before the Hearing Board in 2000**

<b>Cases Pending on January 1, 2000</b> .....	142
<b>New Cases Filed in 2000:</b>	
<i>Disciplinary Complaints Filed: *</i>	
> Rules 753, 761(d) .....	97
<i>Reinstatement Petitions Filed:</i>	
> Rule 767 .....	1
<i>Petitions Alleging Impairment:</i>	
> Rule 758 .....	2
<i>Remanded by Supreme Court for hearing on Rule 759 Restoration Petition</i> .....	1
<i>Remanded after Supreme Court denied Rule 762 Petition:</i> .....	17
<i>Remanded by Supreme Court for proceedings on respondent's petition to vacate suspension</i> .....	1
<b>Total New Cases</b> .....	119
<b>Cases Concluded During 2000</b> .....	116
<b>Cases Pending December 31, 2000</b> .....	145
* The number of cases filed at Hearing is significantly lower than the number of matters voted by Inquiry because multiple investigations against a particular attorney in which an Inquiry Board has voted a complaint are consolidated into a single complaint for purposes of filings at Hearing.	

Chart 7 shows the years in practice of the lawyers who were the subject of a formal complaint in 2000. The number of formal complaints filed against attorneys in practice for fewer than ten years remained high. Of the 97 disciplinary complaints filed in 2000, 21% were filed against lawyers in practice ten years or less.

**Chart 7: Disciplinary Complaints Filed in 2000**

<b>Number of Complaints filed in 2000.....</b>			<b>97</b>
<b>Respondent's</b>			
<b>Years in Practice</b>	<b>Number of Complaints</b>	<b>Percentage</b>	
Less than 5 years .....	6	6%	
Between 5 and 10 years .....	14	15%	
10 or more years.....	77	79%	

Charts 8 and 9 show the types of misconduct alleged in the 97 disciplinary complaints filed during 2000 and the areas of practice in which the alleged misconduct arose. In large part, the categories most frequently seen in formal complaints track the categories most frequently seen in the initial charges, as reported in Charts 2 and 3.

**Chart 8: Types of Misconduct Alleged in Complaints Filed Before Hearing Board in 2000**

<i>Type of Misconduct</i>	<i>Number of cases*</i>	<i>% of cases filed*</i>	<i>Type of Misconduct</i>	<i>Number of cases*</i>	<i>% of cases filed*</i>
Neglect/lack of diligence.....	39	40%	Improper withdrawal from employment without court approval or avoiding prejudice to client.....	6	6%
In most cases where neglect was charged, the neglect was accompanied by at least one of the following:			Failure to report conviction .....	5	5%
Misrepresentation to client.....	17		Not abiding by client's decision or taking unauthorized action on client's behalf .....	5	5%
Failure to return unearned fees.....	16		Counseling/assisting client in criminal or fraudulent conduct.....	3	3%
Improper handling of funds.....	35	36%	Practicing despite failure to register .....	2	2%
Fraudulent or deceptive activity.....	34	35%	Practicing in jurisdiction not authorized .....	2	2%
Failure to communicate with client.....	27	28%	Improper communication with a party the lawyer knows to be represented by counsel.....	2	2%
Criminal conduct by the lawyer .....	21	22%	Improper division of legal fees with nonlawyer .....	1	1%
Falsifying evidence or making false statements to tribunal .....	20	21%	Aiding a nonlawyer in the unauthorized practice of law.....	1	1%
Conflict of interest .....	20	21%	Failure to comply with Rule 764 .....	1	1%
Rule 1.7: concurrent conflicts .....	12		Failure to maintain records required by Supreme Court Rule 769 .....	1	1%
Rule 1.9: successive conflicts.....	0		Submitting a false report about another lawyer to the ARDC.....	1	1%
Rule 1.8(a)-(e): self-dealing conflicts.....	7		Making false statements about the integrity of a judge.....	1	1%
Rule 1.8(f)-(h): improper settlement of client's claim against lawyer.....	3		Making sexually or racially demeaning comments .....	1	1%
False statement or failure to respond in bar admission or disciplinary matter .....	19	20%			
Pursuing/filing frivolous or non-meritorious claims or pleadings .....	17	18%			
Failure to provide competent representation .....	9	9%			
Excessive or unauthorized fees .....	7	7%			
Misrepresentation to third persons .....	7	7%			

\*Totals exceed 97 cases and 100% because most complaints allege more than one type of misconduct.



**Chart 9: Area of Law Involved in Complaints Filed Before Hearing Board in 2000**

<u>Area of Law</u>	<u>Number of cases</u>	<u>% of cases filed*</u>	<u>Area of Law</u>	<u>Number of cases</u>	<u>% of cases filed*</u>
Tort .....	27	28%	Workers' Comp/Labor Relations .....	8	8%
Criminal Conduct by Lawyer .....	18	19%	Bankruptcy .....	5	5%
Criminal Defense .....	15	15%	Debt Collection .....	4	4%
Real Estate .....	14	14%	Contract .....	4	4%
Probate .....	13	13%	Civil Rights .....	3	3%
Domestic Relations .....	12	12%	Adoption .....	2	2%
			Tax .....	1	1%

\* Totals exceed 97 cases and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

Chart 10 shows the type of action by which the Hearing Board concluded 116 cases during 2000.

**Chart 10: Actions Taken by Hearing Board in Matters Terminated in 2000**

<b>A. Disciplinary Cases: Rules 753 &amp; 761(d)</b>	
Administrator's motion for leave to dismiss granted .....	2
Recommendation of discipline .....	42
Cases closed by administration of a reprimand to respondent .....	7
Cases closed by filing of petition for disbarment on consent .....	14
Cases closed by filing of petition for other discipline on consent .....	44
Recommendation of dismissal or discharge .....	2
Case closed by order authorizing deposition for purpose of perpetuating testimony .....	1
<b>Total Disciplinary Cases .....</b>	<b>112</b>
<b>B. Reinstatement Petitions: Rule 767</b>	
Recommended petition be allowed .....	1
<b>C. Restoration Cases: Rule 759</b>	
Restored to active status with condition .....	2
<b>D. Transfer to Disability Inactive Status: Rule 758</b>	
Petition allowed .....	1
<b>Total Matters Terminated .....</b>	<b>116</b>

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

Once the Hearing Board files its report in a case, either party may file exceptions before the Review Board, which serves as an appellate tribunal. Chart 11 shows activity at the Review Board during 2000.

**Chart 11: Trend of Matters in the Review Board in 2000**

Cases pending on January 1, 2000 .....	25
<b>Cases filed during 2000:</b>	
Exceptions filed by Administrator .....	9
Exceptions filed by Respondent .....	18
Exceptions filed by both .....	2
<b>Total .....</b>	<b>29</b>
<b>Cases decided in 2000:</b>	
Hearing Board affirmed .....	11
Hearing Board reversed as to findings or sanction .....	17
Notice of exceptions stricken .....	2
Case closed by administration of a reprimand to respondent .....	1
Case closed by respondent's death .....	1
<b>Total .....</b>	<b>32</b>
Cases pending December 31, 2000 .....	22

### D. Supreme Court – Disciplinary Cases

Only the Supreme Court has authority to sanction attorneys for misconduct, except for a Board reprimand which can be imposed in a disciplinary case without order of the Court by either the Hearing or Review Board. In 2000, the Hearing Board administered seven reprimands and the Review Board administered one reprimand (see Charts 10 and 11). Other than Board reprimands, the Hearing and Review Board reports are recommendations to the Supreme Court.

During 2000, the Court entered 120 sanctions against 120 attorneys. Chart 12 reflects the nature of the orders entered.

**Chart 12: Disciplinary Sanctions Ordered by the Supreme Court in 2000**

Disbarment.....	39
Suspension.....	55 *
Probation.....	12
Censure.....	8
Reprimand.....	6
Total.....	120

\*In addition to the 55 suspensions ordered as final sanctions in cases, the Court also ordered 9 interim suspensions during 2000, as reported in charts 16F and 16I.

Of the 120 sanctions entered by the Supreme Court, 42% were entered pursuant to consent petitions. Twenty-one of the 39 disbarments were by consent petition.

Charts 13 and 14 provide demographic information on the 120 attorneys sanctioned by the Supreme Court during 2000, as well as the eight attorneys who were reprimanded by the Hearing Board and Review Board in 2000. As was true in prior years, the vast majority of attorneys sanctioned during 2000 have practiced more than 10 years; all are over 30 years old; and most are male. However, 21 attorneys, or 16%, practiced less than 10 years. Chart 15 (at page 12) tracks the type of misconduct that led to the sanction orders entered in 2000.

**Chart 13: Attorneys Disciplined in 2000**

<b>Years in Practice:</b>	
Less than 10 years (21).....	16%
10 years or more (107).....	84%
<b>Age:</b>	
30 – 49 years old (63).....	49%
50-74 years old (65).....	51%
<b>Gender:</b>	
Female (11).....	8%
Male (117).....	92%

**Chart 14: County of Practice**

County	Number Disciplined	County	Number Disciplined
Cook.....	61	Peoria.....	1
Out-of-State.....	27	Madison.....	1
DuPage.....	7	Effingham.....	1
Kane.....	5	Marion.....	1
Sangamon.....	3	Winnebago.....	1
St. Clair.....	3	Pulaski.....	1
Will.....	3	Fulton.....	1
Lake.....	2	Macon.....	1
Champaign.....	2	DeKalb.....	1
Fayette.....	2	Rock Island.....	1
LaSalle.....	2	Logan.....	1

During 2000, the Court issued opinions in three cases: *In re David Eugene Eckberg*, 192 Ill.2d 70, 248 Ill.Dec. 246, 733 N.E.2d 1244 (2000), *In re Fred Allen Richman*, 191 Ill.2d 238, 246 Ill.Dec. 365, 730 N.E.2d 45 (2000) and *In re William Nelson Twohey*, 191 Ill.2d 75, 245 Ill.Dec. 294, 727 N.E.2d 1028 (2000). *Richman* and *Twohey* were summarized in the 1999 ARDC Annual Report.

*Eckberg*, issued by the Court on July 6, 2000, concerned the Administrator’s petition filed pursuant to Rule 758, alleging respondent’s mental incapacity to practice law. A majority of the Court held that the respondent should be allowed to continue active practice without conditions where the evidence demonstrated that, subsequent to the incidents that prompted the Administrator’s intervention, respondent had voluntarily complied with his physician’s treatment recommendations and had practiced law without a complaint. Justices Miller and Harrison dissented.

**Chart 15: Misconduct Committed by the 128 Lawyers Disciplined in 2000\***

<u>Types of Misconduct</u>	<u>Number of Cases in Which Type of Misconduct Was Sanctioned</u>			
	<u>Disbarment</u>	<u>Suspension**</u>	<u>Censure</u>	<u>Reprimand***</u>
<b>Total Number of Cases:</b>	<b>39</b>	<b>67</b>	<b>8</b>	<b>14</b>
Improper management of client or third party funds, including commingling and conversion .....	24	21	1	3
Neglect or lack of diligence .....	14	30	1	4
Fraudulent or deceptive activity.....	18	20	2	3
Criminal conduct by the lawyer .....	10	13	1	0
Failing to communicate with client, including failing to communicate basis of a fee .....	14	27	1	2
Failure to provide competent representation.....	7	9	0	0
Fee violations, including failing to refund unearned fees.....	7	11	1	2
Failure to cooperate with or false statement to disciplinary authority.....	6	14	0	0
False statements on bar application .....	1	0	0	0
False statements about the qualifications or integrity of a judge .....	1	0	0	0
Improper fee division with nonlawyer .....	2	0	0	0
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf.....	3	8	0	0
Improper withdrawal, including failure to return file .....	5	6	0	1
Aiding in the unauthorized practice of law by a nonlawyer .....	2	1	1	0
Breach of client confidences or secrets .....	0	1	0	0
Conflict of interest (between current clients).....	1	3	0	2
Conflict of interest (improper business transaction with client).....	9	4	1	0
Conflict of interest (improper agreement with client to limit lawyer's liability or avoid disciplinary action).....	0	4	0	1
Filing frivolous or non-meritorious claims or pleadings .....	3	4	0	1
Counseling/assisting a client in criminal or fraudulent conduct.....	1	0	1	1
Misrepresentation to a tribunal .....	2	6	1	2
Misrepresentation to clients to cover up neglect.....	2	5	0	1
Misrepresentation to third persons .....	2	0	0	0
Practice after failure to register.....	1	0	0	0
Practice after suspension.....	2	1	0	0
Unauthorized practice by a lawyer.....	1	0	1	0
Improper solicitation or advertising .....	2	0	1	0
Failure to report lawyer misconduct .....	0	1	0	0

\* Totals exceed 128 cases because in most cases more than one type of misconduct was found.  
 \*\* Includes suspensions stayed by probation.  
 \*\*\* Includes seven Hearing Board reprimands and one Review Board reprimand.

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

**Chart 16: Orders Entered by Supreme Court in Disciplinary Cases in 2000**

<p><b>A. <u>Motions for disbarment on consent: Rule 762(a)</u></b>  Allowed.....21  Denied.....<u>1</u>  Total.....22</p>	<p><b>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u></b>  Allowed.....17  Denied and more discipline imposed.....3  Denied and less discipline imposed.....<u>0</u>  Total.....20</p>
<p><b>B. <u>Petitions for discipline on consent: Rule 762(b)</u></b>  Allowed:  Suspended.....20  Suspension stayed in part,  probation ordered.....2  Suspension stayed in its entirety,  probation ordered.....2  Censured.....<u>5</u>  Total.....29  Denied.....<u>16</u>  Total.....45</p>	<p><b>F. <u>Petitions for interim suspension due to conviction of a crime: Rule 761(b)</u></b>  Rule terminated.....1  Rule enforced and lawyer suspended.....2  Rule discharged.....<u>2</u>  Total.....5</p>
<p><b>C. <u>Petitions for leave to file exceptions to report and recommendation of Review Board: Rule 753(e)(1) and 761</u></b>  Allowed, briefs and oral arguments  ordered.....2  Allowed, and different sanctions  imposed without briefs.....11  Denied, and sanctions recommended by  Review Board imposed.....<u>10</u>  Total.....23</p>	<p><b>G. <u>Petitions for reciprocal discipline: Rule 763</u></b>  Allowed.....26  Denied.....<u>0</u>  Total.....26</p>
<p><b>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u></b>  Allowed.....3  Denied.....<u>0</u>  Total.....3</p>	<p><b>H. <u>Petitions for reinstatement: Rule 767</u></b>  Allowed (reciprocal).....1  Denied after hearing.....1  Referred to Hearing Board.....1  Withdrawn before hearing.....<u>1</u>  Total.....4</p>
	<p><b>I. <u>Petitions for interim suspension: Rule 774</u></b>  Rule enforced and lawyer suspended.....<u>7</u>  Total.....7</p>
	<p><b>J. <u>Probation revoked: Rule 772(c)</u></b>  Probation revoked; respondent suspended.. <u>1</u>  Total.....1</p>

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

In addition to activity in disciplinary cases, the Supreme Court entertains pleadings in non-disciplinary matters that affect an attorney's status. Chart 17 reflects the orders entered in such cases during 2000. With the amendments to Rules 756 and 770, adding an inactive status registration category and deleting Rule 770 court-ordered inactive status, effective beginning with the 2000 registration year, transfers to inactive status are now accomplished without Court order, and, therefore, are no longer reflected in Chart 17. As was true in 1999 when the rule amendments were announced, many lawyers who had transferred to inactive status under Rule 770 petitioned to return to active status under Rule 759, with the result that the number of petitions filed under Rule 759 was significantly higher for 1999 and 2000 than in past years. The transition stage will end during 2001, and there should be a significant drop-off in Rule 759 filings in future years.

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

<b>A. Rule 759</b>	
Petition for restoration to active status:	
Allowed.....	<u>282</u>
<i>Total</i> .....	282
<b>B. Rules 757 and 758</b>	
Petitions for involuntary transfer to inactive status due to mental disability or substance addiction:	
Allowed.....	2
Denied.....	<u>1</u>
<i>Total</i> .....	3
<b>C. Rule 752</b>	
Petition by complainant to require Administrator to further investigation charges or expedite proceedings:	
Allowed.....	30
Denied.....	<u>0</u>
<i>Total</i> .....	30
<b>D. Rule 383</b>	
Motion for supervisory order:	
Motion for leave to withdraw allowed .....	1
Denied.....	<u>2</u>
<i>Total</i> .....	3

**Chart 18: A Comparison 1988-2000**

	Number of Registered Attorneys	Investigations Docketed <sub>1</sub>	Investigations Docketed Per Attorney <sub>2</sub>	Closure By Administrator No Misconduct Alleged	Closure By Administrator After Investigation	Closure By Inquiry After Investigation	Complaint Voted By Inquiry Board
1988	52,611	4,945	est. 5,817	910	4,369	1,167	214
1989	54,866	5,822	est. 6,849	818	5,552	1,266	343
1990	56,896	6,489	est. 7,634	1,023	5,254	1,410	349
1991	58,953	5,969	est. 7,022	608	5,701	839	325
1992	61,107	6,291	7,338	889	5,210	473	277
1993	63,328		6,345	974	5,422	137	241
1994	65,163		6,567	1,224	5,125	133	247
1995	67,121		6,505	1,359	5,134	73	277
1996	68,819		6,801	1,364	4,946	76	300
1997	70,415		6,293	1,202	5,018	81	342
1998	72,149		6,048	1,352	4,414	58	272
1999	73,514		5,877	1,131	4,268	69	231
2000	73,661		5,716	1,146	4,319	87	224

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

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

	Matters Filed With Hearing Board	Matters Filed With Review Board	Matters Filed With Supreme Court <sub>3</sub>	Sanctions Ordered By Court
1988	75	32	390	112
1989	89	23	791	132
1990	105	23	578	100
1991	127	25	604	78
1992	122	37	560	89
1993	106	44	593	114
1994	115	35	869	109
1995	113	35	916	148
1996	129	22	891	115
1997	129	32	869	117
1998	141	31	732	138
1999	129	28	663	116
2000	119	29	474	120

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

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

#### ***A. Supreme Court Amendments***

##### ***Supreme Court Rule 756: Annual Fees Increased***

For the first time in 12 years, the Supreme Court amended Rule 756 to increase the annual fees paid by Illinois lawyers. The fee paid by active lawyers admitted to practice for three or more years was raised from \$140 to \$180, and the fee for inactive lawyers and for lawyers admitted to practice between one and three years was increased from \$70 to \$90. The Court also amended Rule 756 to exempt retired judges from paying a fee. The changes were effective November 1, 2000, for purposes of the 2001 registration year.

##### ***Supreme Court Rules 701 and 714, Rule 3.8 of the Illinois Rules of Professional Responsibility: Rules in Connection with Capital Cases***

On March 1, 2001, the Supreme Court announced rule amendments pertaining to capital cases. Two of the announced changes added qualification requirements for lawyers who appear in capital cases. New Rule 714 creates a Capital Litigation Trial Bar, and sets forth criteria and procedures for admission to that Bar. Among the requirements for admission are that the lawyer have at least five years of criminal litigation experience, have experience as lead or co-counsel in at least eight felony jury trials, have completed approved training in the preparation and trial of capital cases, and have familiarity with and experience using experts in mental health and DNA profiling. An amendment to Rule 701 provides that no lawyer other than the Attorney General or the duly appointed or elected State's Attorney of a county may appear for the State or for the defense as lead or co-counsel in a capital case unless he or she is a member of the Capital Litigation Trial Bar. The amendment to Rule 701 is effective one year after its adoption, and applies in capital cases filed by information or indictment on or after its effective date.

At the same time, the Court added a new paragraph (a) to Rule 3.8 of the Illinois Rules of Professional Conduct, providing that the duty of a public prosecutor or other government lawyer is to seek justice, not merely to convict.

##### ***Supreme Court Rule 773: Costs in Discipline Cases***

Effective November 1, 2000, the Supreme Court amended Rule 773 on costs in discipline cases to limit which items may be assessed as costs, and to impose a per case limit of \$1000, unless the Administrator petitions for an amount in excess of \$1000 and shows good cause for assessing the excess.

##### ***Rule 8.4 of the Illinois Rules of Professional Conduct: Expanded Categories of Prohibited Discrimination***

On March 26, 2001, the Supreme Court announced an amendment to Rule 8.4(a)(9)(A), which provides that a lawyer shall not commit conduct that violates a federal, state or local statute that prohibits discrimination, where the conduct reflects adversely on the lawyer's fitness as a lawyer. Previously, the Rule described statutes that prohibited discrimination based upon race, sex, religion or national origin. The amendments expand the categories of prohibited discrimination to include discrimination based upon disability, age, sexual orientation or socioeconomic status. The Court made comparable amendments to Rule 63, Canon 3, of the Judicial Code.

##### ***Litigation Challenging Constitutionality of Rules 3.6 and 3.8 of the Illinois Rules of Professional Conduct***

Amendments to Rules 3.6 and 3.8, effective December 1, 1999, governing trial publicity and duties of prosecutors were described in the 1999 Annual Report. On August 15, 2000, Richard Devine and nine other State's Attorneys, including the president of the Illinois State's Attorneys Association, sought declaratory and injunctive relief against the ARDC Administrator,

claiming that certain of the amended provisions infringed on their First Amendment rights and were unconstitutionally vague and overbroad. In a decision issued January 22, 2001, United States District Court Judge F. Grady dismissed the case for failure to allege a justiciable case or controversy. *Richard Devine, State's Attorney of Cook County, et al. v. Mary Robinson, Administrator of the Attorney Registration & Disciplinary Commission*, 131 F. Supp. 2d 963 (N.D. Ill. 2001). While he did not definitively construe the Illinois rules, Judge Grady found them "fairly susceptible to an interpretation that would render them constitutional." No appeal was taken.

### **B. Commission Rule Amendments**

#### ***Commission Rules 55, 102 and 105: Practice before the Inquiry Board***

The Commission announced amendments, effective May 1, 2001, to Commission Rules 55, 102 and 105, clarifying the Inquiry Board's discretion to entertain appearances by respondents and adding certain notice provisions. The amended rules recite that when it deems appropriate, the Inquiry Board may allow or require the appearance of a respondent, but that the Board is not required to allow an appearance. The amendments also require that the notice to a respondent that a matter is being referred to an Inquiry panel must include information on how the respondent may request an appearance, and/or submit information for the Inquiry panel's consideration.

#### ***Commission Rule 260: Prehearing Conferences***

This rule was amended, effective May 1, 2001, to conform the rule to practice, clarifying that prehearing conferences may be conducted in person or by telephone, and that the topics listed in the rule as those to be addressed in prehearing conferences need not all be addressed at the first prehearing conference, and instead, should be covered as the chair deems appropriate.

#### ***Commission Rule 261: Substitution of Hearing Board Members***

The Commission added new Rule 261, effective May 1, 2001, establishing circumstances under which parties may move to substitute the members of a Hearing panel assigned to a case. Under the rule, either party may move to substitute the chair assigned to the case as a matter of right or for cause. Parties may move to substitute the lawyer and nonlawyer members assigned to the panel only for cause. The rule also provides that motions to substitute a panel chair for cause shall be heard by the Chair of the full Hearing Board, and motions to substitute a panel member for cause shall be heard by the chair assigned to the case.

#### ***Commission Rule 501: Eligible Claims under the Client Protection Program***

Effective May 31, 2000, Commission Rule 501 was amended to expand the definition of the period within which claims must be filed to allow filing either within three years of when the client knew or should have known of the lawyer's dishonest conduct or within one year of the date the lawyer was disciplined or died. The change aligns the limitation period with the Rule's provision that claims will be honored only if the lawyer has died or been disciplined, and it eliminates concern that a claim might have to be filed prior to the conclusion of the discipline case if the limitations period would otherwise run.

### **IV. ARDC Programs**

#### **A. Client Protection Program**

The Client Protection Program was created by the Illinois Supreme Court in 1994 by the adoption of Rule 780. In 2000, the program paid 148 claims totaling \$348,630 to clients who lost money or property due to the dishonest conduct of attorneys holding an Illinois license. The program may reimburse losses up to \$10,000 for each client. The majority of claims involve sums less than \$10,000. The program does not cover losses resulting from professional negligence or



malpractice and does not consider claims involving contractual disputes. Awards are made out of the Disciplinary Fund. The rules governing the administration of the program are contained in Commission Rules 501 through 512.

**Chart 19: Classification of Approved Claims**

<b>Type of Misconduct:</b>	
Accepting fees without performing services .....	43
Conversion/forged endorsement.....	105
<b>Area of Law</b>	
Probate .....	80
Domestic relations.....	20
Real Estate .....	16
Tort/Workers' Comp.....	9
Debt Collection.....	7
Criminal/quasi criminal.....	5
Bankruptcy.....	2
Contract.....	2
Corporate.....	2
Labor.....	2
Tax .....	2

**Chart 20: Summary of Approved Claims**

	1997	1998	1999	2000
New Claims submitted:	267	216	153	170
Claims concluded:				
• approvals.....	104	75	91	148
• denials.....	93	106	89	87
Amount approved:	\$348,000	\$257,054	\$310,604	\$348,630
Number of lawyers:	48	41	44	45

**B. Ethics Inquiry Program**

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

The Ethics Inquiry Program handles over 2,200 calls each year from attorneys. This figure does not include calls received from nonlawyers.

A brochure describing the program can be obtained by calling the ARDC in Chicago.

**C. Education**

**Illinois Professional Responsibility Institute: Professionalism Seminar**

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

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

**ARDC Web Site**

The Commission plans to establish an ARDC Web site sometime in 2001. Disciplinary opinions issued by the Supreme Court, Hearing Board and Review Board reports, as well as the Rules of Professional Conduct, previously published on the ARDC CD, will be accessible through the site. Other features will include the ability to search the Master Roll for certain basic, public registration information about Illinois lawyers (business address, phone, date of Illinois licensing and present registration status), as well as a mechanism for lawyers to change their address on-line.

**Speeches and Presentations and Articles**

The Commission continued its efforts to familiarize attorneys with the ethics rules and

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

Also, Commission lawyers published a number of articles that appeared in various legal publications. Some of those articles will be reprinted on the ARDC's web site.

## *V. Developments During 2000*

### *A. Court Appointments*

#### *1. ARDC Commissioners*

The ARDC Commission consists of four members of the Illinois Bar and three non-lawyers. The Commissioners, who serve without compensation, establish ARDC policies, appoint members of the ARDC Inquiry and Hearing Boards and, subject to the approval of the Supreme Court, appoint the Commission's chief executive officer, the Administrator. The ARDC Administrator is Mary Robinson. As of April 2001, the Commissioners of the ARDC include J. Jeffrey Allen of Joliet, Donn F. Bailey, Phd. of Chicago, Patricia C. Bobb of Chicago, John P. Kujawski of Belleville, James J. McDonough of Chicago, and Brian McFadden of Springfield.

#### *Appointment of Benedict Schwarz II as Chairman*

On January 23, 2001, the Illinois Supreme Court appointed Commissioner Benedict Schwarz II to be Chairman of the Commission. Mr. Schwarz is a partner in the West Dundee law firm of Schwarz, Vanek & Weiler. Admitted to practice law in 1971, he received his J.D. from The John Marshall Law School and practices in the family law area. Mr. Schwarz is a long-time member and past director of the American Academy of Matrimonial Lawyers and he is also a member of the Board of Directors of the Lawyers Assistance Program (LAP). Mr. Schwarz has served as a lawyer-member of the ARDC for almost a decade. He replaces Jay H. Janssen of

Peoria, who finished his term as Chairman.

#### *Retirement of Jay H. Janssen*

On April 13, 2001, Jay H. Janssen concluded his term as a Commissioner. Mr. Janssen began his service as a Commissioner in November 1995 and served as the Commission Chair for a three-year term, which concluded on January 22, 2001. Under his administration, the Commission took action to attract and maintain a highly qualified legal staff and to obtain funding adequate to allow the Commission to meet its responsibilities effectively for several years. Mr. Janssen, a Peoria lawyer, will continue to practice as managing partner in the law firm he founded, The Janssen Law Center, concentrating in the areas of personal injury, workers' compensation, medical malpractice and products liability litigation.

#### *Retirement of Michael J. Reagan*

On October 30, 2000, Commissioner Michael J. Reagan resigned his appointment as a lawyer member commissioner upon his appointment as a federal judge to serve on the U.S. District Court, Southern District in East St. Louis. He served as a commissioner since 1995. Judge Reagan worked as a Belleville police officer before entering law school at St. Louis University, where he received his J.D. in 1980. He practiced both civil and criminal law and was past president of the Illinois Trial Lawyers Association, 1999-2000.

#### *Death of Commissioner Linda S. Culver*

On May 18, 2000, the Commission was saddened by the death of Linda S. Culver, who served as a non-lawyer member commissioner since 1997. Ms. Culver, a Springfield native, was executive vice-president and chief financial officer of Illinois National Bank in Springfield. Prior to that position, Ms. Culver was the president of the former First of America Bank and was thought to be the first female bank president in Springfield. A 1975 graduate in accounting from the University of Illinois, Ms. Culver served on a number of civic, cultural and business organizations.

#### *Appointment of J. Jeffrey Allen as Commissioner*

On April 13, 2001, the Court appointed Joliet

lawyer, J. Jeffrey Allen, as a Commissioner to serve a three-year term. Mr. Allen is the Program Director and Managing Attorney of the Will County Legal Assistance Program. He received his J.D. from DePaul University College of Law in 1976. He is a former president of the Will County Bar Association, present and past chair of several ISBA committees and is active in community affairs.

*Appointment of John Paul Kujawski as Commissioner*

Belleville trial lawyer, John P. Kujawski was appointed by the court to fill the vacancy created by Commissioner Michael J. Reagan's appointment to the federal bench. Mr. Kujawski received his J.D. from St. Louis University in 1973 and he is a name partner with the law firm of Kujawski and Faerber, PC, where he concentrates in personal injury and FELA litigation. Mr. Kujawski's term will expire December 31, 2003.

*Appointment of Brian McFadden as Commissioner*

Effective July 6, 2000, Brian McFadden, was appointed by the Court as a non-lawyer member to fill the vacancy created by the death of Linda S. Culver, for a term expiring December 31, 2002. Mr. McFadden is the chief of staff for the mayor of Springfield, Illinois. He was previously the Assistant to the Chief of Staff for the Illinois Senate Republican Staff and he received his undergraduate degree from Southern Illinois University.

**2. Review Board**

*Appointment of Leonard F. Amari as Chair of the Review Board*

Leonard F. Amari was appointed to serve as chair of the Review Board on January 23, 2001. Mr. Amari has been a member of the Review Board since 1999. He is the managing partner in the Chicago firm of Amari & Locallo, where he concentrates in the area of real estate taxation. Mr. Amari is a past president of the Illinois State Bar Association from 1989-90, and received his J.D. from The John Marshall Law School in 1968.

*Retirement of Robert J. Downing*

On March 5, 2001, Robert Downing retired from his position on the Review Board. A former judge of the First District, Illinois Appellate Court, Judge Downing is a partner in the Glenview firm of Miller, Forest & Downing. Judge Downing was appointed to the Review Board in 1990, and served as chair of the Review Board from 1995 through 1997. He received his J.D. from Loyola University Chicago and was admitted to practice law in Illinois in 1942.

*Appointment of Cheryl I. Niro*

Effective March 5, 2001, Cheryl I. Niro, a Chicago lawyer, was appointed by the Court to serve on the Review Board, to fill the vacancy left by the retirement of Judge Downing. She received her J.D. in 1980 from Northern Illinois University. Ms. Niro is a partner at Quinlan & Crisham, where she concentrates her practice in the areas of alternative dispute resolution, labor and employment law. She is a past president of the Illinois State Bar Association, 1999-2000.

**VI. Financial Report**

The Commission engaged the services of Grant Thornton LLP to conduct an independent audit as required by Supreme Court Rule 751(e)(7). The audited financial statements for the year ended December 31, 2000, are attached.

The statements reflect that, as was true for the previous five years, expenditures exceeded income, and the excess was funded by the operating reserve. The Supreme Court's decision to raise the annual fee from \$140 to \$180 effective for purposes of the 2001 registration year will reverse that trend, and has allowed the Commission to make adjustments necessary to fund operations effectively.

The \$140 fee was set in 1989, and funded operations for twelve years without intervening increases. At the time the Court ordered the increase to \$180, the annual fee for Illinois lawyers was lower than the fees charged in 43 of 51 other jurisdictions (50 states and the District of

Columbia), and ranked 11<sup>th</sup> out of 17 in jurisdictions without mandatory bar associations. The \$180 fee is still lower than the fees charged in 37 of the 51 jurisdictions, and ranks 8<sup>th</sup> out of the 17 nonmandatory jurisdictions.

As it did for the 12 years during which the last fee schedule was in place, the Commission will carefully monitor all expenditures, and restrict spending to reasonable needs. The Commission projects that absent unforeseen events, the \$180 fee should fund operations for several years without additional increases.

Accountants and  
Management Consultants  
Grant Thornton LLP  
The US Member Firm of  
Grant Thornton International

Grant Thornton 

Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF FINANCIAL POSITION  
December 31, 2000

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2000, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2000, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Chicago, Illinois  
February 2, 2001

2001 State Registration Fee  
14011 Revenue Fee  
Chicago, IL 60601-1000  
Tel: 312.866.1200

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, including restricted cash of \$20,527	\$ 196,862
Short term investments, at fair value	8,261,657
Accrued interest receivable	232,259
Accounts receivable, net of allowance for doubtful accounts of \$922,468	-
Prepaid expenses and other assets	76,163
Total current assets	8,766,941
FIXED ASSETS, at cost - net of accumulated depreciation	655,318
LONG-TERM INVESTMENTS, at fair value	5,283,389
<b>TOTAL ASSETS</b>	<b>\$14,705,648</b>

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and other accruals	\$ 113,614
Accrued compensated absences	171,198
Deferred registration fees	7,727,906
Deposits	22,527
Total current liabilities	8,035,245
LONG-TERM LIABILITIES	
Accrued Medicare replacement funding	821,850
Deferred rent expense	2,665,200
Total long term liabilities	3,487,050
Total liabilities	11,522,295
NET ASSETS - UNRESTRICTED	3,183,353
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$14,705,648</b>

The accompanying notes are an integral part of this statement.

**Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois**  
**STATEMENT OF ACTIVITIES**  
 Year ended December 31, 2000

<b>REVENUES</b>	
Registration fees and delinquent charges	\$8,820,410
Investment income	
Interest income	590,610
Net unrealized appreciation of investments	152,541
Total investment income	743,151
Cost reimbursements collected	135,578
Miscellaneous income	7,525
Total revenues	9,706,664
<b>EXPENDITURES</b>	
Salaries and related expenses	6,372,603
Travel expenses	82,106
Library and continuing education	157,553
Office support	1,164,960
General expenses	611,095
Computer expenses	131,740
Other professional expenses	343,520
Case-related expenses	327,219
Client protection program payments	218,880
Depreciation and amortization expense	326,921
Total expenditures	9,736,597
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	
	(29,933)
Unrestricted net assets	
Beginning of year	3,213,286
End of year	<u>\$3,183,353</u>

The accompanying notes are an integral part of this statement.

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**Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois**  
**STATEMENT OF CASH FLOWS**  
 Year ended December 31, 2000

Cash flows from operating activities	
Decrease in net assets	\$ (29,933)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Net increase in unrealized appreciation of investments	(152,541)
Depreciation and amortization expense	326,921
Loss on disposal of fixed assets	1,396
(Increase) decrease in assets	
Accounts receivable and accrued interest receivable	(25,765)
Prepaid expenses and other assets	(14,362)
Increase (decrease) in liabilities	
Accounts payable, accrued compensated balances, and other accruals	(216,580)
Deferred registration fees	1,238,162
Accrued Medicare replacement funding	52,394
Deferred rent expense	(21,816)
Net cash provided by operating activities	1,157,876
Cash flows from investing activities	
Net decrease in money market investments	1,041,159
Purchases of investment securities	(11,270,912)
Maturities of investment securities	9,147,000
Acquisitions of fixed assets	(143,381)
Net cash used in investing activities	(1,226,134)
Cash flows from financing activities	
Deposits received	20,527
Net cash provided by financing activities	20,527
Net decrease in cash and cash equivalents	(47,731)
Cash and cash equivalents	
Beginning of year	244,593
End of year	<u>\$ 196,862</u>

The accompanying notes are an integral part of this statement.

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**Attorney Registration and Disciplinary Commission of The Supreme Court of Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2000

**NOTE A - GENERAL PURPOSE DESCRIPTION**

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

Additional significant rules of the Court applicable to the Commission's operations are as follows:

- Rule 773, as amended, provides that an attorney-respondent has a duty to pay costs involved in the enforcement of certain Supreme Court rules, costs incurred to compel witness testimony where the lawyer has not cooperated with Commission proceedings, and costs incurred to obtain records from a financial institution when an attorney-respondent fails to provide records. Effective November 1, 2000, the Commission is limited to collection of \$1,000 for cost reimbursements, absent exceptional circumstances (See note C).
- Rule 769 provides that every attorney has a duty to retain all financial records related to the attorney's practice for a period of not less than seven years.
- Rule 780 establishes the Client Protection Program to reimburse claimants for losses caused by the dishonest conduct of Illinois lawyers. Pursuant to section (d) of the rule, the Commission annually allocates an amount of money to pay these claims.

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

**Basis of Presentation**

The accompanying financial statements reflect the financial position and activities of the Commission. Net assets are generally reported as unrestricted, unless assets are received from donors with explicit stipulations that limit the use of the assets. At December 31, 2000, the Commission has no temporarily or permanently restricted net assets.

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**Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 December 31, 2000

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Fixed Assets**

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

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

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

**Accrued Compensated Absences**

The Commission's vacation policy provides time off for full-time salaried employees based on years of service. Years of service are computed from each employee's anniversary date of employment. Employees are not permitted to carry over vacation time from year to year without written approval from the Administrator. An accrual is included in the financial statements representing vacation time earned, but unused at December 31, 2000, along with the Commission's related retirement contribution.

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

**Deferred Registration Fees**

The Commission is funded by an annual registration fee assessed on Illinois attorneys. The annual fee for the subsequent year is billed on November 1 and is due January 1. Deferred registration fees represent the fees for calendar year 2001 received prior to December 31, 2000.

**Deferred Rent Expense**

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

**Income Taxes**

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

**Significant Estimates and Concentrations of Risk**

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

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

The Commission maintains most of its cash and money market funds at the Bank. The balance is insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2000, the Commission's cash in excess of FDIC insurance coverage approximated \$117,400. The Commission has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances. All investment transactions are handled by the Bank's Trust Department. All investment securities are held in safekeeping at the Trust Department.

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**NOTE E - INVESTMENTS**

Investments consist of the following:

	Cost	Market
U.S. Treasury notes and bills	\$13,150,903	\$13,241,857
Money market funds	303,189	303,189
Total	\$13,454,092	\$13,545,046

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

The following table lists the maturities of securities held at December 31, 2000:

	Cost	Market
Due in one year or less	\$ 8,233,170	\$ 8,261,657
Due after one year through five years	5,120,654	5,181,264
Due after five years	100,268	102,125
Total	\$13,454,092	\$13,545,046

**NOTE F - FIXED ASSETS**

Fixed assets at December 31, 2000, consist of:

Office furniture and equipment	\$1,581,276
Computer and related equipment	980,251
Library	47,430
Leaschold improvements	119,925
	2,728,882
Less accumulated depreciation and amortization	2,073,564
Total	\$ 655,318

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**NOTE C - COST REIMBURSEMENTS**

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

Although collectibility of the cost reimbursements has been enhanced by the Commission's judgment procedures, the Commission cannot reasonably estimate the collectibility of the cost reimbursements. Whether the Commission can fully collect all cost reimbursements is dependent upon each disciplined attorney's ability to pay and the current economic environment. Therefore, the Commission records cost reimbursements as revenue under the cost recovery method when the reimbursements are received. In 2000, the Commission collected approximately \$135,600 in cost reimbursements. At December 31, 2000, approximately \$922,400 in additional amounts remain unpaid by attorney-respondents for which a corresponding allowance is recorded.

**NOTE D - FUNCTIONAL EXPENSES BY OBJECT**

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

	Registration and discipline	Client protection	Administration and support	Total
Salaries and related expenses	\$5,169,441	\$129,049	\$1,074,113	\$6,372,603
Travel expenses	64,000	1,081	17,025	82,106
Library and continuing education	128,490	3,060	26,003	157,553
General expenses and office support	1,461,136	33,153	281,766	1,776,055
Computer expenses	107,438	2,558	21,744	131,740
Other professional and case-related expenses	649,559	8,045	13,135	670,739
Client protection program payments	-	218,880	-	218,880
Depreciation and amortization expense	266,613	6,349	53,959	326,921
Total expenditures	\$7,846,677	\$402,175	\$1,487,745	\$9,736,597

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**NOTE G - LEASE AND MAINTENANCE COMMITMENTS**

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

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

Rent expense under all lease agreements was approximately \$1,115,600 in 2000.

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

Year	Springfield	Chicago	Total
2001	\$ 76,000	\$1,157,000	\$1,233,000
2002	65,000	1,200,000	1,265,000
2003	-	1,248,000	1,248,000
2004	-	1,301,000	1,301,000
2005	-	1,369,000	1,369,000
Remaining	-	3,503,000	3,503,000
	\$141,000	\$9,778,000	\$9,919,000

**NOTE H - MEDICARE REPLACEMENT RESERVE TRUST**

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

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

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

The Commission engages the services of an actuary to compute the liability every other year. However, the Commission records an estimated expense annually. Management believes that any change in the benefit obligation as of and for the period ending December 31, 2000, would not have a material effect on the financial statements.

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

Measurement date	June 30, 1999
Actuarial cost method	Projected unit credit method
Actuarial assumptions	Mortality - 1983 GAM table Discount rate - 7.5% Expected return on assets - 7.5% Retirement will occur between age 55 and 65

Actuarial valuation at June 30, 1999:

Net periodic post-retirement benefit cost	
Service cost	\$ 45,779
Interest cost	57,251
Amortization	5,499
Expected return	(44,613)
Expected benefit payments	(12,431)
	<u>\$ 51,485</u>

Accumulated post-retirement benefit obligations

Benefit obligation, July 1, 1997	\$488,877
Service costs for the two years ended June 30, 1999	61,782
Interest costs for the two years ended June 30, 1999	72,546
Actuarial losses for the two years ended June 30, 1999	152,916
Benefits paid for the two years ended June 30, 1999	(6,665)

Benefit obligation, June 30, 1999 \$769,456

The accrued Medicare replacement funding liability at December 31, 2000 represents:

Actuarially determined benefit obligation, June 30, 1999 \$769,456

Benefit expense for the year ended December 31, 2000 52,394

Estimated benefit obligation, December 31, 2000 \$821,850

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

The Commission maintains a separate trust for the Medicare replacement reserve. The trust fund assets are included in the Commission's investments (see note E). The trust fund assets at fair value as of December 31, 2000, are as follows:

U.S. Treasury notes	\$759,234
Money market account	5,096
Accrued interest receivable	<u>13,612</u>
	<u>\$777,942</u>

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

**NOTE I - EMPLOYEE BENEFIT PLAN**

The Commission maintains a defined contribution retirement plan and trust for the benefit of all eligible employees. Based on the decision of the Social Security Administration discussed in note H, the Commission enhanced employees' retirement benefits. Employee contributions are not permitted under the Plan's provisions. The Commission contributes 18% of compensation for eligible employees, which approximated \$860,500 in 2000. The Commission also pays the Plan's administrative expenses, which approximated \$43,500, in 2000.

**NOTE J - LITIGATION**

Various complaints and actions have been filed against the Commission. At December 31, 2000, the Commission believes that pending matters do not present any serious prospect of negative financial consequences.

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