



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION  
of the  
SUPREME COURT OF ILLINOIS

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Chicago  
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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 2002 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 2002 and an accounting and audit of the monies received and expended during the twelve-month period that ended December 31, 2002.

Respectfully submitted,

Benedict Schwarz II, Chairman  
Donn F. Bailey, Ph.D.  
Patricia Campbell Bobb  
John R. Carroll  
R. Michael Henderson  
John Paul Kujawski  
Brian McFadden, Commissioners

Mary Robinson, Administrator

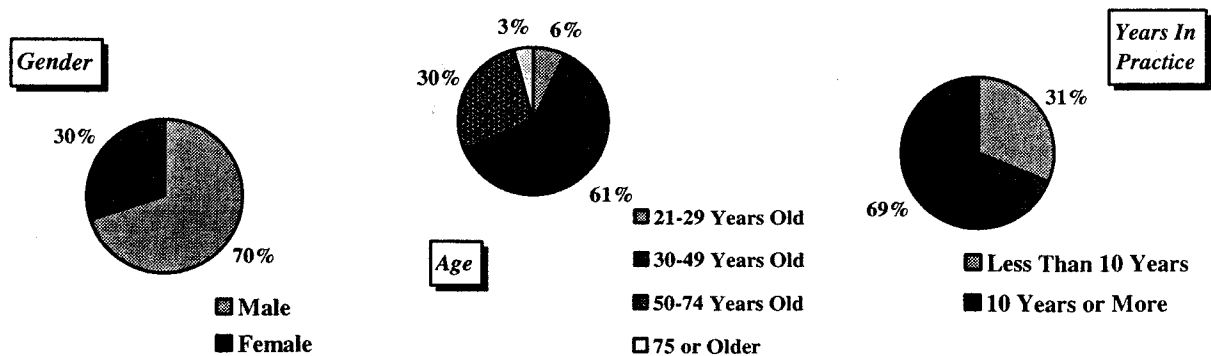
## I. Registration Report

The Master Roll of attorneys registered in Illinois for the year 2002 contained the names of 75,421 attorneys as of October 31, 2002. After that date, the Commission began the 2003 registration process, so that the total reported as of October 31, 2002, does not include the 1,819 attorneys who first took their oath of office in November or December 2002. Chart A shows the breakdown of lawyers registered for 2002 by the registration categories set forth in Rule 756, and Chart B shows demographic information for registered lawyers.

**Chart A: Registration Categories for 2002**

<u>Category</u>	<u>Number of Attorneys</u>
Admitted between January 1, 2001 and October 31, 2002 .....	2,785
Admitted between January 1, 1999 and December 31, 2000.....	4,376
Admitted before January 1, 1999.....	57,735
Serving active military duty.....	207
Serving as judge or judicial clerk .....	1,753
Birthday before December 31, 1926.....	1,961
Foreign legal consultant.....	6
Inactive status .....	6,598
Total attorneys currently registered .....	75,421
Removed from the Master Roll (Arrears, Deceased, Retired and Disciplined Attorneys) .....	(1,596)

**Chart B: Age, Gender and Years in Practice for Attorneys Registered in 2002**

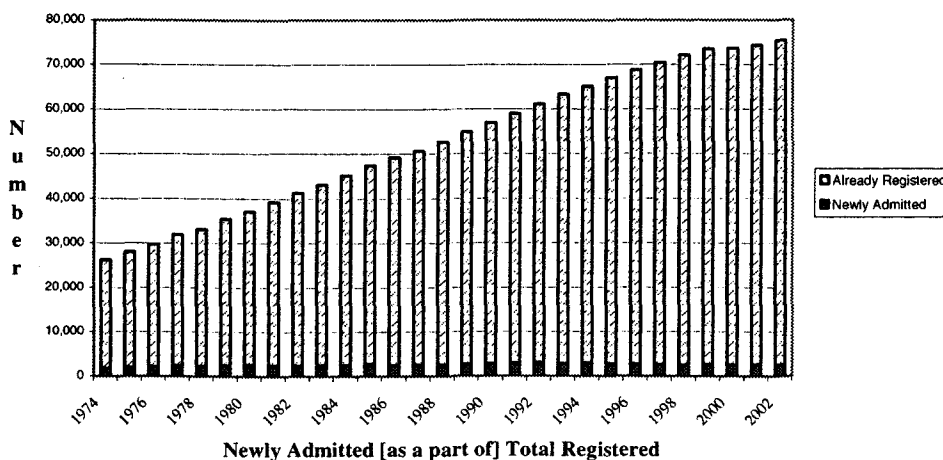


The 2002 registration totals show a modest 1.5% increase in the number of lawyers registered in Illinois, a slight easing of the trend since 2000, when the number of registered lawyers remained virtually static. The absence of notable growth over the last few years contrasts sharply with the substantial growth that occurred during the three previous decades. *See Chart C.* An average 5.9% annual growth during the 1970's, when annual registration began, an average 4.4% annual growth during the 1980's, and an average 3.3% annual growth for the first half of the 1990's combined to cause the lawyer population to nearly triple in the 25 years between 1974 and 1999. (During those same years, the Illinois population increased only 10% from 11,274,000 in 1974 to 12,359,000 in 1999.) The annual rate of increase in lawyer population dropped to 2.5% in 1996, and has remained there or decreased since then.

The arrest in growth of the Illinois lawyer population coincides with an increase in the number of lawyers leaving the profession each year due to retirement, death, discipline, or failure to register. The

departures from the rolls rose dramatically in 2000, when the option of transferring to a retired status first became available, (from an average of 1,152 for the previous five years to 2,407 for 2000), and remained higher than average in the subsequent two years (1,986 for 2001 and 1,596 for 2002). The arrest in growth also follows a decline, beginning in 1995, in the percentage of candidates who pass the Illinois bar, with a resulting return to annual admission levels between 2,400 and 2,600, comparable to the levels experienced throughout most of the 1980's. Nevertheless, as Chart C shows, the number of lawyers admitted each year since 1974 has remained relatively constant.

**Chart C: Attorneys Admitted & Registered by Year**



Charts D and E show the distribution by Judicial Circuit and by County of the 57,951 registered attorneys who report a principal business address in Illinois. Another 17,470 registered attorneys, who report a principal business address outside Illinois, are not included in those charts.

**Chart D: Registration by Judicial Districts for 2002**

	1998	1999	2000	2001	2002		1998	1999	2000	2001	2002
<b>First District</b>						<b>Fourth District</b>					
Cook County.....	37,971	38,732	39,300	40,124	40,623	5 <sup>th</sup> Circuit.....	275	274	264	269	273
<b>Second District</b>						6 <sup>th</sup> Circuit.....	849	840	843	847	851
15 <sup>th</sup> Circuit.....	204	200	206	208	206	7 <sup>th</sup> Circuit.....	1205	1218	1230	1229	1222
16 <sup>th</sup> Circuit.....	1152	1169	1198	1167	1207	8 <sup>th</sup> Circuit.....	194	194	204	203	202
17 <sup>th</sup> Circuit.....	706	709	697	717	726	11 <sup>th</sup> Circuit.....	531	541	562	570	581
18 <sup>th</sup> Circuit.....	3421	3479	3640	3645	3793	<b>Total</b>	<b>3054</b>	<b>3067</b>	<b>3103</b>	<b>3118</b>	<b>3129</b>
19 <sup>th</sup> Circuit.....	3113	3127	3287	3160	3198	<b>Fifth District</b>					
<b>Total</b>	<b>8596</b>	<b>8684</b>	<b>9028</b>	<b>8897</b>	<b>9130</b>	1 <sup>st</sup> Circuit.....	417	426	421	419	422
<b>Third District</b>						2 <sup>nd</sup> Circuit.....	301	295	306	295	295
9 <sup>th</sup> Circuit.....	207	210	211	205	206	3 <sup>rd</sup> Circuit.....	517	542	559	569	586
10 <sup>th</sup> Circuit.....	845	855	857	840	850	4 <sup>th</sup> Circuit.....	269	269	274	265	258
12 <sup>th</sup> Circuit.....	605	636	665	679	709	20 <sup>th</sup> Circuit.....	730	733	745	740	745
13 <sup>th</sup> Circuit.....	316	321	330	327	327	<b>Total</b>	<b>2234</b>	<b>2265</b>	<b>2305</b>	<b>2288</b>	<b>2306</b>
14 <sup>th</sup> Circuit.....	505	508	509	503	509	<b>Grand Total</b>					
21 <sup>st</sup> Circuit.....	151	153	152	155	162	<b>Total</b>	<b>54,484</b>	<b>55,431</b>	<b>56,460</b>	<b>57,136</b>	<b>57,951</b>
<b>Total</b>	<b>2629</b>	<b>2683</b>	<b>2724</b>	<b>2709</b>	<b>2763</b>						

**Chart E: Registered Attorneys by County**

Principal Office	Number of Attorneys		Principal Office	Number of Attorneys		Principal Office	Number of Attorneys	
	2001	2002		2001	2002		2001	2002
Adams	125	131	Hardin	5	5	Morgan	51	47
Alexander	10	11	Henderson	4	4	Moultrie	14	13
Bond	12	12	Henry	53	54	Ogle	51	51
Boone	35	35	Iroquois	27	26	Peoria	695	705
Brown	10	10	Jackson	205	206	Perry	20	21
Bureau	41	39	Jasper	5	5	Piatt	23	25
Calhoun	4	4	Jefferson	105	108	Pike	13	12
Carroll	20	19	Jersey	16	15	Pope	4	3
Cass	12	10	Jo Daviess	38	35	Pulaski	5	5
Champaign	522	528	Johnson	9	11	Putnam	9	8
Christian	47	45	Kane	944	981	Randolph	25	26
Clark	17	16	Kankakee	128	136	Richland	23	24
Clay	15	15	Kendall	58	58	Rock Island	363	367
Clinton	27	28	Knox	70	72	Saline	39	39
Coles	97	99	Lake	2,667	2,701	Sangamon	1,098	1,099
Cook	40,124	40,623	LaSalle	220	222	Schuyler	12	12
Crawford	21	20	Lawrence	15	14	Scott	6	6
Cumberland	6	7	Lee	40	43	Shelby	18	18
DeKalb	165	168	Livingston	49	47	St. Clair	645	643
DeWitt	23	26	Logan	33	35	Stark	15	13
Douglas	23	20	Macon	242	239	Stephenson	59	58
Du Page	3,645	3,793	Macoupin	44	41	Tazewell	108	109
Edgar	30	29	Madison	557	574	Union	23	23
Edwards	6	6	Marion	52	49	Vermilion	119	122
Effingham	52	48	Marshall	13	15	Wabash	19	19
Fayette	18	18	Mason	12	10	Warren	23	22
Ford	17	17	Massac	17	17	Washington	16	15
Franklin	56	55	McDonough	43	43	Wayne	13	13
Fulton	43	43	McHenry	493	497	White	14	14
Gallatin	5	5	McLean	450	461	Whiteside	79	80
Greene	14	14	Menard	15	13	Will	679	709
Grundy	66	66	Mercer	8	8	Williamson	107	107
Hamilton	13	12	Monroe	34	40	Winnebago	682	691
Hancock	22	22	Montgomery	31	32	Woodford	21	21

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

**A. Investigations**

During 2002, the Commission docketed 6,182 investigations, a 6% increase over last year and the most investigations docketed since 1998. Those 6,182 investigations involved charges against 4,227 different attorneys. This means that about 5% of all registered attorneys became the subject of an investigation in 2002. Nearly a quarter of the 4,227 attorneys were the subject of more than one investigation docketed in 2002, as shown in Chart 1.

**Chart 1: Investigations Docketed in 2002**

Number of Investigations		Number of Attorneys	
1	3,242		
2	623		
3	186		
4	80		
5 or more	96		
<b>Gender</b>		<b>Years in Practice</b>	
Female	17%	Less than 10 years	23%
Male	83%	10 years or more	77%

Charts 2 and 3 report the classification of investigations docketed in 2002, based on an initial assessment of the nature of the misconduct alleged, if any, and the type of legal context in which the facts apparently arose. Chart 2 reflects that the most frequent areas of a grievance are: neglect of the client's cause, failure to communicate with the client, fraudulent or deceptive activity, excessive fees, and improper management of trust funds.

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

**Chart 2: Classification of Charges Docketed in 2002 by Violation Alleged**

<i>Type of Misconduct</i>	<i>Number*</i>	<i>Type of Misconduct</i>	<i>Number*</i>
Neglect.....	2,617	Prosecutorial misconduct.....	67
Failure to communicate with client, including failure to communicate the basis of a fee.....	1,492	Improper communications with a party known to be represented by counsel or unrepresented party.....	64
Fraudulent or deceptive activity, including lying to clients, knowing use of false evidence or making a misrepresentation to a tribunal or non-client.....	965	Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter.....	48
Excessive or improper fees, including failure to refund unearned fees.....	773	Failure to preserve client confidences or secrets.....	35
Improper management of client or third party funds, including commingling, conversion, failure to promptly pay litigation costs or client creditors or issuing NSF checks.....	421	Aiding a nonlawyer in the unauthorized practice of law.....	27
Conduct prejudicial to the administration of justice, including conduct which is the subject of a contempt finding or court sanction.....	366	Failure to supervise subordinates.....	25
Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal.....	293	Improper division of legal fees with another lawyer.....	18
Failure to provide competent representation.....	288	Practicing after failure to register.....	18
Conflict of Interest:.....	265	Failure to disclose fraud to tribunal or third person.....	16
Rule 1.7: concurrent conflicts.....	166	Sexual harassment/abuse or violation of law prohibiting discrimination.....	14
Rule 1.9: successive conflicts.....	37	Improper division of legal fees/partnership with nonlawyer.....	9
Rule 1.8(a)-(e): self-dealing conflicts.....	44	Incapacity due to chemical addiction or mental condition.....	8
Rule 1.8(f)-(h): improper agreement to limit liability/avoid disciplinary action.....	7	Judicial candidate's violation of Judicial Code.....	7
Rule 1.10: imputed disqualification.....	6	Failure to comply with Rule 764.....	7
Rule 1.11: successive government and private employment.....	1	Failure to report misconduct of another lawyer.....	5
Rule 1.13: organizational client.....	4	Improper extrajudicial statement.....	5
Filing frivolous or non-meritorious claims or pleadings.....	224	Failure to maintain a normal attorney-client relationship with disabled client.....	5
Failure to properly withdraw from representation, including failure to return client files or documents.....	167	Improper <i>ex parte</i> communication with judge.....	4
Criminal activity, including criminal convictions, counseling illegal conduct, public corruption.....	129	False statements in bar admission or disciplinary matter.....	4
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf.....	109	Improper employment where lawyer may become witness.....	4
Practicing in jurisdiction where not authorized.....	77	Assisting a judge in conduct that violates the Judicial Code.....	3
Improper commercial speech, including inappropriate written and oral solicitation.....	74	False statements about judge, jud. candidate or public official.....	3
		Failure to pay tax obligation in bad faith.....	2
		Failure to report lawyer's own discipline in another jurisdiction.....	2
		Failure to pay child support.....	1
		No misconduct alleged.....	230

\* Totals exceed the number of charges docketed in 2002 because in many charges more than one type of misconduct is alleged.

**Chart 3: Classification of Charges Docketed in 2002 by Area of Law**

<i>Area of Law</i>	<i>Number</i>
Criminal/Quasi-Criminal.....	1324
Domestic Relations .....	999
Tort (Personal Injury/Property Damage).....	762
Real Estate/Landlord-Tenant .....	566
Probate .....	345
Workers' Compensation.....	314
Bankruptcy.....	281
Contract.....	231
Debt Collection .....	118
Immigration.....	138
Civil Rights .....	137
Corporate Matters .....	84
Criminal Conduct/Conviction .....	69
Local Government Problems.....	43
Tax .....	29
Patent and Trademark .....	18
Social Security .....	17
Adoption .....	9
Mental Health.....	3
Other .....	49
Undeterminable.....	220

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. 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 2002, and the type of actions which terminated the investigations. The staff kept pace with the increased number of investigative files docketed during the year, with a 21% increase in the number of files referred to the Inquiry Board over the number referred during each of the four prior years.

**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>
1998	2,217	6,048	6,181	2,084
1999	2,084	5,877	5,773	2,188
2000	2,188	5,716	5,857	2,047
2001	2,047	5,811	5,778	2,080
2002	2,080	6,182	6,183	2,079

**Chart 5: Investigations Concluded in 2002**

<b>Concluded by Administrator:</b>	
Closed after initial review.....	1,350 (No misconduct alleged)
Closed after investigation .....	4,360
Filed at Supreme Court pursuant to Supreme Court Rules 761, 762(a), and 763 .....	33
<b>Concluded by Inquiry:</b>	
Closed after panel review .....	96
Complaint or impairment petition voted.....	334
Closed upon completion of conditions of Rule 108 supervision .....	10
<b>Total.....</b>	<b>6,183</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 2002. The number of disciplinary complaints filed before the Hearing Board in 2002 was 118.

### Chart 6: Matters Before the Hearing Board in 2002

<b>Cases Pending on January 1, 2002</b> .....	153
<b>New Cases Filed in 2002:</b>	
<i>Disciplinary Complaints Filed: *</i>	
➤ Rules 753, 761(d).....	118
<i>Reinstatement Petitions Filed:</i>	
➤ Rule 767.....	6
<i>Remanded after Supreme Court denied Rule 762 Petition</i> .....	3
<i>Remanded by Supreme Court for hearing on petition for restoration</i> .....	2
<i>Remanded by Supreme Court for a new hearing before a different panel</i> .....	1
<i>Remanded by Supreme Court for consideration of a motion to modify the Hearing Board's report and recommendation</i> .....	<u>1</u>
<b>Total New Cases</b> .....	131
<b>Cases Concluded During 2002</b> .....	122
<b>Cases Pending December 31, 2002</b> .....	162

\* 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 2002. The number of formal complaints filed against attorneys in practice for fewer than ten years continues to run high, accounting for a quarter of the disciplinary complaints filed in 2002.

**Chart 7: Disciplinary Complaints Filed in 2002**

<b>Number of Complaints filed in 2002 ..... 118</b>		
<b>Respondent's</b>		
<b>Years in Practice</b>	<b>Number of Complaints</b>	<b>Percentage</b>
Less than 5 years .....	4	3%
Between 5 and 10 years .....	26	22%
10 or more years .....	88	75%

Charts 8 and 9 show the types of misconduct alleged in the 118 disciplinary complaints filed during 2002 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. There was a noticeable increase in the number of cases alleging a conflict of interest. Also, the number of formal complaints alleging misconduct arising out of fraudulent/deceptive activity and criminal conduct remains high. Further, many complaints continue to include a count alleging misconduct impeding the disciplinary process (failure to cooperate/false statements in a disciplinary matter).

**Chart 8: Types of Misconduct Alleged in Complaints Filed Before Hearing Board in 2002**

<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.....	49	42%	Excessive or unauthorized fees .....	5	4%
In most cases where neglect was charged, the neglect was accompanied by at least one of the following:			Misrepresentation to third persons .....	5	4%
Misrepresentation to client.....	37		Counseling/assisting client in criminal or fraudulent conduct .....	4	3%
Failure to return unearned fees .....	17		Improper communication with a party the lawyer knows to be represented by counsel .....	4	3%
Improper handling of trust funds .....	41	35%	Pursuing/filing frivolous or non-meritorious claims or pleadings .....	4	3%
Failure to communicate with client .....	40	34%	Improper lawyer advertising/solicitation .....	4	3%
Conflict of interest.....	34	29%	Improper division of legal fees with nonlawyer .....	2	2%
Rule 1.7: concurrent conflicts .....	19		Aiding a nonlawyer in the unauthorized practice of law .....	2	2%
Rule 1.9: successive conflicts .....	4		Failure to supervise employees .....	2	2%
Rule 1.8(a)-(e): self-dealing conflicts.....	9		Improper advance of financial assistance to client .....	2	2%
Rule 1.8(f)-(h): improper settlement of client's claim against lawyer.....	2		Failure to maintain client confidences .....	2	2%
Fraudulent or deceptive activity .....	26	22%	Failure to comply with Rule 764 .....	2	2%
False statement or failure to respond in bar admission or disciplinary matter .....	26	22%	Intentionally degrading a witness or using means to embarrass, delay or burden another before a tribunal .....	2	2%
Criminal conduct by the lawyer.....	24	21%	Failure to file tax return or pay tax liability ...	1	1%
Failure to provide competent representation .	15	13%	State or imply an ability to improperly influence a tribunal .....	1	1%
Falsifying evidence or making false statements to tribunal.....	10	8%	Improper employment where lawyer may become witness.....	1	1%
Improper withdrawal from employment without court approval or avoiding prejudice to client .....	9	8%			
Not abiding by client's decision or taking unauthorized action on client's behalf .....	7	6%			
Practicing in jurisdiction not authorized.....	6	5%			

\*Totals exceed 118 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 2002**

<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.....	30	25%	Debt Collection.....	8	7%
Domestic Relations .....	26	22%	Corporate Matters.....	7	6%
Criminal .....	24	20%	Civil Rights .....	5	4%
Probate .....	17	14%	Immigration.....	4	3%
Real Estate.....	16	14%	Bankruptcy .....	3	3%
Contract.....	13	11%	Personal Misconduct .....	4	3%
Criminal Conduct by Lawyer .....	11	9%	Patent/Trademark .....	1	1%
Workers' Comp/Labor Relations .....	9	8%	Tax.....	1	1%

\* Totals exceed 118 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 122 cases during 2002.

**Chart 10: Actions Taken by Hearing Board in Matters Terminated in 2002**

<b>A. Disciplinary Cases: Rules 753 &amp; 761(d)</b>	
Administrator's motion for leave to dismiss granted .....	1
Recommendation of discipline .....	63
Cases closed by administration of a reprimand to respondent.....	5
Cases closed by filing of motion for disbarment on consent.....	7
Cases closed by filing of petition for other discipline on consent .....	35
Recommendation of dismissal or discharge.....	4
<b>Total Disciplinary Cases.....</b>	<b>115</b>
<b>B. Reinstatement Petitions: Rule 767</b>	
Petitions withdrawn.....	2
Petition denied.....	1
<b>C. Restoration Cases: Rule 759</b>	
Petition denied.....	1
<b>D. Transfer to Disability Inactive Status: Rule 758</b>	
Petitions allowed .....	3
<b>Total Matters Terminated .....</b>	<b>122</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 2002.

**Chart 11: Trend of Matters in the Review Board in 2002**

Cases pending on January 1, 2002.....	22
<b>Cases filed during 2002:</b>	
Exceptions filed by Respondent.....	18
Exceptions filed by Administrator .....	17
Exceptions filed by both.....	1
<b>Total .....</b>	<b>36</b>
<b>Cases decided in 2002:</b>	
Hearing Board affirmed .....	7
Hearing Board reversed on findings or sanction .....	12
Notice of exceptions stricken .....	4
Notice of exceptions withdrawn.....	3
Recommend remand to Hearing Board.....	3
Case closed by administration of a reprimand to respondent.....	1
<b>Total .....</b>	<b>30</b>
Cases pending December 31, 2002.....	28

### 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 2002, the Review Board administered one reprimand and the Hearing Board administered five reprimands (see Charts 10 and 11). Other than Board reprimands, the Hearing and Review Board reports are recommendations to the Supreme Court.

During 2002, the Court entered 126 sanctions against 124 attorneys. Chart 12 reflects the nature of the orders entered.

**Chart 12: Disciplinary Sanctions Ordered by the Supreme Court in 2002**

Disbarment.....	31
Suspension .....	61 *
Probation .....	18
Censure.....	16
Total .....	126

\*In addition to the 61 suspensions ordered as final sanctions in cases, the Court also ordered 15 interim suspensions during 2002, as reported in charts 16F and 16J.

Of the 126 sanctions entered by the Supreme Court, 44% were entered pursuant to consent petitions. Of the 31 disbarments, 13 were by consent motion.

Charts 13 and 14 provide demographic information on 130 lawyers (the 124 attorneys sanctioned by the Supreme Court during 2002, as well as the six attorneys who were reprimanded by the Review and Hearing Boards in 2002). As was true in prior years, the vast majority of attorneys sanctioned during 2002, have practiced more than 10 years; all are over 30 years old; and most are male. Chart 15 tracks the type of misconduct that led to the sanction orders entered in 2002. The lawyer with the fewest years in practice was admitted in 1998 and was disbarred and a lawyer admitted

in 1953 had the most years in practice and was suspended for two years.

**Chart 13: Attorneys Disciplined in 2002**

<b>Years in Practice:</b>	
Less than 10 years.....	11%
10 years or more .....	89%
<b>Age:</b>	
30 – 49 years old .....	44%
50-74 years old .....	56%
<b>Gender:</b>	
Female .....	13%
Male .....	87%

**Chart 14: County of Practice**

County	Number Disciplined	County	Number Disciplined
Cook.....	63	LaSalle.....	1
Out-of-State.....	29	Lee .....	1
DuPage.....	13	Livingston.....	1
Champaign.....	4	Macoupin.....	1
Lake .....	4	Marion .....	1
Jackson.....	2	Peoria.....	1
Madison .....	2	St. Clair.....	1
Rock Island .....	2	Will.....	1
Edgar.....	1	Winnebago.....	1
Kankakee.....	1		

The Court ordered briefing and oral argument in one disciplinary case in 2002, in *In re Leonard T. Timpone, Docket No. 93178*. Respondent was charged with obtaining an improper loan from a client, improperly handling and converting client funds, and falsely stating to the Commission that the funds at issue were being held in his client trust account. The Hearing and Review Boards recommended disbarment for respondent, who had been suspended for three years in 1993 for conversion and other misconduct, and censured in 1994 for failure to pay federal income taxes. The issues on appeal are whether respondent waived his ability to challenge the Hearing Board’s findings of misconduct, whether an attorney-client relationship still existed at the time respondent obtained the loan, and whether disbarment is the appropriate sanction. The Court heard arguments on September 18, 2002.

**Chart 15: Misconduct Committed in the 132 Disciplinary Cases in 2002\***

<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>31</b>	<b>79</b>	<b>16</b>	<b>6</b>
Improper management of client or third party funds, including commingling and conversion .....	13	32	1	1
Neglect or lack of diligence .....	10	36	3	0
Fraudulent or deceptive activity .....	12	38	4	0
Criminal conduct by the lawyer .....	7	12	1	1
Failure to communicate with client, including failure to communicate basis of a fee .....	2	33	3	0
Failure to provide competent representation .....	0	12	4	0
Fee violations, including failure to refund unearned fees .....	4	15	2	0
Failure to cooperate with or false statement to disciplinary authority .....	12	12	0	0
Improper fee division with nonlawyer .....	2	4	0	0
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf .....	0	5	0	0
Improper withdrawal, including failure to return file .....	0	5	0	2
Aiding in the unauthorized practice of law by a nonlawyer .....	2	4	0	0
Conflict of interest (financial assistance to client) .....	0	1	0	0
Conflict of interest (between current clients) .....	1	2	1	0
Conflict of interest (lawyer's own interests) .....	0	2	1	2
Conflict of interest (improper business transaction with client) .....	0	3	1	0
Conflict of interest (improper agreement with client to limit lawyer's liability or avoid disciplinary action) .....	0	8	1	0
Conflict of interest (improper gift from client) .....	0	1	0	0
Filing frivolous or non-meritorious claims or pleadings .....	1	2	1	0
Counseling/assisting a client in criminal or fraudulent conduct .....	0	2	0	0
Misrepresentation to a tribunal .....	2	8	3	0
Misrepresentation to clients to cover up neglect .....	4	5	1	0
Misrepresentation to third persons .....	0	4	1	0
Failure to report criminal conviction or discipline .....	1	1	0	0
Unauthorized practice by a lawyer .....	0	5	0	1
Practice after failure to register .....	2	0	0	0
Practice after suspension .....	2	0	0	0
Violation of law prohibiting discrimination .....	0	0	1	0
Improper solicitation or advertising .....	1	1	0	0
Failure to supervise lawyer's employees .....	0	2	2	1
Improper communication with a represented person .....	0	1	0	0

\* Totals exceed 132 cases because in most cases more than one type of misconduct was found.  
 \*\* Includes suspensions stayed by probation.  
 \*\*\* Includes one Review Board reprimand and five Hearing Board reprimands.

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

**Chart 16: Orders Entered by Supreme Court in Disciplinary Cases in 2002**

<p><b>A. <u>Motions for disbarment on consent: Rule 762(a)</u></b>            Allowed ..... 13            Denied ..... <u>0</u>            Total ..... 13</p>	<p><b>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u></b>            Allowed ..... 27            Denied and more discipline imposed ..... <u>1</u>            Total ..... 28</p>
<p><b>B. <u>Petitions for discipline on consent: Rule 762(b)</u></b>            Allowed:                Suspended ..... 26                Suspension stayed in part,                probation ordered ..... 5                Suspension stayed in its entirety,                probation ordered ..... 2                Censured ..... <u>10</u>                Total ..... 43            Denied ..... <u>3</u>            Total ..... 46</p>	<p><b>F. <u>Petitions for interim suspension due to conviction of a crime: Rule 761(b)</u></b>            Rule enforced and lawyer suspended ..... 4            Rule discharged ..... <u>2</u>            Total ..... 6</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>            Denied, and briefing schedule ordered ..... 1            Allowed, and more discipline ordered ..... 7            Denied, and sanctions recommended by            Review Board imposed ..... <u>7</u>            Total ..... 15</p>	<p><b>G. <u>Petitions for reciprocal discipline: Rule 763</u></b>            Allowed ..... 18            Denied ..... <u>0</u>            Total ..... 18</p>
<p><b>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u></b>            Allowed ..... 8            Denied and more discipline imposed ..... <u>1</u>            Total ..... 9</p>	<p><b>H. <u>Petitions for reinstatement: Rule 767</u></b>            Referred to Hearing Board ..... 6            Withdrawn before hearing ..... <u>2</u>            Total ..... 8</p>
	<p><b>I. <u>Probation revoked: Rule 772</u></b>            Probation revoked; respondent suspended .... 1            Probation stayed; suspension continued ..... <u>1</u>            Total ..... 2</p>
	<p><b>J. <u>Petitions for interim suspension: Rule 774</u></b>            Rule enforced and lawyer suspended ..... <u>11</u>            Total ..... 11</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 2002.

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

<b>A. Rule 759</b>	
Petition for restoration to active status:	
Allowed .....	32
Remanded to Hearing Board for further proceedings .....	<u>2</u>
Total.....	34
<b>B. Rules 757 and 758</b>	
Petition for involuntary transfer to inactive status due to mental disability or substance addiction:	
Allowed .....	4
Denied.....	<u>0</u>
Total.....	4
<b>C. Rule 752</b>	
Motion by complainant to require Administrator to further investigate charges or expedite proceedings:	
Allowed .....	0
Denied.....	<u>19</u>
Total.....	19
<b>D. Rule 383</b>	
Motion for supervisory order:	
Allowed .....	0
Denied.....	<u>4</u>
Total.....	4

**Chart 18: A Comparison 1990-2002**

	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
1990.....	56,896.....	6,489.....	est. 7,634.....	1,023.....	5,254.....	1,410.....	349
1991.....	58,953.....	5,969.....	est. 7,022.....	608.....	5,701.....	839.....	325
1992.....	61,107.....	6,291.....	7,338.....	889.....	5,210.....	473.....	277
1993.....	63,328.....	.....	6,345.....	974.....	5,422.....	137.....	241
1994.....	65,163.....	.....	6,567.....	1,224.....	5,125.....	133.....	247
1995.....	67,121.....	.....	6,505.....	1,359.....	5,134.....	73.....	277
1996.....	68,819.....	.....	6,801.....	1,364.....	4,946.....	76.....	300
1997.....	70,415.....	.....	6,293.....	1,202.....	5,018.....	81.....	342
1998.....	72,149.....	.....	6,048.....	1,352.....	4,414.....	58.....	272
1999.....	73,514.....	.....	5,877.....	1,131.....	4,268.....	69.....	231
2000.....	73,661.....	.....	5,716.....	1,146.....	4,319.....	87.....	224
2001.....	74,311.....	.....	5,811.....	1,077.....	4,318.....	55.....	273
2002.....	75,421.....	.....	6,182.....	1,350.....	4,360.....	96.....	334

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
1990.....	105.....	23.....	578.....	100
1991.....	127.....	25.....	604.....	78
1992.....	122.....	37.....	560.....	89
1993.....	106.....	44.....	593.....	114
1994.....	115.....	35.....	869.....	109
1995.....	113.....	35.....	916.....	148
1996.....	129.....	22.....	891.....	115
1997.....	129.....	32.....	869.....	117
1998.....	141.....	31.....	732.....	138
1999.....	129.....	28.....	663.....	116
2000.....	119.....	29.....	474.....	120
2001.....	137.....	28.....	239.....	123
2002.....	131.....	36.....	217.....	126

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 Rules 751 and 756: Registration Fees**

Effective for the 2003 registration year, the Court amended Rule 756(a)(1) to increase the registration fee to \$229 for lawyers admitted to practice for three years or longer and registered as active. Of this amount, \$7 is to be remitted to the Lawyers' Assistance Program Fund, and \$42 is to be remitted to the Lawyers Trust Fund. An amendment to Rule 751(e)(6) directs the Commission to collect and remit these amounts to the foregoing entities.

#### **B. Supreme Court Rule 715: Admission of Graduates of Foreign Law Schools**

Effective January 1, 2003, the Court adopted Rule 715, to allow for the admission of foreign law graduates without the requirement of having received a law degree from an ABA-approved law school. To qualify for admission, applicants must pass the Illinois bar examination, be certified by the Board of Admissions to the Bar as to educational background and character, and receive a passing score as determined by the Board on the Multi-State Professional Responsibility Examination in Illinois. Also, the applicant must have been licensed to practice in the foreign country in which the law degree was conferred, must be in good standing in that country and must have been actively engaged in practice for at least five of the seven years immediately prior to making application.

#### **C. Supreme Court Rules 721 and 722: Adoption of Limited Liability Legal Practice**

On April 1, 2003, effective July 1, 2003, the Court amended Rule 721 and adopted new Rule 722 to allow a law firm, organized as a "limited liability entity," as defined under Rule 722, to enable its individual members to protect their personal assets from a malpractice suit involving another member of the law firm. To seek the new protections, a law firm must carry minimum

insurance or proof of financial responsibility. Notwithstanding the protections afforded to a lawyer whose firm is organized as a limited liability entity, a lawyer is not relieved from personal liability for claims arising from the lawyer's own professional conduct or the conduct of any person under the lawyer's direct supervision or control. Rule 721, as amended, includes limited liability partnerships among the kinds of entities that may engage in the practice of law in Illinois. Rules 721 and 722 do not change lawyers' ethical responsibilities for their own conduct or that of the law firm or the firm's lawyers and employees as set forth in Rules 5.1, 5.2 and 5.3 of the Rules of Professional Conduct.

#### **D. Supreme Court Rule 769: Maintenance of Records**

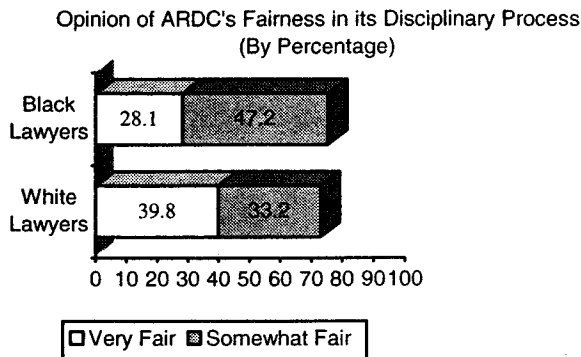
On April 1, 2003, effective July 1, 2003, the Court amended Rule 769, to allow lawyers the option of retaining in electronic format the records required by the rule to be kept for 7 years.

### **IV. ARDC Perception Survey**

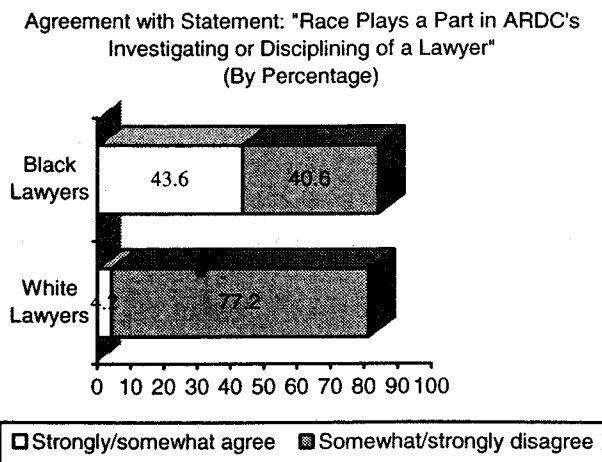
In furtherance of its commitment to the fairness of the disciplinary process and the maintenance of an effective and diverse disciplinary system, the Commission retained Research USA, Inc. to conduct a survey of Illinois lawyers in order to learn about perceptions of ARDC fairness, particularly regarding issues that involve race. Research USA conducted 1,306 telephone interviews of Illinois lawyers. In order to insure that a sufficient number of African-American lawyers were surveyed, Research USA took names from *The Guide to Chicago's Black Lawyers* and other directories provided by African-American bar leaders and associations, whose assistance the Commission acknowledges. Approximately 300 of the telephone interviews were of African-American lawyers; the remaining 1,000 were drawn randomly from the Commission's Master Roll of Illinois lawyers. Results for white lawyers are projectable with a range of +/-3.2%

for most questions. Results for black lawyers are not statistically projectable because a non-random sample was used.

The telephone survey elicited demographic information and perceptions that the Commission has found useful. Approximately three-quarters of lawyers from both races feel that ARDC's disciplinary process is "very" or "somewhat fair," although black lawyers were more likely than white lawyers to feel that the process was "somewhat fair," as illustrated in the following chart:



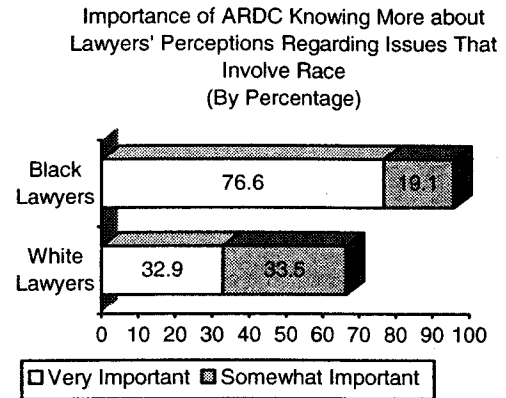
Notwithstanding these positive fairness ratings, a majority of black lawyers, but few white lawyers, believe that race plays a role in ARDC's disciplinary processes, as noted in the following chart:



Similarly, a substantial minority of responding black lawyers (31.4%) strongly or somewhat agree that ARDC's decision whether to act on a case is influenced by the race of a

complaining witness, whereas only 7.7% of white lawyers express that view. A substantial minority of responding black lawyers (34%), but only 7.7% of white lawyers, somewhat or strongly agree with the statement that there is a danger that ARDC will institute a system of racial profiling of black lawyers.

A majority of responding lawyers believe it is important for ARDC to know more about lawyers' perceptions regarding issues that involve race, as noted in the following chart:



For both black and white lawyers, opinions regarding ARDC fairness were influenced by discussions with other lawyers (60% for both blacks and whites) and by media accounts and court decisions (58% for blacks and 67% for whites). Black lawyers (52%) indicated that their own experience with ARDC also affected their opinion; the opinion of 37.1% of white lawyers were influenced by their own experience. Many black lawyers (68%) and white lawyers (50.6%) knew another lawyer who was investigated by ARDC or disciplined.

The Commission also surveyed members of the Boards, who handle the disciplinary cases. Collectively, the Boards are comprised of 119 members, 25 of whom are black. The 82 members who responded provided near unanimous statements that race is not taken into consideration in disciplinary matters. Specifically, more than 96% stated that the race of a respondent does not improperly affect discipline; that they have not observed racial prejudice in the disciplinary process; and that



they have not observed the race of the respondent or complaining witness playing a role in the process. Board members rated the disciplinary process as very fair (83%) or somewhat fair (12%), with 5% of respondents not answering that question.

The Commission determined that the survey findings warranted a plan of action to address perceptions of those who do not have confidence in the racial fairness of the disciplinary system. The Commission has begun an ongoing dialogue regarding the survey findings and follow-up with representatives of the Cook County Bar Association in an effort to learn more about the perceptions of lawyers in the African-American legal community and to find ways to address those perceptions. The ARDC and CCBA team plans to meet every three to four months to find ways to address these issues.

Commission representatives also engaged in a productive dialogue regarding the survey findings at the Annual Meeting of the National Organization of Bar Counsel (NOBC), the national association of lawyers engaged in lawyer disciplinary work. NOBC has undertaken the issue of diversity as an ongoing topic of discussions at its meetings. In addition, the Commission is attempting to gather demographic information on a sampling of lawyers who have been disciplined to see if discipline falls disproportionately on identifiable groups of lawyers, and, as the critical backdrop, to develop demographic data on the profession in general.

The Commission recognizes the significance of the wide divergence between the perceptions of black lawyers regarding the impact of race in the disciplinary process and the observations of board members and the perceptions of white lawyers on that same issue. The Commission remains committed to a continuing dialogue with all members of the legal profession to investigate and address the causes of the diverging views.

## V. 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 2002, the program approved 57 claims totaling \$215,564 to clients who lost money or property due to the dishonest conduct of attorneys holding an Illinois license. A summary of data on claims approved over the history of the program appears in Chart 19, and information on the claims approved in 2002 appears in Chart 20.

**Chart 19: Summary of Approved Claims**

	1999	2000	2001	2002
New Claims submitted:	153	170	161	187
Claims concluded:				
• approvals .....	91	148	73	57
• denials .....	89	87	88	87
Amount approved:	\$310,604	\$348,630	\$257,21	\$215,564
Number of lawyers: (approved claims)	44	45	31	31

**Chart 20: Classification of Approved Claims**

<b>Type of Misconduct:</b>	
Accepting fees without performing services .....	30
Conversion .....	20
Investment/Loan .....	7
<b>Area of Law</b>	
Tort/Workers' Comp .....	8
Criminal/Quasi-Criminal .....	7
Probate/Trusts .....	6
Domestic Relations .....	6
Real Estate .....	6
Debt Collection .....	6
Contract .....	5
Investment .....	4
Labor/Employment .....	3
Corporate .....	3
Administrative/Regulatory .....	3

Effective April 1, 2003, the Commission amended Commission Rule 510, raising the maximum payment on any single claim from \$10,000 to \$25,000, and raising the aggregate limit on claims arising from the conduct of any one attorney from \$100,000 to \$250,000. The amendment brings the Illinois cap closer to the national median cap of \$50,000, and it should make it possible to pay 90% of the claims submitted to the Program in full. While the vast majority of claims fall under \$10,000, several claims each year far exceed that amount. The Commission concluded that the efficacy of the Client Protection Program mandated raising the caps to allow more realistic compensation in the cases involving substantial losses, particularly in the present economic climate which has led to more disciplinary cases involving thefts of greater amounts of client funds.

### ***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 continues to handle over 3,000 calls from attorneys each year. This figure does not include calls received from nonlawyers. Additional information about the program can be obtained from the ARDC website at [www.iardc.org](http://www.iardc.org).

### ***C. Education***

#### ***1. 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. Plans for 2003 include presenting the program in association with some law schools for students about to enter practice. Any attorney interested in learning more about the *Professionalism Seminar*, may call Mary F. Andreoni, Administrative Counsel, ARDC, Chicago, or consult the ARDC web site at [www.iardc.org](http://www.iardc.org).

#### ***2. ARDC Web Site***

On April 1, 2003, "Lawyer Search" was added to the ARDC web site ([www.iardc.org](http://www.iardc.org)). Lawyer Search allows the user to search the Master Roll of Illinois Attorneys for certain basic, public registration information about Illinois lawyers, including date of admission, business address and phone number, whether the attorney is registered and authorized to practice, and whether the attorney has been disciplined. Attorneys are invited to check their own information and to notify the ARDC of any inaccuracies or changes.

The web site also contains recently filed disciplinary complaints, sanction orders issued by the Supreme Court, Hearing Board and Review Board reports, the schedule of hearings in public disciplinary cases, as well as the procedural rules governing disciplinary cases and the Rules of Professional Conduct. Information and forms relating to registration matters and the investigation process are also available on the site. In the future, the site will include a searchable database of Supreme Court disciplinary opinions and Hearing and Review Board reports.

#### ***3. Speeches and Presentations***

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 its members, may call Mary F. Andreoni, Administrative Counsel, ARDC, Chicago.

## **VI. Developments During 2002**

### **A. Court Appointments**

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

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

#### *Retirement of James J. McDonough*

On December 31, 2002, James J. McDonough concluded his third term as a nonlawyer member Commissioner. Mr. McDonough began his service as a Commissioner in 1992. He is Chairman of the Board and President of *McDonough & Associates*, an engineering/architectural consulting firm. He previously served as Commissioner of the Streets and Sanitation Department of the City of Chicago and Chief Administrator of the Chicago Skyway. Additionally, he served as Chairman of the Chicago Transit Authority and is a past chairman of the Chicagoland Chamber of Commerce.

#### *Appointment of John R. Carroll*

Effective January 1, 2003, the Court appointed John R. Carroll of LaGrange as a nonlawyer member Commissioner for a term expiring December 31, 2005. A graduate of DePaul University, Mr. Carroll was president and owner of Carroll Scientific, Inc., a manufacturing firm, until his retirement in 2001.

He replaces James J. McDonough as a Commissioner.

#### *Retirement of Tobias G. Barry*

On December 31, 2002, Tobias G. Barry resigned his position as a lawyer member Commissioner upon his appointment by the Court to the Illinois Appellate Court for the Third District, where he had served previously for 20 years until 1994. He is also a past president of both the Illinois Judges Association and the Lawyers Assistance Program. Prior to his reappointment to the bench, Justice Barry practiced with the LaSalle law firm of *Aplington, Kaufman, McClintock, Steele and Barry, Ltd.* Admitted to practice law in 1952, he received his J.D. from the University of Notre Dame.

#### *Appointment of R. Michael Henderson*

Effective January 1, 2003, the Court appointed R. Michael Henderson of Peoria as a lawyer member Commissioner. A founding partner in the firm of *Quinn, Johnston, Henderson & Pretorius* in Peoria, Commissioner Henderson has a litigation practice primarily in the areas of products liability, professional negligence and commercial law. He received his J.D. from Loyola University Chicago School of Law and was licensed in Illinois in 1969. He is a past president of the Peoria County Bar Association, and a past member of the Board of Governors for the Illinois State Bar Association. Mr. Henderson was appointed to complete the term of Hon. Tobias G. Barry, which expires December 31, 2003.

#### **2. Review Board Appointments**

#### *Retirement of Neil K. Quinn*

On December 31, 2002, Neil K. Quinn concluded his term on the Review Board. He has been a member of the Review Board since 1991. Mr. Quinn is a partner in the law firm of *Pretzel & Stouffer, Chartered*, where he concentrates in the areas of general and professional liability and commercial litigation.

He received his J.D. from DePaul University Law School and was admitted to practice law in Illinois in 1957.

*Appointment of Thomas A. Zimmerman, Jr.*

Effective January 1, 2003, the Court appointed Thomas A. Zimmerman, Jr. to a three-year term to serve on the Review Board. Mr. Zimmerman heads the Chicago law firm of *Zimmerman and Associates*, which concentrates in civil litigation, including class actions and medical malpractice. He received his law degree from Chicago-Kent College of Law, and was admitted to practice law in Illinois in 1996. Mr. Zimmerman was appointed to fill the vacancy left by the retirement of Neil K. Quinn. His term expires December 31, 2005.

*Retirement of Martin H. Katz*

On December 31, 2002, Martin H. Katz concluded his term on the Review Board. A member of the Review Board since 1991, Mr. Katz is a partner in the Rock Island law firm of *Katz, Huntoon & Fieweger*. Admitted in 1962, he received his J.D. from Northwestern University. His practice areas are civil trials and appeals; products liability; medical malpractice; insurance law; and business litigation. He is a fellow in the American College of Trial Lawyers.

*Appointment of Stuart R. Lefstein*

Effective January 1, 2003, the Court appointed Stuart R. Lefstein to the Review Board for a term expiring December 31, 2005. Mr. Lefstein is of counsel to the law firm of *Pappas & Schnell*. Prior to joining the firm in 2000, he was name partner in another Rock Island law firm for 35 years. He is a litigator, and his practice areas are personal injury, products liability, professional malpractice, employment litigation and business crimes. He received his J.D. from the University of Michigan and was admitted to practice law in Illinois in 1958. He is Chair of the Illinois Supreme Court's Third District Committee on Character and Fitness and is a fellow of the

American College of Trial Lawyers. He succeeds Martin H. Katz.

**VII. Relocation of Springfield Office**

In September 2002, the Commission relocated its Springfield office to better serve the residents and lawyers in central and southern Illinois. The new address is One North Old Capitol Plaza, Suite 333, Springfield, IL 62701; Telephone: (217) 522-6838; Facsimile: (217) 522-2417 or (800) 252-8048.

**VIII. 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, 2002, are attached.

The drop-off in growth of the Illinois lawyer population discussed at the outset of this report has negatively impacted Commission revenues which, for 2002, were \$556,000 short of what had been projected in 2000, when the Commission asked the Court to raise the annual fee. Revenues for 2003 are expected to fall more than \$768,000 below the 2000 projections.

The Registration staff are pursuing efforts to test whether lawyers who have failed to register or who have registered as inactive are still practicing, and for getting any lawyers found practicing back on the fee-paying rolls. In the meantime, the same economic trends that have contributed to diminishing revenues have resulted in a growing caseload.

Nevertheless, the present fee structure should fund operations through 2006. For the immediate future, the Commission will actively pursue initiatives designed to build revenues and will continue to look for any efficiencies that will help control expenses.


## 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, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois  
January 31, 2003

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Grant Thornton LLP  
US Member of Grant Thornton International

Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2002

<b>REVENUES</b>	
Registration fees and delinquent charges	\$11,531,261
Investment income	
Interest income	492,902
Net unrealized depreciation of investments	(74,221)
Total investment income	418,681
Cost reimbursements collected	131,012
Miscellaneous income	23,955
Total revenues	12,104,909
<b>EXPENDITURES</b>	
Salaries and related expenses	7,554,563
Travel expenses	92,122
Library and continuing education	166,361
General expenses and office support	1,827,255
Computer expenses	173,993
Other professional and case-related expenses	903,775
Client protection program payments	215,566
Depreciation and amortization expense	197,166
Total expenditures	11,130,801
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>974,108</b>
Unrestricted net assets	
Beginning of year	4,857,435
End of year	<u>\$ 5,831,543</u>

The accompanying notes are an integral part of this statement.

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Attorney Registration and Disciplinary Commission  
STATEMENT OF FINANCIAL POSITION  
December 31, 2002

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents, including restricted cash of \$4,600	\$ 56,462
Short-term investments	18,099,846
Accrued interest receivable	152,346
Accounts receivable, net of allowance of \$669,560	
Prepaid expenses and other assets	67,040
Total current assets	18,375,694
<b>FIXED ASSETS, net</b>	<b>400,606</b>
<b>LONG-TERM INVESTMENTS</b>	<b>713,050</b>
<b>TOTAL ASSETS</b>	<b><u>\$19,489,350</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and other accruals	\$ 217,568
Amounts held for others	934,963
Accrued vacation	225,269
Deferred registration fees	8,907,040
Deposits	9,597
Total current liabilities	10,294,437
<b>LONG-TERM LIABILITIES</b>	
Accrued Medicare replacement funding	1,004,168
Deferred rent expense	2,359,202
Total long-term liabilities	3,363,370
Total liabilities	13,657,807
<b>NET ASSETS - UNRESTRICTED</b>	<b>5,831,543</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$19,489,350</u></b>

The accompanying notes are an integral part of this statement.

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
STATEMENT OF CASH FLOWS  
Year ended December 31, 2002

<b>Cash flows from operating activities</b>	
Increase in net assets	\$ 974,108
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Unrealized depreciation of investments	74,221
Depreciation and amortization expense	197,166
Investment security amortization	225,440
Decreases in assets	
Accounts receivable and accrued interest receivable	54,923
Prepaid expenses and other assets	13,698
Increases (decreases) in liabilities	
Accounts payable and other accruals	(2,323)
Amounts held for others	934,963
Accrued vacation	18,857
Deferred registration fees	195,495
Accrued Medicare replacement funding	90,569
Deferred rent expense	(174,571)
Net cash provided by operating activities	2,602,546
<b>Cash flows from investing activities</b>	
Net increase in money-market investments	(817,117)
Purchases of investment securities	(12,247,494)
Maturities of investment securities	10,140,000
Acquisitions of fixed assets	(144,211)
Net cash used in investing activities	(3,068,822)
<b>Cash flows from financing activities</b>	
Deposits returned	(14,097)
Net cash used in financing activities	(14,097)
Net decrease in cash and cash equivalents	(480,373)
<b>Cash and cash equivalents</b>	
Beginning of year	536,835
End of year	<u>\$ 56,462</u>

The accompanying notes are an integral part of this statement.

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**NOTE A - GENERAL PURPOSE DESCRIPTION**

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

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

- Rule 756, as amended effective October 4, 2002, increased the annual registration fees for active lawyers licensed to practice law for three years or more from \$180 to \$229. As amended, the Rule provides that \$7 of the increase is to be remitted to the Lawyers Assistance Program Fund, and \$42 of the increase is to be remitted to the Lawyers Trust Fund. Rule 751(c)(6) was also amended at the same time to add to the description of the Commission's duties the duty to collect the above fees and remit them to the respective entities.
- Rule 773, as amended, provides that an attorney-respondent has a duty to pay certain costs associated with the disciplinary proceedings and the attorney-respondent, including witness fees, court-reporting expenses, expert fees and document duplication fees. Effective November 1, 2000, the Commission is limited to collection of \$1,000 for cost reimbursements, absent exceptional circumstances (see note C).
- Rule 769 provides that every attorney has a duty to retain all financial records related to the attorney's practice for a period of not less than seven years.
- Rule 780 establishes the Client Protection Program to reimburse claimants for losses caused by the dishonest conduct of Illinois lawyers. Pursuant to section (d) of the rule, the Commission annually allocates an amount of money to pay these claims.

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

*Basis of Presentation*

The accompanying financial statements reflect the financial position and activities of the Commission. Net assets are generally reported as unrestricted, unless assets are received from donors with explicit stipulations that limit the use of the assets. At December 31, 2002, the Commission has no temporarily or permanently restricted net assets.

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

*Deferred Registration Fees*

The Commission is funded by an annual registration fee assessed on Illinois attorneys. The annual fee for the subsequent year is billed before November 1 and is due January 1. Deferred registration fees represent the fees for calendar year 2003 received prior to December 31, 2002.

*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(c)(6) of the Internal Revenue Code, as an organization described in Section 501(c)(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.

*Concentrations of Risk*

The Commission maintains most of its cash and money-market funds at the Bank. The balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. All investment transactions are handled by the Bank's Trust Department. All investment securities are held in safekeeping at the Trust Department.

*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 or other reasonable and consistent methodology.

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

*Cash and Cash Equivalents*

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

*Investments*

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

*Fixed Assets*

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

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

	<u>Years</u>
Computer and related equipment	3
Office furniture and equipment	5
Library	7
Leasehold improvements	7-15

*Amounts Held for Others*

Amounts held for others at December 31, 2002, consist of funds collected for the Lawyers Assistance Program of \$133,452 and the Lawyers Trust Fund of \$801,511, which were remitted subsequent to year-end.

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**NOTE C - COST REIMBURSEMENTS**

The Commission receives cost reimbursements for investigative and disciplinary costs from disciplined attorneys. Cost reimbursement is billed at the time that discipline is imposed by the Court, but may not be a total reimbursement or match the period in which the investigative disciplinary costs were incurred. Between November 1995 and November 2000, the Commission regularly sought entry of judgments by the Court with interest at the rate charged by the State of Illinois (9% at December 31, 2002) for all invoices not paid within 30 days of the initial billing. The Commission has also established payment plans for disciplined attorneys. Effective November 1, 2000, the Commission was limited to \$1,000 in cost reimbursement for each disciplined attorney, absent exceptional circumstances. The practice of seeking judgments on unpaid invoices resumed during 2002.

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 2002, the Commission collected approximately \$131,000 in cost reimbursements. At December 31, 2002, approximately \$669,560 in additional amounts remained unpaid by attorney-respondents, for which a corresponding allowance is recorded.

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

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

	<u>Registration and discipline</u>	<u>Client protection</u>	<u>Administration and support</u>	<u>Total</u>
Salaries and related expenses	\$6,185,116	\$154,650	\$1,214,797	\$ 7,554,563
Travel expenses	72,332	1,036	18,754	92,122
Library and continuing education	134,942	3,222	28,197	166,361
General expenses and office support	1,495,173	34,059	298,023	1,827,255
Computer expenses	141,132	3,370	29,491	173,993
Other professional and case-related expenses	852,193	37,038	14,544	903,775
Client protection program payments	-	215,566	-	215,566
Depreciation and amortization expense	159,930	3,812	33,417	197,166
<b>Total expenditures</b>	<b>\$9,040,818</b>	<b>\$452,760</b>	<b>\$1,637,223</b>	<b>\$11,130,801</b>

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
December 31, 2002

NOTE E - INVESTMENTS

Investments consist of the following:

	Cost	Fair value
U.S. Treasury notes and bills	\$17,691,869	\$17,715,915
Money-market funds	<u>1,096,981</u>	<u>1,096,981</u>
Total	\$18,788,850	\$18,812,896

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, 2002:

	Cost	Fair value
Due in one year or less	\$17,038,785	\$17,002,865
Due after one year to five years	344,547	368,254
Due after five years	<u>308,537</u>	<u>344,796</u>
Total	\$17,691,869	\$17,715,915

NOTE F - FIXED ASSETS

Fixed assets at December 31, 2002, consist of:

Office furniture and equipment	\$ 767,985
Computer and related equipment	1,596,963
Library	49,025
Leasehold improvements	<u>182,109</u>
	2,596,082
Less accumulated depreciation and amortization	<u>2,195,476</u>
Total	\$ 400,606

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
December 31, 2002

NOTE H - MEDICARE REPLACEMENT RESERVE TRUST - Continued

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

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

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

Actuarial valuation

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

The accrued Medicare replacement funding liability at December 31, 2002, represents:

Actuarially determined benefit obligation, December 31, 2001	\$ 913,599
Benefit expense for the year ended December 31, 2002	<u>90,569</u>
Estimated benefit obligation, December 31, 2002	\$1,004,168

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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
December 31, 2002

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" are included in deferred rent.

The Springfield office lease, which began in November 2002, has a term of 10 years and provides for a minimum annual rent. The lease gives the Commission the option to renew the lease for another five-year period.

Rent expense under all lease agreements was approximately \$1,064,584 in 2002.

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
2003	\$ 84,140	\$1,248,400	\$1,332,540
2004	85,853	1,300,600	1,386,453
2005	85,872	1,354,900	1,440,772
2006	87,315	1,411,700	1,499,015
2007	87,603	1,471,200	1,558,803
Remaining	<u>437,316</u>	<u>633,991</u>	<u>1,071,307</u>
	\$868,099	\$7,420,791	\$8,288,890

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 who were employed by the Commission and met certain criteria 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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Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
December 31, 2002

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, 2002, are as follows:

U.S. Treasury notes	\$1,004,186
Money-market account	24,075
Accrued interest receivable	<u>8,885</u>
	\$1,037,146

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 totaled \$1,007,731 in 2002. The Commission also pays the Plan's administrative expenses, which totaled \$50,707 in 2002.

NOTE J - LITIGATION

Various complaints and actions have been filed against the Commission. At December 31, 2002, the Commission believes that pending matters do not present any serious prospect of negative financial consequences.

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