

ARDC



ATTORNEY
REGISTRATION
& DISCIPLINARY
COMMISSION

Annual Report of 2014

Attorney Registration & Disciplinary Commission

One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601-6219
Telephone: (312) 565-2600
Facsimile (312) 565-2320

3161 West White Oaks Drive, Suite 301
Springfield, Illinois 62704
Telephone: (217) 546-3523
Facsimile: (217) 546-3785

Web Site: www.iardc.org

ARDC Mission Statement

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

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

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

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

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



ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the
SUPREME COURT OF ILLINOIS

One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601-6219
(312) 565-2600 (800) 826-8625
Fax (312) 565-2320

One North Old Capitol Plaza, Suite 333
Springfield, Illinois 62701
(217) 522-6838 (800) 252-8048
Fax (217) 522-2417

Chicago
April 30, 2015

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 2014 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 2014 and an accounting and audit of the monies received and expended during the twelve-month period that ended December 31, 2014.

Respectfully submitted,

Joan Myers Eagle, Chairperson
James R. Mendillo, Vice-Chairperson
Derrick K. Baker
Timothy L. Bertschy
Karen Hasara
Bernard M. Judge
David F. Rolewick, Commissioners

Jerome Larkin, Administrator
James J. Grogan, Deputy Administrator &
Chief Counsel

A Report of the Activities of the ARDC in 2014

I. Educational and Outreach Programs

A significant part of the ARDC's mission is the education of Illinois lawyers and the public through seminars, publications and outreach on the ethical duties of lawyers. Education and outreach efforts are vital tools in the ARDC's efforts to help lawyers serve their clients effectively and professionally, avoid potential harm to clients and minimize possible grievances later. Those efforts include the following:

A. MCLE Accredited Seminars Sponsored by the Commission

The ARDC is an accredited MCLE provider in Illinois. The ARDC produces recorded MCLE accredited webcasts, free of charge and available on the ARDC website, to provide professional responsibility training and ethics education to the profession. In 2014, the ARDC saw a significant increase in the number of lawyers viewing ARDC webcasts. Approximately 16,500 lawyers received CLE credit in 2014, a 50% increase over 2013. ARDC webcasts can be accessed at: <https://www.iardc.org/CLEseminars.html>. There are currently seven recorded webcasts on the ARDC website where lawyers can earn up to 6.5 hours of ethics and professionalism MCLE credit without charge.

B. Speaking Engagements

An important part of the ARDC's outreach efforts has been to offer experienced presenters to speak to lawyer and citizen groups. In 2014, ARDC Commissioners and staff members made 274 presentations to bar associations, government agencies, law firms, and other organizations. Presentations were made to more than 30 different county and regional bar associations throughout the state on a variety of issues related to lawyer regulation and issues faced by practitioners. These presentations give many lawyers the opportunity to meet with ARDC staff to pose questions about their professional duties.

C. Ethics Inquiry Program

The Commission's Ethics Inquiry Program, a telephone inquiry resource, continues to serve Illinois attorneys each year who are seeking help in resolving ethical dilemmas. The goal of the Program is to help lawyers understand their professional obligations and assist them in resolving important issues in their practices.

In 2014, staff lawyers responded to 4,203 inquiries. Questions about a lawyer's mandatory duty to report lawyer or judicial misconduct under Rule 8.3 of the Illinois Rules of Professional Conduct continues to be the greatest area of inquiry posed to the Commission's Ethics Inquiry Program.

The top ten subjects of inquiry during 2014 included:

<u>Subject of Inquiry</u>	<u># of calls</u>
Duty to report misconduct	366
Confidentiality (present & former clients)	238
Handling client trust accounts	205
Conflicts (former client)	159
Conflicts (multiple representation)	150
Unauthorized practice of law by an attorney	130
Termination of legal representation.....	110
Communication with represented persons	102
Fees (division between lawyers).....	102
Registration	95

Lawyers with inquiries are requested to present their questions in the hypothetical form, and callers may remain anonymous if they so choose. No record is made of the identity of the caller or the substance of the specific inquiry or response. To make an inquiry, please call the Commission offices in Chicago (312-565-2600) or Springfield (217-546-3523). Additional information about the Program can be obtained at: www.iardc.org/ethics.html.

D. Publications

The Commission publishes on its website for lawyers and the public the rules governing Illinois lawyers as well as other publications on the ethical duties of Illinois lawyers, including *The Client Trust Account Handbook*, which details a lawyer’s duties under Rule 1.15 as well as *The Basic Steps to Ethically Closing a Law Practice* (October, 2012) and *Leaving a Law Firm: A Guide to the Ethical Obligations in Law Firm Departure* (October, 2012). These publications are available on the ARDC website at <https://www.iardc.org/pubs.html>. The ARDC also regularly posts on the ARDC website and sends e-mails to members of the Illinois bar with information alerting lawyers on important ethics and professionalism news and topics that impact a lawyer’s ethical duties. All ARDC E-News Alerts can be found at: <https://www.iardc.org/E-NewsAlerts.html>.

E. Commission Website

The ARDC website (www.iardc.org) continues to be a source of information regarding all aspects of the regulation of the legal profession in Illinois and recent developments affecting Illinois lawyers. The site attracts an average of 111,000 visits each month, and in 2014 the number of visits totaled more than 1.3 million.

In addition, the number of lawyers who registered on-line continues to increase each year. For the 2015 registration year, 81% of lawyers utilized on-line registration. The most visited feature is the Lawyer Search function. With over 2 million page views last year, this feature enables visitors to search the Master Roll for certain basic public registration information about lawyers, including principal address and public disciplinary information. The site also includes information about the ARDC investigative process and how to request an investigation, a schedule of public hearings and arguments on public disciplinary matters pending before the Hearing and Review Boards, and a searchable database of disciplinary decisions issued by the Supreme Court and reports filed by the disciplinary boards. Also available on the site is information about the Client Protection Program and claim forms as well as information about the Ethics Inquiry Program, and links to other legal ethics research sites.

F. Assistance to Public

In 2014, ARDC staff paralegals assisted 18,011 callers and met with 433 visitors to one of the ARDC offices in Chicago or Springfield. ARDC staff paralegals provided the public with:

- information about specific lawyers;
- information about ARDC investigations or procedures;
- help in submitting a request for an investigation or in making a claim to the Client Protection Program; and
- materials about ARDC investigations and proceedings.

II. Registration Report

A. Master Roll Demographics

The 2014 Master Roll of Attorneys for the state of Illinois increased by 1.8% to 92,756 attorneys as of October 31, 2014, comprised mostly of active and inactive status lawyers. See Chart 2, at Page 7. After that date, the Commission began the 2015 registration process, so that the total reported as of October 31, 2014 does not include the 1,902 attorneys who first took their oath of office in November or December 2014. See Chart 25A, at Page 33. Chart 1 shows the demographics for the lawyer population in 2014. The number of female lawyers has slowly but steadily risen over the last 20 years. Female lawyers are 38% of Illinois lawyers in 2014, a 1% increase over the prior year. Ten years ago, women lawyers made up 32% of the legal profession in 2004 and only 25% of Illinois lawyers in 1994.

Chart 1: Age, Gender and Years in Practice for Attorneys Registered in 2014*

**numbers based on the 2014 registration year which ended on 10/31/14*

Gender	
Female	38%
Male	62%
Years in Practice	
Fewer than 5 years	13%
Between 5 and 10 years	17%
Between 10 and 20 years	24%
Between 20 and 30 years	23%
30 years or more.....	23%
Age	
21-29 years old	6%
30-49 years old	51%
50-74 years old	41%
75 years old or older	2%

Chart 2 provides the breakdown by the registration categories set forth in Supreme Court Rule 756.

Chart 2: Registration Categories for 2014*

*numbers based on the 2014 registration year which ended on 10/31/14

Category	Number of Attorneys
Admitted between January 1, 2013, and October 31, 2014	492
Admitted between January 1, 2011, and December 31, 2012.....	5,069
Admitted before January 1, 2011.....	70,689
Serving active military duty.....	371
Serving as judge or judicial clerk	1,628
Birthday before December 31, 1938.....	1,824
In-House Counsel under Rule 716.....	482
Foreign Legal Consultant under Rule 713	17
Legal Service Program Counsel under Rule 717	19
Pro Bono Authorization under Rule 756(j)	26
Inactive status	11,485
Pro Hac Vice	654
Total attorneys currently registered	92,756

Charts 3 and 4 show the distribution by Judicial District, Circuit and County of the 64,439 registered active and inactive attorneys who reported a principal address in Illinois. The number of those lawyers with a principal address in Illinois decreased by 0.4%. Of the 102 counties, 44 experienced a slight decrease in the number of attorneys from 2013, 21 remained the same and 37 experienced a slight increase. All of the Judicial Districts showed a slight decrease except for the Fifth Judicial District which increased by 0.3%.

Chart 3: Registration by Judicial Districts: 2010-2014*

*numbers based on the 2014 registration year which ended on 10/31/14

	2010	2011	2012	2013	2014		2010	2011	2012	2013	2014
First District											
Cook County	44,668	45,035	45,690	45,306	45,171						
Second District						Fourth District					
15 th Circuit.....	195	201	198	196	200	5 th Circuit.....	250	257	260	253	247
16 th Circuit.....	1,426	1,489	1,494	1,460	1,171	6 th Circuit.....	854	865	877	864	852
17 th Circuit.....	806	796	808	786	787	7 th Circuit.....	1,253	1,266	1,273	1,275	1,285
18 th Circuit.....	4,185	4,246	4,373	4,402	4,362	8 th Circuit.....	192	189	191	189	186
19 th Circuit.....	3,087	3,143	3,200	3,179	3,123	11 th Circuit.....	659	655	669	659	662
22 nd Circuit.....	578	583	589	572	563	Total	3,208	3,232	3,270	3,240	3,232
23 rd Circuit+	*	*	*	275	277						
Total	10,277	10,458	10,662	10,595	10,483						
+circuit eff. 12/3/12											
Third District						Fifth District					
9 th Circuit	189	192	192	184	186	1 st Circuit.....	449	451	455	447	446
10 th Circuit.....	911	919	931	928	917	2 nd Circuit.....	296	308	306	301	304
12 th Circuit.....	949	952	977	943	945	3 rd Circuit	696	711	718	729	737
13 th Circuit.....	324	325	324	317	319	4 th Circuit.....	245	251	251	257	255
14 th Circuit.....	495	495	499	502	488	20 th Circuit.....	779	793	801	812	814
21 st Circuit.....	152	154	159	149	142	Total	2,465	2,514	2,531	2,546	2,556
Total	3,020	3,037	3,082	3,023	2,997						
						Grand Total	63,638	64,276	65,235	64,710	64,439

The number of attorneys who reported a principal address outside Illinois (28,317) increased by 7.4% over 2013. The top five jurisdictions where these lawyers are located are: Missouri, District of Columbia, California, New York and Wisconsin. Those attorneys registered as either active (67%) and able to

practice under the auspices of their Illinois license or inactive (33%), and account for 31% of all lawyers with an Illinois license. Those 28,317 attorneys with an out-of-state principal address are not included in Charts 3 and 4.

Chart 4: Registered Active and Inactive Attorneys by County for 2013-2014*

**numbers based on the 2014 registration year which ended on 10/31/14*

<u>Principal Office</u>	<u>Number of Attorneys</u>		<u>Principal Office</u>	<u>Number of Attorneys</u>		<u>Principal Office</u>	<u>Number of Attorneys</u>	
	<u>2013</u>	<u>2014</u>		<u>2013</u>	<u>2014</u>		<u>2013</u>	<u>2014</u>
Adams.....	117	118	Hardin	5	5	Morgan	40	41
Alexander	7	7	Henderson	6	7	Moultrie	11	10
Bond	12	13	Henry	54	55	Ogle	54	57
Boone	50	49	Iroquois	21	21	Peoria.....	790	775
Brown	10	9	Jackson.....	197	199	Perry	21	24
Bureau	36	32	Jasper	8	8	Piatt.....	24	23
Calhoun	6	5	Jefferson.....	114	117	Pike.....	13	12
Carroll.....	16	17	Jersey	16	18	Pope.....	6	7
Cass	11	11	Jo Daviess	35	35	Pulaski	7	6
Champaign.....	551	554	Johnson	14	11	Putnam.....	8	10
Christian	44	45	Kane.....	1,184	1,171	Randolph	30	31
Clark	13	13	Kankakee	128	121	Richland.....	25	24
Clay	16	14	Kendall.....	99	109	Rock Island.....	356	348
Clinton.....	23	24	Knox	59	59	Saline	43	39
Coles.....	104	101	Lake	3,179	3,123	Sangamon	1,161	1,166
Cook	45,306	45,171	LaSalle	213	221	Schuyler.....	8	7
Crawford.....	24	24	Lawrence.....	16	15	Scott.....	4	5
Cumberland	9	8	Lee	36	37	Shelby	18	16
DeKalb	176	168	Livingston	45	45	St. Clair.....	703	705
DeWitt.....	18	16	Logan	26	25	Stark	7	7
Douglas	21	22	Macon	239	227	Stephenson.....	55	54
DuPage.....	4,401	4,362	Macoupin	40	39	Tazewell	112	116
Edgar	16	18	Madison	714	724	Union	28	29
Edwards.....	5	4	Marion.....	46	44	Vermilion.....	112	107
Effingham.....	52	54	Marshall	10	9	Wabash	13	13
Fayette	25	24	Mason.....	11	10	Warren	20	20
Ford	12	12	Massac	17	17	Washington.....	24	23
Franklin	57	58	McDonough	44	44	Wayne.....	13	13
Fulton	42	41	McHenry	572	563	White	12	14
Gallatin	5	5	McLean	554	557	Whiteside.....	82	77
Greene	14	16	Menard	14	14	Will	943	945
Grundy.....	68	66	Mercer.....	9	8	Williamson	128	131
Hamilton.....	12	12	Monroe.....	33	31	Winnebago.....	736	738
Hancock.....	14	15	Montgomery.....	29	26	Woodford.....	23	23

B. Mandatory Disclosures in Annual Registration

Lawyers must report *pro bono*, trust account and malpractice insurance information during the annual registration process as required by Supreme Court Rule 756. Under Supreme Court Rule 756(g), a lawyer is not registered if the lawyer fails to provide any of this information. The information reported by individual attorneys concerning voluntary *pro bono* service and trust accounts is confidential under Supreme Court Rule 766 and is not reported as part of a lawyer’s individual listing under “Lawyer Search” on the ARDC website (www.iardc.org). However, malpractice insurance information is shown in the Lawyer Search section of the ARDC website along with each lawyer’s public registration information. The aggregate reports received for the 2014 registration year regarding *pro bono* activities, trust accounts and malpractice insurance are presented below.

1. Report on Pro Bono Activities in 2014 Registration

Under Supreme Court Rule 756(f), Illinois lawyers are required to report voluntary *pro bono* service and monetary contributions on their registration forms. While *pro bono* service and contributions are voluntary, the required reports serve as an annual reminder to Illinois lawyers that *pro bono* legal service is an integral part of lawyers' professionalism. See IRPC (2010), Preamble, Comment [6A]. 30,213 attorneys reported that they had provided *pro bono* legal services, as defined by Rule 756, or 33% of Illinois lawyers, a 1.7% decrease from 2013. Those lawyers reported a total of 2,030,414 *pro bono* legal service hours. 62,543 attorneys reported that they had not provided *pro bono* legal services, 9,877 of whom indicated that they were prohibited from providing *pro bono* legal services because of their employment.

Chart 5A provides a five-year breakdown of the *pro bono* hours reported under Rule 756. The reported information does not include hours that legal service or government lawyers provide as part of their employment. Total *pro bono* hours decreased by approximately 3.2% from 2013 to 2014. Total *pro bono* hours have decreased by approximately 12.8% from 2010 to 2014.

Chart 5A: Report on Pro Bono Hours (2010-2014)*

**numbers based on the 2014 registration year which ended on 10/31/14*

	2010	2011	2012	2013	2014
Type of Pro Bono Services	Service Hours	Service Hours	Service Hours	Service Hours	Service Hours
Legal services to persons of limited means	1,238,967	1,207,199	1,130,480	1,119,465	1,071,492
Legal services to enumerated organizations designed to address needs of persons of limited means	365,371	365,197	355,062	334,824	354,054
Legal services to enumerated organizations in furtherance of their purposes	673,051	634,164	605,505	592,095	559,543
Training intended to benefit legal service organizations or lawyers providing <i>pro bono</i> services	51,381	48,464	54,480	52,088	45,325
TOTAL:	2,328,770	2,255,024	2,145,527	2,098,472	2,030,414

Chart 5B provides a breakdown of monetary contributions for the same five-year period as Chart 5A. The percentage of lawyers making monetary contributions increased to 18.5% in 2014 from 17.9% in 2013, and the total amount contributed in 2014 increased by about 1.8% from 2013. In 2014, 17,179 lawyers reported that they made contributions to organizations that provide legal services to persons of limited means. Not reflected in this chart is the fact that most Illinois lawyers contribute to the funding of legal aid through the \$95 portion of the full annual registration fee that is remitted the Lawyers Trust Fund of Illinois, as well as the contributions lawyers have made to other charitable and not-for-profit organizations.

Chart 5B: Monetary Contributions to Pro Bono Service Organizations (2010-2014)*

**numbers based on the 2014 registration year which ended on 10/31/14*

	2010	2011	2012	2013	2014
Amount Contributed	\$15,266,660	\$15,419,130	\$15,919,963	\$14,017,816	\$14,270,521
Number of lawyers who made contributions	14,985	15,318	16,120	16,266	17,179

For the 2014 registration year, \$6,607,830 was remitted to the Lawyers Trust Fund, representing a 1.8% increase over 2013. A total of \$39,249,606 has been remitted to the Lawyers Trust Fund since the 2003 registration year, the first year the ARDC began collection and remittance of this fee as provided in Supreme Court Rules 751(e)(6) and 756(a)(1).

2. Report on Trust Accounts in 2014 Registration

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

Chart 6A shows the responses received from the 92,756 lawyers who were registered for 2014. Approximately 51% or 46,951 of all registered lawyers reported that they or their law firm maintained a trust account sometime during the preceding 12 months. 80.9% of these trust account were IOLTA accounts. Of those who reported that they or their law firm did not maintain a trust account, nearly half explained that they were prohibited from an outside practice, because of their full-time employment in a corporation or governmental agency.

Chart 6A: Trust Account Disclosure Reports in 2014 Registration*

**numbers based on the 2014 registration year which ended on 10/31/14*

A. Lawyers with Trust Accounts:	46,951
80.9% with IOLTA trust accounts	
19.1% with non-IOLTA trust accounts	
B. Lawyers without Trust Accounts:	45,805
Full-time employee of corporation or governmental agency (including courts) with no outside practice	22,207
Not engaged in the practice of law	11,875
Engaged in private practice of law (to any extent), but firm handles no client or third party funds	9,216
Other explanation	2,507

3. Report on Malpractice Insurance

Supreme Court Rule 756(e) requires Illinois lawyers to report whether they carry malpractice insurance coverage and, if so, the dates of coverage. Only sitting judges or magistrates who do not pay a registration fee are exempt from this reporting requirement. The Rule does not require Illinois lawyers to carry malpractice insurance in order to practice law based upon their Illinois license. Chart 6B shows the aggregate number and percentage of lawyers who carry malpractice insurance as reported during the

registration process. In 2014, 52.3% of all 92,756 registered lawyers reported that they have malpractice insurance, representing a 0.4% increase from 2013. However, the 47.7% of lawyers that reported that they did not carry malpractice includes many government lawyers or lawyers not engaged in the practice of law that likely would not carry malpractice insurance. See Chart 6A, at Page 10.

Chart 6B: Malpractice Disclosure Reports: 2010-2014*

**numbers based on the 2014 registration year which ended on 10/31/14*

Lawyer Malpractice Insurance	2010	2011	2012	2013	2014
Yes	45,757 (52.8%)	46,107 (52.4%)	46,699 (52.3%)	47,289 (51.9%)	48,492 (52.3%)
No	40,900 (47.2%)	41,836 (47.6%)	42,631 (47.7%)	43,794 (48.1%)	44,264 (47.7%)

4. Report on Master Roll Removals

Chart 7A shows the trend of removals from the Master Roll between 2010 and 2014.

Chart 7A: Attorney Removals from the Master Roll: 2010 – 2014 Registration Years

Reason for Removal	2010	2011	2012	2013	2014
Unregistered	1,034	1,186	1,019	833	1,228
Deceased	307	304	318	277	348
Retired	970	822	853	815	833
Disciplined	77	75	81	74	68
MCLE General Non-Compliance	154	133	75	76	70
MCLE Basic Skills Non-Compliance	26	20	18	15	7
Total	2,568	2,540	2,364	2,090	2,554

5. *Pro Hac Vice Admission*

Since July 1, 2013, out-of-state attorneys practicing *pro hac vice* must register and pay an annual registration fee (\$105 in 2014) as well as a \$250 per case fee to the ARDC as required by Supreme Court Rule 707. \$175 of this per case fee goes to the Access to Justice Commission (AJC), created by the Illinois Supreme Court, and \$75 is retained by the ARDC. The chart below shows *pro hac vice* activity for 2014, including the total AJC and ARDC per-case fees collected. There were 12 cases in which the per-case fee was waived.

Chart 7B: *Pro Hac Vice* Activity: 2014 (January 1 – December 31)

<i>Number of Lawyer Submissions</i>	<i>Number of Lawyers Registered</i>	<i>Number of Proceedings</i>	<i>Total AJC Per-Proceeding Fees</i>	<i>Total ARDC Per-Proceeding Fees</i>
772	864	1,097	\$159,540	\$70,800

III. Report on Disciplinary and Non-Disciplinary Matters

A. Investigations Initiated in 2014

During 2014, the Commission docketed 5,921 investigations, a 2.5% decrease over the prior year. The types of investigations docketed in 2014 are shown in Chart 8A below.

Chart 8A: *Types of Investigations Docketed in 2014*

Type of Investigation in 2014	
Disciplinary charge against Illinois lawyer	5,254
Overdraft notification of client trust account	357
Unauthorized Practice of Law	112
Disciplinary charge against out-of-state lawyer	65
Conditional Admission monitoring	2
Reciprocal	22
Receivership	20
Reopened investigations	89
TOTAL:	5,921

Those 5,921 investigations involved charges against 3,935 different attorneys, representing about 4% of all registered attorneys. About 20% of these 3,935 attorneys were the subject of more than one investigation docketed in 2014, as shown in Chart 8B. Chart 8B also shows the percentage of lawyers who were the subject of a grievance by years in practice. 35% of lawyers admitted 30 or more years were the subject of an investigation in 2014 even though they account for 23% of the overall legal population.

Chart 8B: Investigations Docketed in 2014

<i>Investigations per Attorney</i>	<i>Number of Attorneys</i>
1	3,115
2	510
3	169
4	59
5 or more.....	<u>82</u>
	Total: 3,935
<i>Gender</i>	<i>Years in Practice</i>
Female..... 25%	Fewer than 55%
Male 75%	Between 5 and 1011%
	Between 10 and 2023%
	Between 20 and 3026%
	30 or more35%

Charts 9 and 10 report the classification of investigations docketed in 2014, based on an initial assessment of the nature of the misconduct alleged, if any, and the type of legal context in which the facts arose. Chart 9 reflects that more than half of all grievances related to client-attorney relations: neglect of the client’s cause (39%) and failure to communicate with the client (15%).

Chart 9: Classification of Charges Docketed in 2014 by Violation Alleged

<i>Type of Misconduct</i>	<i>Number*</i>	<i>Type of Misconduct</i>	<i>Number*</i>
Neglect.....	2,306	Failing to preserve client confidences or secrets	45
Failing to communicate with client, including failing to communicate the basis of a fee.....	871	Improper commercial speech, including inappropriate written or oral solicitation.....	42
Excessive or improper fees, including failing to refund unearned fees	868	Threatening criminal prosecution or disciplinary proceedings to gain advantage in a civil matter	39
Fraudulent or deceptive activity, including lying to clients, knowing use of false evidence or making a misrepresentation to a tribunal or non-client	668	Failing to supervise subordinates	35
Criminal conduct, assisting a client in a crime or fraud, and counseling illegal or fraudulent conduct	303	<i>Ex parte</i> or improper communication with judge or juror.....	18
Filing frivolous or non-meritorious claims or pleadings	283	Failing to report misconduct of another lawyer or judge.....	14
Improper management of client or third party funds, including commingling, conversion, failing to promptly pay litigation costs or client creditors or issuing NSF checks	283	Improper practice after failure to register under Rule 756	12
Failing to properly withdraw from representation, including failing to return client files or documents	240	Abuse of public office to obtain advantage for client.....	7
Failing to provide competent representation	207	Improper division of legal fees/partnership with nonlawyer.....	7
Conflict of Interest:.....	188	Violation of anti-discrimination statute or ordinance.....	7
Rule 1.7: Concurrent conflicts	110	False statement in bar admission or disciplinary matter.....	7
Rule 1.8(a): Improper business transaction with client	14	Incapacity due to chemical addiction or mental condition.....	6
Rule 1.8(b): Improper use of information	1	Failing to maintain appropriate attorney-client relationship with client with diminished capacity	6
Rule 1.8(c): Improper instrument or gift from client.....	2	Failure to report discipline in another jurisdiction	6
Rule 1.8(e): Improper financial assistance to client	5	False statements about a judge, judicial candidate or public official.....	5
Rule 1.8(g): Improper aggregate settlement/plea	2	Improper extrajudicial statement.....	4
Rule 1.8(j): Improper sexual relations with client	5	Failing to notify sender of inadvertently received document.....	4
Rule 1.9: Successive conflicts	31	Judicial candidate's violation of Judicial Code	3
Rule 1.10: Imputed conflict	11	Bad faith avoidance of student loan	3
Rule 1.11: Former public lawyer	4	Improper employment where lawyer may become a witness.....	2
Rule 1.13: Organizational client	3	Failure to disclose to prevent death/bodily harm.....	2
Conduct prejudicial to the administration of justice, including conduct that is the subject of a contempt finding or court sanction	187	Failing to pay child support	2
Improper trial conduct, including using means to embarrass, delay or burden another or suppressing evidence where there is a duty to reveal.....	178	Aiding a nonlawyer in the unauthorized practice of law	1
Prosecutorial misconduct.....	99	No misconduct alleged.....	163
Practicing in a jurisdiction where not authorized	79		
Not abiding by a client's decision concerning the representation or taking unauthorized action on the client's behalf.....	74		
Improper communications with a party known to be represented by counsel or with an unrepresented person.....	63		

*Totals exceed the number of requests for investigations docketed in 2014 because in many requests more than one type of misconduct is alleged.

Consistent with prior years, the top subject areas most likely to lead to a grievance of attorney misconduct are criminal law, domestic relations, real estate and tort, as shown in Chart 10.

Chart 10: Classification of Charges Docketed in 2014 by Area of Law*

<i>Area of Law</i>	<i>Number</i>
Criminal/Quasi-Criminal	1,283
Domestic Relations.....	752
Real Estate/Landlord-Tenant	600
Tort (Personal Injury/Property Damage)	490
Probate.....	308
Bankruptcy	269
Labor Relations/Workers' Comp.....	215
Contract	167
Civil Rights.....	115
Immigration	114
Debt Collection.....	110
Corporate Matters	68
Local Government Problems	56
Social Security	20
Tax.....	17
Patent and Trademark	17
Adoption	4
Mental Health	1

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

B. Investigations Concluded in 2014

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

About 3% of investigations concluded in 2014 resulted in the filing of formal charges. Charts 11 and 12 show the number of investigations docketed and concluded from 2010 to 2014, and the type of actions that terminated the investigations in 2014.

Chart 11: Investigations Docketed: 2010-2014
** includes reopened investigations*

Year	Pending January 1 st	Docketed During Year*	Concluded During Year	Pending December 31 st
2010	1,867	5,617	5,626	1,858
2011	1,858	6,155	5,977	2,036
2012	2,036	6,397	6,611	1,822
2013	1,822	6,073	5,732	2,163
2014	2,163	5,921	6,165	1,919

Chart 12: Investigations Concluded in 2014

Concluded by the Administrator:	
Closed after initial review.....	1,442 (No misconduct alleged)
Closed after investigation	4,459
Filed at Supreme Court pursuant to Supreme Court Rules 757, 762(a), and 763	9
Concluded by the Inquiry Board:	
Closed after panel review.....	46
Complaint or impairment petition voted.....	198
Closed upon completion of conditions of Rule 108 supervision	<u>11</u>
Total.....	6,165

B. Investigations Concluded in 2014

If an investigation does not 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 757, 761, 762(a), or 763. The Inquiry Board operates in panels of three, composed of two attorneys and one

nonlawyer, all appointed by the Commission. An Inquiry Board panel has authority to vote a formal complaint if it finds sufficient evidence to support a charge, to close an investigation if it does not so find, or to place an attorney on supervision under the direction of the panel pursuant to Commission Rule 108. The Administrator cannot pursue formal charges without authorization by an Inquiry Board panel.

About 3% of investigations concluded in 2014 resulted in the filing of formal charges. Charts 11 and 12 show the number of investigations docketed and concluded from 2010 to 2014, and the type of actions that terminated the investigations in 2014.

1. Timeliness of Investigations Concluded in 2014

Of the 6,165 investigations concluded in 2014, 5,910 were concluded by the Administrator. Charts 13A through C show the average number of days that the 5,910 investigations concluded in 2014 were pending before either being closed or filed in a formal action. In keeping with the Commission’s policy that disciplinary matters be handled expeditiously, codified in Commission Rule 1, Charts 13A through C show the time periods required to conclude investigations. Chart 13A shows that 1,442, or 23%, of the 6,165 investigations concluded in 2014 were closed after an initial review of the complainant’s concerns. More than 95% of these 1,442 investigations were concluded within 60 days of the docketing of the grievance. Five staff lawyers make up the Intake division of the Administrator’s staff. The Intake lawyers review most incoming grievances and perform the initial inquiry into the facts to determine whether the written submissions from complainants, read liberally, describe some misconduct by a lawyer. Generally, closures made after an initial review are completed without asking the lawyer to respond, although the lawyer and complainant are typically apprised of the determination.

Chart 13A

1,442 Investigations Closed After Initial Review in 2014			
<i>Average Number of Days Pending Prior to Closure:</i>			
Fewer than 10 days	10 - 20 days	21 - 60 days	More than 60 days
1,132 (78.5%)	60 (4.16%)	178 (12.34%)	72 (4.99%)

In the remaining 4,468 investigations closed in 2014 by the Administrator, the staff determined that an investigation was warranted. In most cases, these investigations began with a letter from Intake counsel to the lawyer named in the grievance, enclosing a copy of the complainant’s submission and asking the lawyer to submit a written response. The lawyer’s written response was usually forwarded for comment to the complainant, and the file was reviewed by Intake counsel after the complainant’s reply was received or past due. If, at that stage, the submissions and any back-up documentation obtained demonstrated that the lawyer did not violate professional conduct rules, or at least that a violation could not be proved, Intake counsel closed the file. If counsel determined that further investigation was warranted, the file was reassigned to Litigation counsel who primarily handles investigations that require more extensive investigation or are likely to lead to formal proceedings.

Chart 13B shows that for the 4,468 investigations closed after a determination to conduct an investigation was made, 2,698, or 60%, were closed by Intake counsel, with approximately 82% of those investigations closed within 90 days of receipt. Chart 13C indicates that 1,770, or 40%, were closed by Litigation counsel and over 45% of the files referred to Litigation counsel were closed within six months. Investigations referred to Litigation counsel are more extensive and time consuming, in order to determine if the filing of formal action is warranted.

Chart 13B

2,698 Investigations Concluded in 2014 by the Intake Staff After Investigation			
<i>Average Number of Days Pending Prior to Closure:</i>			
Fewer than 90 days	Between 90 – 180 days	Between 180 - 365 days	More than 365 days
2,210 (81.91%)	393 (14.57%)	72 (2.67%)	23 (0.85%)

Chart 13C

1,770 Investigations Concluded in 2014 by the Litigation Staff After Investigation			
<i>Average Number of Days Pending Prior to Closure:</i>			
Fewer than 90 days	Between 90 - 180 days	Between 180 - 365 days	More than 365 days
407 (22.99%)	351 (19.83%)	458 (25.88%)	554 (31.30%)

The time it takes before an investigation is resolved can be influenced by different factors: whether the lawyer has addressed all concerns raised during the investigation; whether other sources are cooperating with the ARDC’s requests for information; the complexity of the issues; and the amount of information and documents that ARDC counsel must review. The Administrator has in effect a number of measures to ensure the timely resolution of investigations assigned to staff counsel. Litigation Chiefs meet regularly with litigation counsel and group managers in order to promote more thorough and timely investigations and conduct consultations with respect to investigations that exceed the one-year benchmark. Consultations also are required in advance of any referral of an investigation to the Inquiry Board and after the answer is filed before the Hearing Board and discovery is complete.

C. Certain Subtypes of Investigations

1. *Overdraft Trust Account Notification Investigations*

Chart 14 shows the activity for investigations resulting from client trust account overdraft notifications. 370 overdraft investigations were opened in 2014, an average of 31 files docketed each month. This presents a 24% decrease in the number of overdraft notifications received over last year.

Most overdraft investigations begin with a request that the lawyer provide a written explanation of the facts and circumstances that caused the account shortage, together with copies of relevant financial records. In most instances, lawyers respond with information and documentation showing that the shortage resulted from error rather than intentional wrongdoing. Typical errors include: checkbook mix-ups; attempting to draw on deposits that have not yet cleared the banking process; arithmetic errors; clicking on the wrong account during online banking activity; failing to account for bank service fees or credit card fees; and failing to adequately monitor account activity.

Although most overdraft notices sent to the ARDC do not result from the lawyer's conversion of client funds, many overdraft investigations reveal problems with the lawyer's use of his or her trust account or with the lawyer's recordkeeping practices. In these situations, the ARDC's focus is to educate the attorney regarding the requirements of Rule 1.15 of the Illinois Rules of Professional Conduct and to ensure that necessary practice corrections are made. To achieve these ends, ARDC counsel may direct lawyers to review sections of the ARDC's [Client Trust Account Handbook](#) or to view the ARDC's webinar covering the requirements of Rule 1.15 (*see* ARDC [CLE Seminars](#).) Lawyers may also be provided with sample recordkeeping forms or may receive informal one-on-one instruction on trust account recordkeeping. Lawyers who implement changes in their trust accounting practices to correct deficiencies may be asked to complete written reports regarding their improved trust accounting practices to ensure that all rule requirements are being met.

If an overdraft investigation leads to evidence that that lawyer converted client funds, the matter will usually result in the filing of a formal complaint against the lawyer. In 2014, the number of formal complaints originating from a trust account overdraft notice more than doubled over the previous year, from five to 12.

Chart 14: *Overdraft Notification Investigations*

<i>Overdraft Notification Investigations</i>	2011*	2012	2013	2014	Total
Opened	232	530**	485***	370****	1,617
Closed	157	311	363	371	1,202
Formal Complaints Filed	0	3	5	12	20

* investigations docketed after September 1, 2011, when Rule 1.15(h) took effect.

** includes 109 investigations reopened for further investigation

*** includes 148 investigations reopened for further investigation

**** includes 13 investigations reopened for further investigation

The top ten causes for an overdraft in the client trust account are:

1. Trust account check issued against uncollected funds;
2. Deposited item is returned;
3. Failure to timely make deposits;
4. Failure to account for bank fees;
5. On-line computer banking errors;
6. Telephone banking errors;
7. Using the trust account for personal, not client trust, purposes;
8. Lawyer math errors;
9. Using the wrong check book; and
10. Bank error.

2. Unauthorized Practice of Law Investigations

Since December 2011, the ARDC has the authority under Supreme Court Rule 779 to investigate and bring complaints against disbarred lawyers and unlicensed persons for the unauthorized practice of law (UPL). Supreme Court Rule 779(a) provides that the ARDC shall commence UPL proceedings against a suspended Illinois lawyer or a lawyer from another U.S. jurisdiction by filing a disciplinary complaint before the Hearing Board and proceeding as Supreme Court Rule 753 directs. Supreme Court Rule 779(b) provides that proceedings against disbarred Illinois lawyers and unlicensed persons shall take place in the circuit court in which venue is proper under the Code of Civil Procedure or other applicable statute. It empowers the ARDC to begin those proceedings as civil or contempt actions pursuant to the Supreme Court's rules, its inherent authority over the practice of law, or other laws of the state related to the unauthorized practice of law.

In 2014, there were 112 investigations opened involving UPL charges against 76 unlicensed individuals or entities, 19 against out-of-state lawyers and 17 involving disbarred or suspended Illinois lawyers as shown in Chart 15A. Chart 15B shows the areas of law involved from which the investigations arose. Most investigations were in real estate area. This can be attributable, in part, to the large number of foreclosure and loan modification scams currently being perpetrated. Also of note is the increase in the number of investigations docketed against disbarred attorneys. In 2014, there were 15 investigations initiated, while there were only four such investigations in the prior year. General awareness of ARDC authority pursuant to Supreme Court Rule 707 may have contributed to the increase in reports of unauthorized practice.

Chart 15A: Unauthorized Practice of Law Investigations (2012-2014)

<i>Type</i>	2012	2013	2014
UPL by suspended lawyer	4	4	2
UPL by out-of-state lawyer	8	35	19
UPL by disbarred lawyer	2	4	15
UPL by unlicensed person	61	67	72
UPL by unlicensed entity	15	14	4
Total	90	124	112

Chart 15B: Area of Law Involved in UPL Investigations in 2014

<i>Subject Area</i>	<i>Number of Investigations*</i>	<i>Subject Area</i>	<i>Number of Investigations*</i>
Real Estate.....	37.....35%	Debt Collection	4.....4%
Contract	8.....8%	Criminal	4.....4%
Tax	8.....8%	Probate	4.....4%
Immigration.....	6.....6%	Bankruptcy	3.....3%
Tort.....	6.....6%	Civil Rights	3.....3%
Domestic Relations.....	5.....5%	Local Government.....	2.....2%
		Workers' Comp	2.....2%

* Total less than 112 investigations because seven investigations were designated as “undeterminable” and five as “other”.

As for UPL prosecutions, four complaints were filed in the Circuit Court in 2014 against unlicensed persons. In one instance, the ARDC filed against a non-lawyer impersonating an Illinois lawyer and appearing in the criminal court on behalf of a defendant. The ARDC successfully obtained a restraining order against this individual, who was also fined and ordered to pay restitution. Additionally, two complaints were filed before the ARDC Hearing Board in 2014 alleging UPL violations. One matter was concluded by the Illinois Supreme Court with the disbarment of a lawyer, who was never licensed in Illinois but licensed in Indiana and Missouri. The lawyer engaged in the unauthorized practice of law when he entered his appearance in more than 3,000 Illinois court cases between 2007 and 2014 and engaged in dishonest conduct to the court as well as the law firm that employed him by lying that he was licensed to practice in Illinois and by using another attorney’s ARDC registration number without her knowledge or authority. *In re Robert S. Sanderson*, M.R. 27108, 2014PR00040 (Jan. 16, 2015).

3. Investigations Assigned to Special Counsel

Beginning in 2013, the ARDC Commission appointed former Board members, pursuant to Supreme Court Rule 751(e)(5), to serve as Special Counsel in matters involving allegations against attorneys associated with the ARDC, including counsel for the Administrator, Adjudication counsel, Commissioners and members of ARDC boards. Special Counsel conducts investigations as assigned and has the same authority and responsibilities as the Administrator's counsel under Supreme Court and Commission rules, except that Special Counsel does not take direction from the Administrator or his or her legal staff. Special Counsel exercises independent authority to investigate and to refer an

investigation to the Inquiry Board and reports directly to the Commission regarding the status and disposition of investigations assigned. 39 investigations were opened between 2012 and 2014 and two remained pending at the end of 2014. Five former Board members served as Special Counsel in 2014. The Commission Policy on the Appointment of Special Counsel can be found on the ARDC website at <https://www.iardc.org/policiesandorders.html>.

D. Disciplinary Prosecutions: Hearing Board 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 a panel of the Hearing Board. The Hearing Board functions much like a trial court in a civil case, and each panel is comprised of three members, two lawyers and one nonlawyer, appointed by the Commission. Counsel for Adjudication assists hearing board members in drafting pre-hearing conference orders and reports of the Hearing Board. Adjudication counsel are retained by the Commission upon recommendation of the Hearing Board Chair, who supervises them.

Upon filing and service of the complaint, the case becomes public. The panel chair presides over pre-hearing matters. 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 16A shows the activity before the Hearing Board in 2014. There were 126 cases added to the Hearing Board's docket in 2014. Of those, 118 were initiated by the filing of a new disciplinary complaint. Chart 16B shows the demographics of the 118 lawyers who were the subject of a formal disciplinary complaint in 2014.

Chart 16A: Matters Before the Hearing Board in 2014

Cases Pending on January 1, 2014.....	120
Cases Filed or Reassigned in 2014:	
<i>Disciplinary Complaints Filed:*</i>	
➤ Rules 753, 761(d)	118
<i>Reinstatement Petition Filed:</i>	
➤ Rule 767	4
<i>Disability Petition Filed:</i>	
➤ Rule 758	2
<i>Unauthorized Practice of Law Complaints Filed:</i>	
➤ Rule 779	2
Total New Cases Filed or Reassigned	126
Cases Concluded During 2014.....	105
Cases Pending December 31, 2014.....	141
* The number of cases filed at Hearing is significantly lower than the number of matters voted by Inquiry, because multiple investigations against a particular attorney in which the Inquiry Board has voted a complaint are consolidated into a single complaint for purposes of filing at the Hearing Board.	

Chart 16B: Profile of Lawyers Charged in Disciplinary Complaints Filed in 2014

	# of Complaints Filed	% of Complaints Filed	% of Lawyer Population
Years in Practice			
Fewer than 5	3	3%	13%
Between 5 and 10	5	4%	17%
Between 10 and 20	38	32%	24%
Between 20 and 30	39	33%	23%
30 or more	33	28%	23%
Age:			
21-29 years old.....	1	1%	6%
30-49 years old.....	41	34%	51%
50-74 years old.....	73	62%	41%
75 or more years old.....	3	3%	2%
Gender:			
Female.....	19	16%	38%
Male	99	84%	62%

Chart 17A shows the types of misconduct alleged in the 118 disciplinary complaints filed during 2014, and Chart 17B indicates the areas of practice in which the alleged misconduct arose. The allegations of fraudulent or deceptive activity, failure to communicate and neglect of a client’s case, most frequently seen in initial charges as reported in Charts 9 and 10, are also among the most frequently charged in formal complaints.

Chart 17A: Types of Misconduct Alleged in Complaints* Filed Before Hearing Board in 2014

<i>Type of Misconduct</i>	<i>Number of Cases*</i>	<i>% of Cases Filed**</i>	<i>Type of Misconduct</i>	<i>Number of Cases*</i>	<i>% of Cases Filed**</i>
Fraudulent or deceptive activity.....	90	76%	Pursuing/filing frivolous or non-meritorious claims or pleadings	4	3%
Failure to communicate with client.....	51	43%	Failure to supervise employees	4	3%
Neglect.....	50	42%	Unauthorized practice after removal		
Improper handling of trust funds	47	40%	From Master Roll	4	3%
Improper withdrawal from employment, including failure to refund unearned fees....	30	25%	Not abiding by client’s decision or taking		
False statement or failure to respond in bar admission or disciplinary matter	27	23%	Unauthorized action on client’s behalf.....	3	3%
Criminal conduct/conviction of lawyer.....	20	17%	Improper commercial speech, including		
Offering false evidence or making false statements to tribunal.....	13	11%	Improper direct solicitation	3	3%
Conflict of interest	13	11%	Unauthorized practice after suspension.....	3	3%
Rule 1.7: concurrent conflicts.....	4		Unauthorized practice in another jurisdiction ..	3	3%
Rule 1.8(a): improper business transaction with client	8		Stating or implying ability to improperly influence authority	3	3%
Rule 1.8(e): improper financial assistance to client	1		Threatening criminal or disciplinary charges to gain advantage in civil matter	2	2%
Failure to provide competent representation ..	10	8%	False statements about judge’s integrity.....	2	2%
Excessive or unauthorized legal fees	6	5%	Failure to record criminal conviction as required by Rule 761(a).....	2	2%
Misrepresentation to third persons or using means to embarrass or delay.....	5	4%	Breach of duties under Rule 764	1	1%
			Prosecutorial misconduct	1	1%
			Ex parte communication with judge.....	1	1%
			Assisting non-lawyers in the unauthorized practice of law	1	1%

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

* Totals exceed 118 disciplinary cases and 100% because most complaints allege more than one type of misconduct.

Chart 17B: Subject Area Involved in Complaints Filed Before Hearing Board in 2014

<i>Subject Area</i>	<i>Number of Cases*</i>	<i>% of Cases Filed*</i>	<i>Subject Area</i>	<i>Number of Cases*</i>	<i>% of Cases Filed*</i>
Tort	29	25%	Debt Collection	4	3%
Domestic Relations	22	19%	Immigration	3	3%
Real Estate	19	16%	Corporate Matters	2	2%
Deceptive, threatening or offensive conduct not arising out of a legal representation	19	16%	Tax	2	2%
Criminal Conduct/Conviction	16	14%	Adoption	1	1%
Workers' Comp/Labor Relations	12	10%	Civil Rights	1	1%
Probate	11	9%	Local Government	1	1%
Contract	11	9%	Patent/Trademark	1	1%
Criminal	7	6%	Social Security	1	1%
Bankruptcy	5	4%	Failure to Comply with Rule 764	1	1%
			Failure to respond to ARDC	1	1%

*Totals exceed 118 disciplinary complaints and 100% because many complaints allege several counts of misconduct arising in different areas of practice.

For matters that were concluded by the Hearing Board in 2014, 42 cases or 44% were closed as an agreed matter for discipline: 39 cases closed by the filing of discipline on consent in the Supreme Court and three closed as an agreed reprimand by the Hearing Board. Another 36 cases or 34% proceeded as contested hearings and 10 cases or 9.5% were conducted as default hearings because the lawyer-respondent did not appear and was not represented by counsel. Of the 10 defaults, seven were resolved by a short form default report, which issues promptly after the hearing.

Chart 18 shows the type of action by which the Hearing Board concluded 105 matters, including 95 disciplinary cases during 2014.

Chart 18: Actions Taken by Hearing Board in Matters Terminated in 2014

A. Disciplinary Cases: Rules 753 & 761(d)	
Recommendation of discipline after contested hearing	36
Case closed by filing of petition for discipline on consent other than disbarment.....	33
Recommendation of discipline after default hearing	10
Case closed by filing of motion for disbarment on consent	6
Case closed by administration of a reprimand to respondent by consent	3
Complaint dismissed before hearing	3
Case closed by administration of a reprimand to respondent after contested hearing.....	1
Complaint dismissed without prejudice because proceeding filed in Supreme Court..	1
Complaint dismissed after hearing.....	1
Case closed by death of respondent	1
Total Disciplinary Cases.....	95
B. Disability Inactive Status Petition: Rule 758	
Petition allowed and respondent placed on disability inactive status	1
C. Reinstatement Petitions: Rule 767	
Recommendation of petition denied	4
Petition withdrawn.....	4
Motion to dismiss petition allowed.....	1
Total Matters Terminated.....	105

E. Review Board Matters

Once the Hearing Board files its report in a case, either party may file a notice of exceptions to the Review Board, which serves as an appellate tribunal. The Review Board is assisted by a legal staff hired by the Commission that is separate from the Administrator’s office and the Hearing Board’s adjudication staff. Chart 19 shows activity at the Review Board during 2014.

Chart 19: Actions Taken by Review Board in 2014

Cases pending on January 1, 2014	13
Cases filed during 2014:	
Exceptions filed by Respondent	21
Exceptions filed by Administrator.....	5
Exceptions filed by both.....	3
Total.....	29
Cases concluded in 2014:	
Hearing Board reversed on findings and/or sanction	11
Hearing Board affirmed.....	14
Notice of exceptions stricken	2
Notice of exceptions withdrawn	1
Case remanded to Hearing	1
Total.....	29
Cases pending December 31, 2014	13

F. Supreme Court Matters

1. Disciplinary Cases

The Supreme Court has sole authority to sanction attorneys for misconduct, except for a reprimand, which can be imposed in a disciplinary case without order of the Court by either the Hearing or Review Board. In 2014, the Court entered 112 sanctions against 111 lawyers (one lawyer was disciplined twice in 2014) as shown in Chart 20.

Chart 20: Disciplinary Sanctions Ordered by the Supreme Court in 2014

Disbarment.....	25
Suspension until further order of Court.....	19
Suspension for a specified period.....	25
Suspension for a specified period & conditions	14
Probation with partially stayed suspension	10
Probation with fully stayed suspension	3
Censure	9
Reprimand.....	7
Total	112*

*In addition to the 58 suspensions, the Court also ordered six interim suspensions, as reported in Chart 22 at (H).

Charts 21A and 21B provide demographic information on the 115 lawyers disciplined by the Court and four lawyers reprimanded by the Hearing Board in 2014. *See* Chart 18 on Page 26. Other than Board reprimands, the Hearing and Review Board issue reports that include recommendations to the Supreme Court for disposition.

Chart 21A: County of Practice of Lawyers Disciplined in 2014

County	Number Disciplined	County	Number Disciplined
Cook.....	55	Brown.....	1
Out-of-State.....	23	Clinton	1
DuPage.....	5	Coles	1
Kane	4	Peoria	1
St. Clair	3	Champaign	1
Sangamon.....	3	Morgan.....	1
Madison.....	3	Piatt	1
Lake.....	2	Winnebago	1
Will.....	2	Rock Island	1
Kankakee.....	1	Williamson	1
DeKalb	1	Effingham	1
DeWitt.....	1	Wayne.....	1

Chart 21B: Years in Practice, Age and Gender of Lawyers Disciplined in 2014

Years in Practice	# of Lawyers Disciplined	% of Lawyers Disciplined	% of Lawyer Population
Fewer than 5	4	3%	14%
Between 5 and 10.....	5	4%	16%
Between 10 and 20.....	36	31%	24%
Between 20 and 30	35	31%	22%
30 or more	35	31%	23%
Age:			
21-29 years old.....	2	1%	6%
30-49 years old.....	45	39%	50%
50-74 years old.....	65	57%	41%
75 or more years old.....	3	3%	3%
Gender:			
Female.....	20	17%	38%
Male	95	83%	62%

Chart 21C shows the practice setting around the time of the misconduct. 75% of the 115 lawyers disciplined in 2014 were sole practitioners or practiced in a firm of 2-10 lawyers at the time of the misconduct.

Chart 21C: Practice Setting of Lawyers Disciplined in 2014

<i>Practice Setting</i>	<i>Solo</i>	<i>Firm 2-10</i>	<i>Firm 11-25</i>	<i>Firm 26+</i>	<i>Gov't/ Judicial</i>	<i>In-House</i>	<i>No Practice</i>
115 Lawyers Sanctioned	66	20	2	4	12	0	11

It is frequently seen in discipline cases that an attorney-respondent is impaired by addiction to alcohol or other substance or suffers some mental illness or disorder. Chart 21D reflects only those cases in which one or more impairments were raised either by the lawyer or otherwise known by staff counsel. 31 out of the 115 lawyers disciplined in 2014, or 27% had at least one substance abuse or mental impairment issues. In addition, 77% of impaired lawyers were sole practitioners or practiced in a small firm at the time of the misconduct. It is likely that many cases involving impaired lawyers are never so identified.

Chart 21D: Impairments Identified for Lawyers Disciplined in 2014, By Practice Setting

<i>Practice Setting</i>	<i>Solo</i>	<i>Firm 2-10</i>	<i>Firm 11-25</i>	<i>Firm 26+</i>	<i>Gov't/ Judicial</i>	<i>In-House</i>	<i>No Practice</i>
31 Lawyers* w/Impairments	18	6	1	0	4	0	2
<i>Impairment</i>							
Substances:							
Alcohol	9	2	0	0	1	0	1
Cocaine	2	0	0	0	0	0	1
Cannabis	0	1	0	0	0	0	1
Heroin	1	0	0	0	1	0	1
Other	2	0	0	0	0	0	1
Mental Illness:							
Depression	11	2	0	0	1	0	1
Bipolar	1	1	1	0	0	0	1
Schizophrenia	0	0	0	0	0	0	0
Other	5	1	0	0	1	0	0
Gambling	1	0	0	0	0	0	0
Sexual Disorder	0	0	0	0	0	0	0
Cognitive Decline	0	0	0	0	1	0	0
Total % per Group *Some lawyers have more than one impairment identified.	58.1%	19.4%	3.2%	0%	12.9%	0%	6.4%

Disciplinary cases reach the Court in several ways. Chart 22 reflects the disciplinary actions taken by the Supreme Court in the varying procedural contexts in which those matters are presented. There were a total of 17 lawyers disciplined on a reciprocal basis in 2014, as provided in Supreme Court Rule 763, because they had been disciplined in another jurisdiction where they also held a license in addition to their Illinois license. In those cases, the lawyer is subject to the same or comparable discipline in Illinois. The matters are presented directly to the Court upon petition, typically without Hearing Board involvement. In addition, the Court allowed 15 consent disbarments on motions, eight of which were filed directly in the Court. The remainder of final disciplinary orders arose from matters initiated by the filing of an action before the Hearing Board.

Chart 22: Orders Entered by Supreme Court in Disciplinary Cases in 2014

<p>A. <u>Motions for disbarment on consent: Rule 762(a)</u> Allowed..... 15 Denied..... <u>0</u> Total 15</p>	<p>D. <u>Motions to approve and confirm report of Review Board: Rule 753(e)(6)</u> Allowed 11 Denied <u>0</u> Total 11</p>
<p>B. <u>Petitions for discipline on consent: Rule 762(b)</u> Allowed: Suspension 21 Suspension stayed in part, probation ordered 3 Suspension stayed in its entirety, probation ordered 2 Censure <u>4</u> Total 30 Petition Dismissed 1 Denied..... <u>0</u> Total 31</p>	<p>E. <u>Motions to approve and confirm report of Hearing Board: Rule 753(d)(2)</u> Allowed 17 Denied <u>0</u> Total..... 17</p>
<p>C. <u>Petitions for leave to file exceptions to report and recommendation of Review Board: Rules 753(e)(1) and 761</u> Allowed and more discipline imposed than recommended by Review Board 2 Denied; dismissal as recommended by Review Board 0 Denied and same discipline imposed as recommended by Review Board 17 Allowed and same discipline imposed as recommended by Review Board 1 Allowed and less discipline imposed as recommended by Review Board <u>1</u> Total 21</p>	<p>F. <u>Petitions for reciprocal discipline: Rule 763</u> Allowed 17 Denied <u>0</u> Total.....</p>
	<p>G. <u>Petitions for reinstatement: Rule 767</u> Allowed with conditions..... 0 Allowed 1 Petition withdrawn or stricken..... 5 Denied..... <u>1</u> Total..... 7</p>
	<p>H. <u>Petitions for interim suspension: Rule 774</u> Rule enforced and lawyer suspended..... 6 Rule discharged <u>0</u> Total..... 6</p>

Chart 23 tracks the type of misconduct that led to the 116 sanctions entered in 2014, 112 by the Court and four Board reprimands administered in 2014.

Chart 23: Misconduct Committed in the 116 Disciplinary Cases Decided in 2014¹

Types of Misconduct	Number of Cases in Which Sanctions Were Imposed				
	Disbarment	Suspension ²	Probation ³	Censure	Reprimand ⁴
Total Number of Cases:	25	58	13	9	11
Fraudulent or deceptive activity	21	43	10	5	0
Neglect/lack of diligence	3	13	4	1	3
Criminal conduct/conviction of the lawyer	11	15	3	1	1
Failure to communicate with client, including					
failure to communicate basis of a fee	5	15	5	1	3
Improper management of client or third party					
funds, including commingling and conversion	9	10	5	1	4
Excessive or unauthorized legal fees,					
including failure to refund unearned fees	4	4	1	0	0
False statement or failure to respond in					
bar admission or disciplinary matter	3	11	0	1	2
Failure to provide competent representation	1	1	1	1	1
Offering false evidence, making false					
statements to a tribunal or improper trial conduct	3	16	2	3	0
Pursuing/filing frivolous or					
non-meritorious claims or pleadings	1	4	0	0	2
Not abiding by a client's decision concerning					
the representation or taking unauthorized					
action on the client's behalf	1	8	2	0	1
Improper withdrawal, including					
failure to return file	2	9	2	1	0
Conflict of interest (1.7: concurrent clients)	2	6	0	0	1
Conflict of interest (1.8(a): improper business					
transaction with client)	0	2	0	0	1
Conflict of interest (1.8(d): improper financial					
assistance to client	0	0	1	0	0
Conflict of interest (1.8(h)-(g) & 8.4(h):					
improper limiting lawyer's liability	1	0	1	0	0
Conflict of interest (1.8(j): sexual relations with client	0	1	0	0	0
Failure to supervise subordinates	0	2	0	0	0
Failure to report discipline in another jurisdiction	1	5	1	0	4
Failure to report criminal conviction under Rule 761	0	3	0	0	0
Misrepresentation to third persons	2	4	3	0	0
Improper commercial speech, including inappropriate					
written or oral solicitation	0	3	0	2	0
Breach of client confidences	0	2	0	0	1
Improper communications with represented person	1	1	0	0	0
Unauthorized practice in jurisdiction not admitted	1	0	0	0	0
Unauthorized practice after suspension	1	1	0	0	0
False/reckless statements about a judge's integrity	0	3	1	0	0
Assisting nonlawyer in the unauthorized practice					
of law or improper division of fees/partnership	0	2	0	4	1
Practice after failure to comply with MCLE requirements	0	0	0	0	1
Violation of anti-discrimination statute	1	0	0	0	0
Prosecutorial misconduct	0	0	0	2	0
Aiding judicial misconduct	0	1	0	0	0

1 Totals exceed 116 cases because in most cases more than one type of misconduct was found.
2 Includes 44 suspensions for a specified period or until further order of the Court and 14 suspensions with conditions.
3 Includes three suspensions stayed entirely by probation and 10 suspensions stayed in part by probation.
4 Includes four Hearing Board reprimands.

2. *Non-Disciplinary Actions*

In addition to activity in disciplinary cases, the Supreme Court entertains pleadings in non-disciplinary matters that affect an attorney’s status. Chart 24 reflects the orders allowed in such cases in 2014; there were no denials.

Chart 24: Non-Disciplinary Actions by the Supreme Court for 2014

<i>Rule 756(a)(9) Permanent Retirement Status</i> Motion to transfer to permanent retirement status allowed	8
<i>Rule 757 Transfer to Disability Inactive Status</i> Motion for transfer to disability inactive status allowed.....	1
<i>Rule 758 Transfer to Disability Inactive Status</i> Motion to approve and confirm report of Hearing Board’s recommendation to permit lawyer to practice with one year of conditions allowed	1

a. Permanent Retirement Status

Supreme Court Rule 756(a)(8) Permanent Retirement Status, adopted by the Supreme Court on June 5, 2012, allows lawyers facing minor misconduct charges to petition the Court for permanent retirement status — with no possibility of reinstatement pursuant to Rule 767, or provide *pro bono* services as allowed by Rule 756(j). The rule change was in response primarily to the challenges presented by an increasing population of aging lawyers and provides a reasonable and dignified option for senior lawyers who should retire from the practice of law while preserving their dignity and hard-earned reputations. An amendment to the rule in March 2014 eliminated the requirement that only lawyers with investigations were eligible to assume permanent retirement status.

An attorney is not permitted to assume permanent retirement status if there is a pending investigation or formal disciplinary proceeding against the lawyer involving certain issues outlined in Rule 756(a)(8)(b)(1) or if the lawyer retains an active license in another jurisdiction. The ARDC Administrator must agree to the petition. If permanent retirement status is granted, any pending investigation or proceeding shall be closed; however, the Administrator may resume or initiate additional investigations and proceedings of the attorney as circumstances warrant. In 2014, eight lawyers were placed on permanent retirement status by the Illinois Supreme Court. The lawyers ranged in age from 87 to 58; all were male; and all presented either cognitive or mental health issues.

3. Registration and Caseload Trends (2000-2014)

Charts 25A and 25B show the registration and caseload trends for the past fifteen years.

Chart 25A: Registration Growth and Disciplinary Investigations (2000-2014)

	Number of Registered Attorneys	% of Growth Over Prior Year	Investigations Docketed	Closure By Administrator No Misconduct Alleged	Closure By Administrator After Investigation	Closure By Inquiry Board After Investigation	Complaint Voted By Inquiry Board*
2000	73,661	0.2%	5,716	1,146	4,319	87	224
2001	74,311	0.9%	5,811	1,077	4,318	55	273
2002	75,421	1.5%	6,182	1,350	4,360	96	334
2003	76,671	1.7%	6,325	1,396	4,332	61	353
2004	78,101	1.9%	6,070	1,303	4,539	90	320
2005	80,041	2.5%	6,082	1,460	4,239	102	317
2006	81,146	1.4%	5,801	1,319	4,076	76	215
2007	82,380	1.5%	5,988	1,508	4,117	125	279
2008	83,908	1.9%	5,897	1,441	4,305	104	228
2009	84,777	1.0%	5,834	1,322	3,891	79	226
2010	86,777	2.2%	5,617	1,354	3,914	50	271
2011	87,943	1.3%	6,155	1,405	4,293	83	156
2012	89,330	1.6%	6,397	1,649	4,598	75	273
2013	91,083	2.0%	6,073	1,544	3,974	50	142
2014	92,756	1.8%	5,921	1,442	4,468	46	198

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

Chart 25B: Disciplinary Proceedings (2000-2014)

	Matters Filed With Hearing Board	Matters Concluded at Hearing Board	Matters Filed With Review Board	Matters Concluded at Review Board	Sanctions Ordered By Court
2000	119	116	29	32	120
2001	137	129	28	28	123
2002	131	122	36	30	126
2003	141	125	35	30	137
2004	156	170	45	41	149
2005	144	134	28	47	167
2006	108	132	25	23	144
2007	144	121	32	29	120
2008	134	137	31	26	135
2009	137	135	30	31	130
2010	122	115	27	32	148
2011	106	147	35	31	156
2012	120	113	36	32	103
2013	95	120	29	48	149
2014	126	105	29	29	112

4. Duty to Report Lawyer Misconduct: Lawyer Reports: 2003-2014

ILRPC 8.3 requires a lawyer who knows that another lawyer has committed a violation of Rule 8.4(b) or Rule 8.4(c) or that a judge has committed a violation of applicable rules of judicial conduct that raises a substantial question as to the judge’s fitness for office shall inform the appropriate authority. Otherwise referred to as a “Himmel” report, the ARDC received 581 reports in 2014, almost a 20% increase over last year but closer to the average of 522 reports each year. Although investigations opened as a result of attorney reporting are usually concluded without the filing of formal disciplinary charges, an average of 23.4% of the formal disciplinary caseload between 2003 and 2014 included charges generated as a result of a lawyer or judge filing an attorney report. Since 2007, the number of attorney reports resulting in formal complaints has increased significantly, however, and for the last eight years averages 28% of all formal complaints voted.

Chart 26 tracks attorney report filings for the past twelve years from 2003 through 2014.

Chart 26: Attorney Reports: 2003-2014

Year	Number of Grievances	Numbers of Attorney Reports	Percent of Attorney Reports to Grievances	Number of Complaints Voted	Number of Complaints Voted Involving Attorney Reports	Percent of Attorney Reports to Formal Complaints
2003	6,325	510	8.1%	353	44	12.5%
2004	6,070	503	8.3%	320	42	13.1%
2005	6,082	505	8.3%	317	47	14.8%
2006	5,800	435	7.5%	217	35	16.1%
2007	5,988	525	8.8%	284	82	28.9%
2008	5,897	542	9.1%	228	69	30.2%
2009	5,837	489	7.7%	226	60	26.5%
2010	5,617	497	8.8%	271	73	26.9%
2011	6,155	536	8.7%	156	33	21.2%
2012	6,397	651	10.2%	273	86	31.5%
2013	6,073	485	9.2%	144	48	33.3%
2014	6,165	581	9.4%	199	52	26.1%
Totals for 2003-2014	72,406	6,259	*	2,988	671	*
Average For 2003-2014	6,034	522	8.7%	249	336	23.4%

IV. Probation in Disciplinary Matters: A Study of the Past 33 Years of Probation (1981-2014)

In 1981, the Supreme Court imposed probation for the first time in a disciplinary case, one in which a lawyer committed serious misconduct while impaired by alcoholism. *In re Driscoll*, 85 Ill. 2d 312, 317 (1981). Thereafter, the Court adopted Rule 772, effective October 1, 1983, providing for probation in cases in which an attorney has demonstrated, among other things, she or he has a disability that does not require transfer to disability inactive status. Then, years later, the Court allowed probation in additional circumstances where the attorney's right to practice needs to be monitored or limited. *In re Jordan*, 157 Ill. 2d 266, 275 (1993). Subsequent decisions have held that disciplinary probation is appropriate when an attorney needs time to acquire certain skills necessary for effectively managing his or her practice. See *In re Fritzshall*, 02 CH 89 (Review Bd., Mar. 11, 2005) at 19, *recommendation adopted*, No M.R. 20187 (Sept. 26, 2005). Probation suggests that the attorney has a problem or condition that can be fixed. *In re Martin*, 2011PR00048 (Dec. 31, 2013) at 10, *approved and confirmed*, No M.R. 26610 (May 16, 2014). So, probation is not appropriate when the attorney's behavior is not amenable to monitoring or where conditions could not effectively reform that behavior. *Fritzshall*, Review Bd. at 19; *Martin*, Review Bd. at 10.

For its 2006 Annual Report, the ARDC determined to conduct a study of the experience and efficacy of probation during the 25 years in which probation has been utilized. That study determined that attorneys who had been placed on probation successfully complied with terms of probation 86.4% of the time. That study also determined that those attorneys had become recidivists to a degree greater than other disciplined lawyers (26.9% to 18.2%).

The ARDC later determined to conduct a follow-up study to repeat, update, expand, and reassess the 2006 study as well as the efficacy of probation. The new study analyzed probation

cases from 1981 through the end of 2014. This new study analyzed impairments, non-impairments, conditions, as well as completion and revocation rates among probationers. This new study also re-examined recidivism rates and compared recidivism rates among probationers and between probationers and non-probationers. This new study reviewed the available reports, orders, and filings in each probation case, categorized the cases, and placed the applicable data into text-searchable and filterable tables in order to facilitate consistent and repeatable calculations.

This study found that attorneys who had been placed on probation successfully complied with terms of probation 82.70% of the time. This study also found that the attorneys had become recidivists to a degree greater than other disciplined lawyers (25.62% to 14.30%).

Key findings of this new study of probation include:

Probations Imposed

324 of the 3,412 attorneys sanctioned from 1981 through 2014 were placed on probation by the Court, based upon orders entered in cases initiated before the Hearing Board:

- 77 (23.77%) suffered from a mental impairment ("Mental Health")
- 97 (29.94%) suffered from substance abuse/dependence ("Substance")
- 19 (5.86%) suffered from both a mental impairment and substance abuse/dependence ("Mental Health/Substance")
- 98 (30.25%) were identified as having an office management, trust account, bookkeeping, or other similar non-impairment issue ("Non-impairment")
- 13 (4.01%) suffered from a mental impairment or substance abuse/dependence as well as a non-impairment issue ("Hybrid")

- 20 (6.17%) had no identified impairment or non-impairment (“Unspecified”)

Probationary Conditions

The study tracked a total of 11 different condition categories:

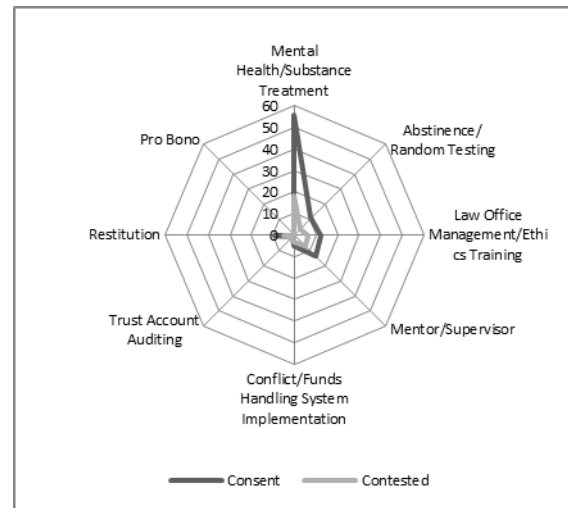
(1) Mental Health Treatment, (2) Addiction Treatment, (3) Abstinence/Random Testing, (4) Law Office Management Training, (5) Ethics Training, (6) Mentor/Supervisor, (7) Conflict System Implementation, (8) Funds System Implementation, (9) Trust Account Auditing, (10) Restitution, and (11) Pro Bono.

For the 324 probationers, a total of 738 tracked conditions were imposed. 477 tracked conditions were imposed in consent cases, and 261 tracked conditions were imposed in contested cases. These include:

- 201 Mental Health Treatment and/or Addiction Treatment
- 135 Abstinence/Random Testing
- 134 Law Office Management and/or Ethics Training
- 101 Mentor/Supervisor
- 71 Funds Handling System Implementation
- 23 Trust Account Auditing
- 65 Restitution
- 6 Pro Bono Service Hours (orders entered between 1993 and 2003)
- 1 Conflicts System Implementation

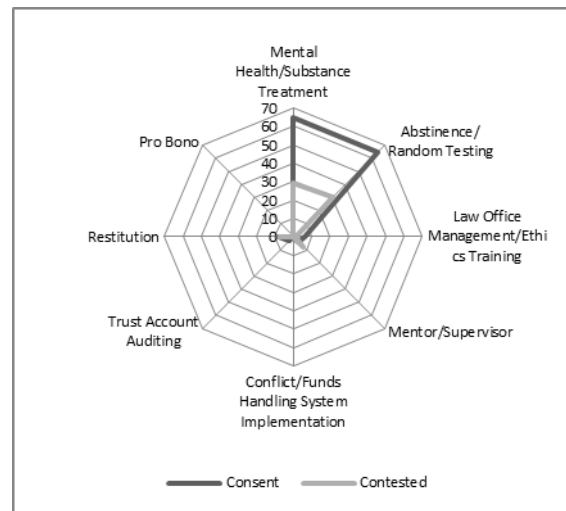
For the 77 attorneys who suffered from a mental health impairment, 153 tracked conditions were imposed. 108 tracked conditions were imposed in consent cases, while 45 were imposed in contested cases.

Number and distribution of conditions imposed per condition category



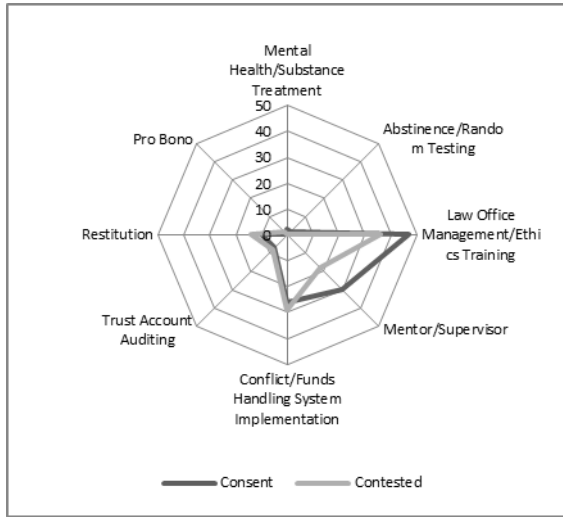
For the 97 attorneys who suffered from substance abuse/addiction, 227 tracked conditions were imposed. 151 tracked conditions were imposed in consent cases, while 76 were imposed in contested cases.

Number and distribution of conditions imposed per condition category



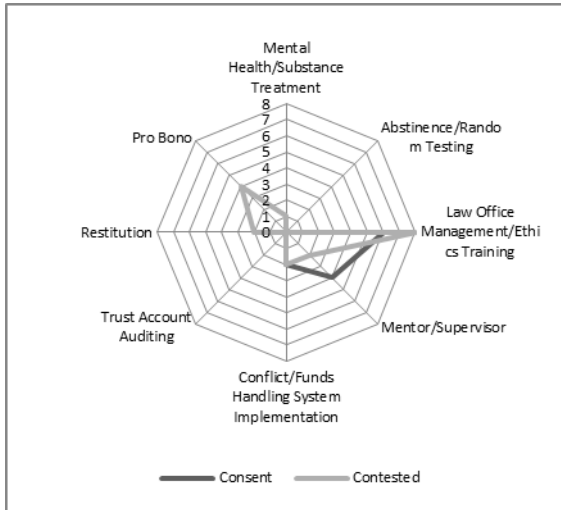
For the 98 attorneys who were placed on probation due to a non-impairment, 231 tracked conditions were imposed. 124 tracked conditions were imposed in consent cases, while 107 were imposed in contested cases.

Number and distribution of conditions imposed per condition category



For the 20 attorneys who had no identified impairment or non-impairment, 31 tracked conditions were imposed. 12 tracked conditions were imposed in consent cases, while 19 were imposed in contested cases.

Number and distribution of conditions imposed per condition category

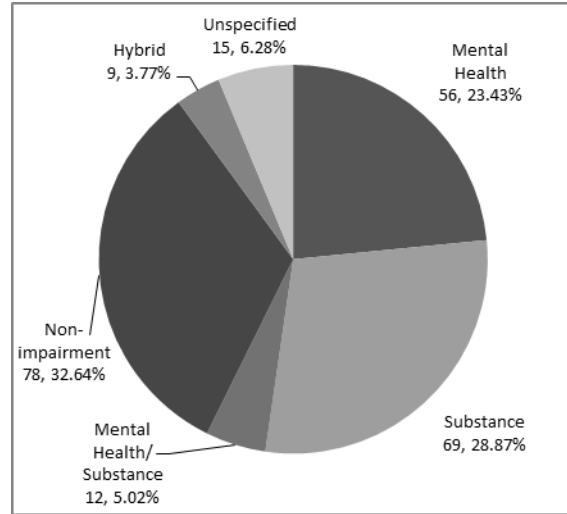


Completed Probations

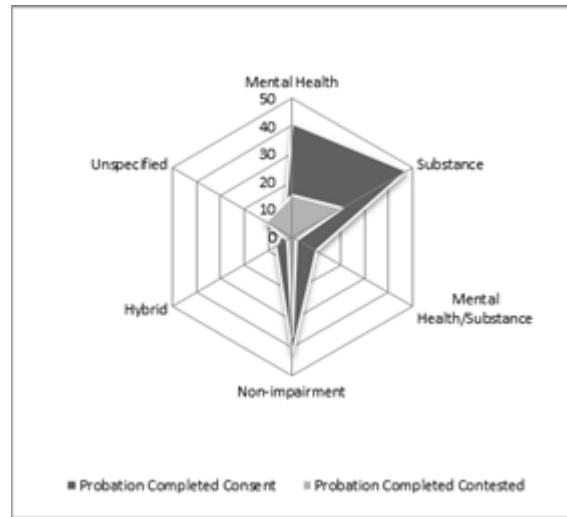
239 of 289 probations were completed successfully (82.70%). 20 out of the 324 total probationers were listed as pending, and therefore were not eligible for completion. 15 out of the 324 total probationers either had their probations stayed or extended, or closed due to death. Attorneys placed on probation due to

non-impairment issues accounted for the highest completion rate within the entire probation group and also among the different groups of probationers.

Completion rates among probationers



Distribution of completed probations



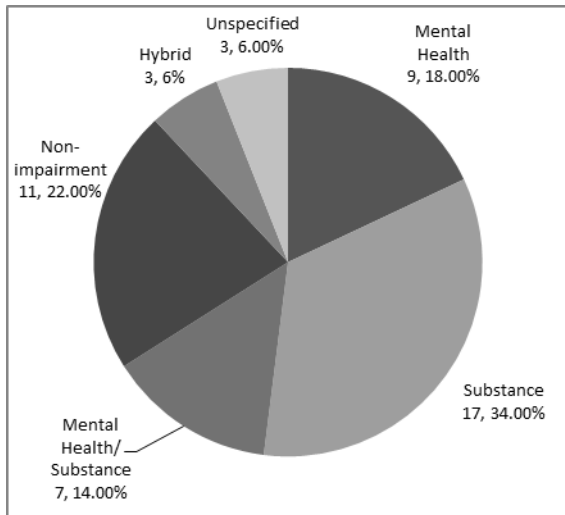
Probation Revocations

50 of the eligible 289 probationers had their probations revoked for noncompliance with the conditions of probation (17.30%).

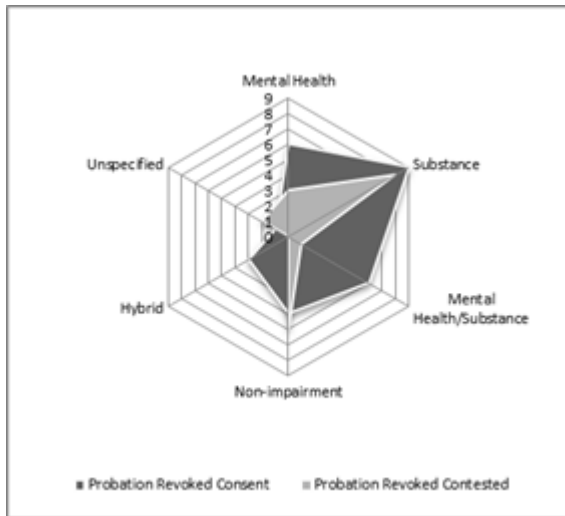
Attorneys who suffered from substance abuse/addiction accounted for the highest revocation rate within the entire probation group. Attorneys placed on probation due to mental health/substance impairment had the

highest revocation rate among the different groups.

Revocation rates among probationers



Distribution of revoked probations



Recidivism Rates of Probationers

Recidivism defined

One major goal of this new probation study is to help determine the effectiveness of the current probation model compared to other sanctions based on whether a given sanction results in a subsequent violation of the Rules of Professional Conduct. As such, the study has limited the timing of new misconduct to misconduct that occurred after an order of discipline was entered because, as the Supreme

Court noted *In re Levin*, 101 Ill. 2d 535, 541 (1984), “[i]t is a cause for concern that the court’s previous discipline of the respondent did not result in sufficient changes in his behavior to prevent these later instances” of misconduct. The Supreme Court in *In re Teichner*, 104 Ill. 2d 150 (1984) did not consider the attorney a recidivist in the ordinary sense because that attorney’s misconduct, which related to excessive fee and conversion charges, actually occurred prior to the misconduct that resulted in the prior suspension for solicitation. *Teichner*, 104 Ill. 2d at 167-168.

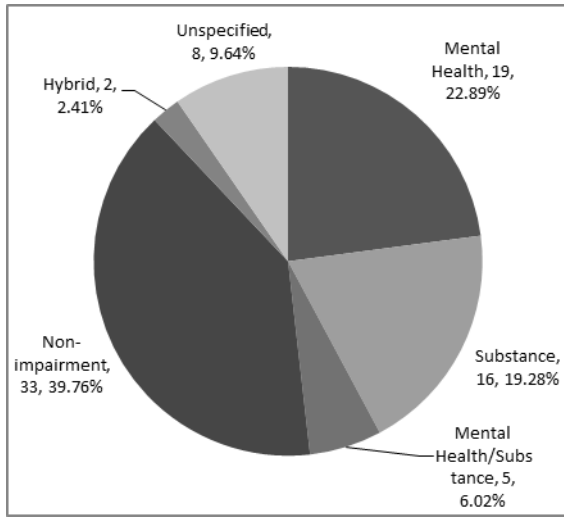
So, the current probation study used the following as its definition for recidivism: When an attorney has engaged in misconduct after an order of discipline has been entered and that misconduct did not occur before or during the complaint process of the prior disciplined misconduct, that attorney is a recidivist.

Recidivism Rates

Of the 3,412 lawyers sanctioned between 1981 and 2014, 324 lawyers were placed on probation and 3,088 lawyers did not receive probation. Attorneys placed on probation had a higher recidivism rate (25.62%) than non-probation attorneys (sanctioned with less than disbarment) during the same period (14.30%). Attorneys placed on probation due to a non-impairment had the highest recidivism rate.

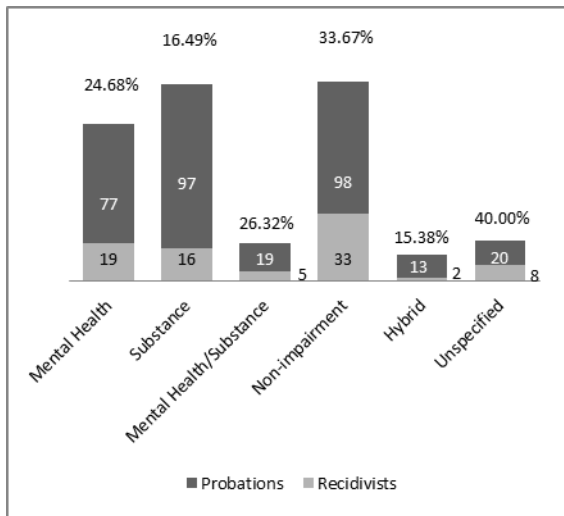
- 285 non-probation attorneys sanctioned became recidivists (14.30%). Out of the total of 3,088 non-probation attorneys, 1,095 attorneys were disbarred, and therefore, not, as a practical matter, subject to additional disciplinary proceedings. Out of the remaining 1,993 non-probation attorneys sanctioned, 285 became recidivists, resulting in a recidivism rate of 14.30%.
- 83 of the 324 attorneys placed on probation became recidivists (25.62%).
- Of the 83 total recidivists in the probation group, attorneys placed on probation due to a non-impairment had the highest recidivism rate.

Recidivism rates among probationers



- Within each group of probationers, attorneys who had no specified impairment or non-impairment had the highest recidivism rate.

Recidivism rates within each probation group



- Within the probation group, a total of 88 subsequent disciplines were imposed against recidivists:
 - 36 Suspensions until further order of the Court
 - 30 Disbarments
 - 11 Suspensions for a specified period of time
 - 6 Probations with a partially-stayed suspension
 - 2 Suspensions with conditions

- 2 Censures
- 1 Reprimand
- There were no probations with fully-stayed suspension

Conclusion

In conclusion, both the 2006 and 2014 probation studies have shown that the existing probation model has been successful. In both studies, probationers identified as having non-impairment issues had the highest completion rate but also had the highest recidivism rate. Probationers identified as having an impairment had the lowest recidivism rate but also the highest revocation rate. Further efforts to increase compliance and understanding of the rules by non-impairment probationers may be necessary. Similarly, further efforts to determine ways to increase impairment probationers' compliance with their probationary conditions may be necessary. Both studies have shown that the recidivism rate for probationers is higher overall than that of non-probation disciplined attorneys. However, 75% of subsequent disciplines imposed on recidivist probationers involved a suspension until further order of the Court or disbarment. Therefore, the current probation model recognizes that subsequent discipline should be sufficiently meaningful to protect the public.

V. 2014 Developments

A. Illinois Supreme Court Opinion

On November 20, 2014, the Illinois Supreme issued a published opinion in *In re John P. Edmonds*, 2014 IL 117696, a companion case to last year's landmark decision *In re Karavidas*, 2013 IL 115767 (Ill. Nov. 15, 2013), which addressed the types of misconduct charges the ARDC can bring against lawyers. In *Karavidas*, the Court held an attorney could not be disciplined for a common law breach of fiduciary duty in acting as an executor in the absence of any violation of the Rules of Professional Conduct. A year later, the Court in *Edmonds* unanimously reaffirmed the *Karavidas* decision, in a case where a lawyer had also been charged with common law breach of fiduciary duty arising out of his mishandling of a trust. Edmonds drafted a will for a lawyer that established a charitable trust for the benefit of a church's grade school. Edmonds eventually became its trustee after the lawyer died. At that point, the trust was worth about \$3.8 million. Over time, however, Edmonds wound up investing nearly all of the trust assets in a Canadian oil company that performed poorly. The church eventually filed suit against Edmonds and the successor trustee closed the trust with a balance of \$1,149.

The *Edmonds* case was pled and tried around the same time as the *Karavidas* case. The Administrator argued before the Court that Edmond's alleged breach of a fiduciary duty as a trustee was the means by which he engaged in false and deceptive conduct and, therefore, supported a finding of breach of fiduciary duty. The Court did not agree again emphasizing the *Karavidas* holding that mere bad behavior that does not violate a specific ethics rule is generally insufficient to support a disciplinary cause of action. The Court did, however, conclude in those counts of the complaint alleging a violation of RPC 8.4(a)(4) that Edmonds was dishonest, while acting as the trustee, when he misled the church about the health of the trust assets. The Court also found that Edmonds neglected and commingled funds while representing an estate matter associated with the trust. The Court suspended Edmonds for three months. With the *Karavidas* and *Edmonds* decisions, the ARDC amended its pleading practice further by drastically limiting the pleading of common law charges unless the charges are tied to specific violations of the Rules of Professional Conduct.

B. Amended Rules Regulating the Legal Profession in Illinois

Among the amendments to the Supreme Court Rules and Rules of Professional Conduct adopted by the Supreme Court in 2014 and 2015 are as follows:

1. ***Amended Supreme Court Rule 756 Registration and Fees*** (March 20, 2014, eff. immediately). The amendment increased the annual registration fees for most active and inactive status lawyers beginning with the 2015 registration year. For most active status lawyers, more than three years in practice, the fee is \$382 and for lawyers less than three years in practice or inactive status lawyers the fee is \$121. The amendment also eliminated the fee exemption for lawyers 75 or older.

2. ***Amended Supreme Court Rule 763 Reciprocal Disciplinary Action*** (Feb. 9, 2015, eff. immediately). The amendment expands the effect of discipline in another "jurisdiction" to include the District of Columbia, a country other than the U.S., a state, province, territory or commonwealth of the United State or another country.

3. ***Amended Supreme Court Rule 768 Notification of Disciplinary Action*** (Feb. 9, 2015, eff. immediately). Under the amendment, upon the date an order of the Supreme Court disbarring or

suspending a lawyer or transferring a lawyer to disability inactive status becomes final, the Administrator of the ARDC shall provide a copy of the order to each other jurisdiction in which the lawyer is known to be licensed and to the National Regulatory Data Bank administered by the American Bar Association (ABA).

4. ***Amended Supreme Court Rule 759 Restoration to Active Status*** (Feb. 9, 2015, eff. immediately). The amendment added a requirement that a petition by a lawyer transferred to disability inactive status for restoration to active status include verification from the ARDC that the lawyer has reimbursed the Client Protection Programs for any payments arising from the lawyer's conduct.

5. ***Amended Supreme Court Rule 780 Client Protection Program*** (Feb. 9, 2015, eff. immediately). The amendment expands the definition of reimbursable loss to include claims involving unearned, unrefunded fees paid to lawyers who later died or were transferred to disability inactive status before rendering services or refunding unearned fees. Commission Rules 501 through 512 govern the administration of the Program.

6. ***Amended Rule of Professional Conduct 1.15 Safekeeping Property*** (April 7, 2015, eff. 7/1/15). The amendment to RPC 1.15 was intended to create a solution for lawyers with unidentified funds in the IOLTA trust account. Under added paragraph (i), lawyers can properly dispose of trust funds balances that cannot be identified as belonging to either a client, a third person or the lawyer, as defined in paragraph (9), by remitting the unidentified funds to the Lawyers Trust Fund of Illinois.

C. Supreme Court Amnesty Program for In-House Lawyers

On November 27, 2013, the Supreme Court announced an amnesty program, in effect for one year starting January 1, 2014, for lawyers who work as in-house counsel in Illinois but failed to obtain limited admission to the Illinois bar under Supreme Court Rule 716. Under the amnesty program, in-house lawyers in violation of Rule 716 but who took advantage of the amnesty program during 2014 would not be prosecuted for the unauthorized practice of law by the ARDC. 49 lawyers applied under the Rule 716 amnesty program in 2014.

Supreme Court Rule 716 was adopted in 2004. It requires that an in-house lawyer for a corporation, partnership, association or other legal entity who is licensed to practice law only in another U.S. jurisdiction may obtain a limited license to practice law in Illinois solely on behalf of the lawyer's employer (and affiliated entities). Such lawyer need not take the Illinois bar exam, but must meet the requirements of Rule 716 and pay the one-time application fee. In 2014, 482 lawyers were registered as in-house counsel under Rule 716 (*see* Chart 2, p. 7).

VI. Client Protection Program Report

The Supreme Court of Illinois created the Client Protection Program under Supreme Court Rule 780 to reimburse clients who lost money as the result of the dishonest conduct of an Illinois lawyer who has been disciplined or is deceased. The purpose of the Client Protection Program is to promote public confidence in the administration of justice and the integrity of the legal profession. The Program does not cover losses resulting from professional negligence or malpractice and does not consider claims involving fee or contract disputes. On February 9, 2015, the Court amended Supreme Court Rule 780 to expand the definition of reimbursable loss to include claims involving unearned, unrefunded fees paid to lawyers who later died or were transferred to disability inactive status before rendering services or refunding unearned fees. Commission Rules 501 through 512 govern the administration of the Program.

The Program was originally part of the Disciplinary Fund budget, but, since 2007, the Program has been funded by an annual assessment paid by most active status lawyers and remitted to the Client Protection Program Trust Fund. Rule 756 sets the assessment amount at \$25 per lawyer. Last year, the maximum per-award limit was raised from \$75,000 to \$100,000 and the per-lawyer limit from \$750,000 to \$1 million. In 2014, the Program collected \$1,851,851 (\$1,740,250 in assessments, \$96,300 in reimbursement, and \$15,301 in interest).

In 2014, the Program paid \$1.3 million on 95 claims against 40 lawyers last year, typically involving clients financially victimized by attorneys disciplined for misconduct. With the \$100,000 cap, 97% of eligible claims were paid in full (92 of 95); but \$2,905,485 in eligible loss went unreimbursed (including \$2.2 million on one claim). Five approvals were for the \$100,000 maximum, summarized below:

- \$100,000 payments each to two children victimized by James E. Pancratz, disbarred by the Court in November 2013 (M.R. 26236), for misappropriating at least \$886,570 from the children following settlement of a wrongful-death matter filed on their behalf after the death of their mother;
- \$100,000 payment to a couple victimized by Kathleen I. Niew, disbarred in November 2013 (M.R. 26310) and sentenced by a federal court to six years in prison for wire fraud (*U.S. v. Kathleen Niew*, 13 CR 688), for misappropriating \$2.34 million in client funds;
- \$100,000 payment to former clients of Karris A. Bilal, disbarred in November 2013 (M.R. 26353), for charging clients unreasonable fees, allegedly converting a \$9,500 settlement and engaging in other misconduct; and
- \$100,000 payment to the estate of a former client of Donald L.F. Metzger, disbarred in September 2013 (M.R. 26210), for misappropriating \$651,000 from an elderly client's estate for the purpose of reimbursing himself for managing the client's care and for closing the client's estate after her death.

The claims concluded in a given year, as shown in the chart below, may include claims filed in prior years and carried over.

Chart 27A: Client Protection Program Claims: 2002-2014

Year	Claims filed	# Claims Approved	# Claims Denied	For Claims Approved, # Respondent Attys	Total Amounts Paid
2002	187	57	86	31	\$215,564
2003	208	68	83	31	\$477,595
2004	357	153	113	40	\$617,772
2005	242	179	132	46	\$951,173
2006	222	111	69	38	\$843,054
2007	217	90	138	44	\$697,358
2008	224	102	122	56	\$1,029,220
2009	188	81	125	35	\$1,091,473
2010	207	89	108	30	\$705,168
2011	184	89	96	38	\$1,006,013
2012	350	70	124	34	\$986,771
2013	256	247	91	38	\$2,016,669
2014	256	95	106	40	\$1,300,775

Chart 27B below provides a summary of the claims approved in 2014, by type of misconduct and area of law. For the types of misconduct involved in the 95 approved claims, unearned fee claims were 77% of approvals and 27% of payouts and conversion claims were 23% of approvals and 73% of payouts.

Chart 27B: Classification of Approved Client Protection Claims in 2014

Type of Misconduct:	
Charging excessive fee or failure to refund unearned fees	72
Conversion.....	23
Area of Law	
Real Estate	46
Bankruptcy/Debt Negotiation	13
Tort	7
Workers' Comp.	6
Domestic Relations.....	5
Criminal/Quasi criminal	4
Debt Collection.....	4
Contract	3
Immigration	2
Probate/Trusts.....	2
Corporate	2
Tax.....	1

VII. Court Appointments

A. Commissioners

Timothy L. Bertschy Appointed as Commissioner

Timothy L. Bertschy was appointed by the Supreme Court as a lawyer member Commissioner, effective March 18, 2015, to fill the vacancy created by the resignation of Stuart R. Lefstein. Mr. Bertschy is the managing partner of *Heyl Royster*, a regional Midwest law firm with offices in Peoria, Chicago, Edwardsville, Rockford, Springfield and Urbana, Illinois. He is a past president of the Illinois State Bar Association (1998-99) and is presently chair of the United States District Court Advisory Committee on Local Rules (Central District, Illinois) and also serves on the board of the Illinois Bar Foundation. Mr. Bertschy received his J.D. from The George Washington University, The National Law Center and was admitted to practice in Illinois in 1977.

Stuart R. Lefstein Completes Term as Commissioner

Stuart R. Lefstein resigned from his term as a lawyer member Commissioner to which he had been appointed in January 2013. Mr. Lefstein previously served on the Review Board from 2003 to 2010. Mr. Lefstein is a Rock Island attorney and is senior counsel at *Pappas, Hubbard, O'Connor, Fildes, Secaras, P.C.*, with offices in Chicago and Rock Island. He received his J.D. from the University of Michigan Law School and was admitted to practice law in Illinois. He is a Fellow of the American College of Trial Lawyers.

B. Review Board

Charles Edward Pinskton, Jr. Appointed to Review Board

Charles Edward Pinskton, Jr. was appointed by the Supreme Court to the Review Board, effective July 1, 2014, succeeding Anna M. Lofus. Mr. Pinskton is founding partner of the Chicago law firm of *Charles E. Pinskton & Associates*. He received his J.D. from Valparaiso University School of Law and was admitted in Illinois in 1982.

Anna M. Loftus Resigns from Review Board

Anna Marie Loftus resigned from the Review Board upon her appointment by the Supreme Court to the Circuit Court of Cook County in April, 2014. Ms. Loftus was a partner in the Chicago firm of *Hall Prangle and Schoonveld, LLC*. She was appointed to the Review Board in 2011.

VIII. Financial Report

The ARDC engaged the services of Legacy Professionals LLP to conduct an independent financial audit as required by Supreme Court Rule 751(e)(6). The audited financial statements for the year ended December 31, 2014, including comparative data from the 2013 audited statements, are attached. In addition, a five-year summary of revenues and expenditures as reported in the audited statements appears after the text in this section.

The ARDC has successfully maintained its operations through careful expense management, which has more than offset the negative revenue impact from historically low interest rates. The Commission estimates that it has suffered an opportunity loss of at least \$750,000/year due to the low interest rate environment.

While recent economic conditions have been very challenging, the number of fee-paying attorneys increased by approximately 4.5% from 2013 to 2014. Due to changing demographics,

we may begin to see a plateauing in the total number of fee-paying attorneys.

Effective with the 2013 registration year, the total fee paid by attorneys admitted for more than 3 years was increased by \$53, from \$289 to \$342. The \$53 increase was allocated to the Lawyers Trust Fund of Illinois, which began receiving \$95 from full fee-paying attorneys compared to \$42 previously. The amount collected by the ARDC was not affected by this increase.

The Court recently approved an increase in the registration fee structure effective with the 2015 registration season. The last fee increase was made effective with the 2007 registration year. At that time it was projected that the new fee structure would support ARDC operations through at least 2010.

The total fee paid by attorneys admitted for more than 3 years has increased from \$342 in 2014 to \$382 in 2015. The \$40 increase includes an additional \$30 for the ARDC and an additional \$10 for the Commission on Professionalism. The \$382 fee will be allocated as follows: ARDC - \$230; Lawyers Trust Fund - \$95; Commission on Professionalism - \$25; Client Protection Program - \$25; and Lawyers Assistance Program - \$7.

The fee paid to the ARDC by inactive

attorneys, Rule 707 attorneys and attorneys admitted between 1 and 3 years has increased from \$105 in 2014 to \$121 in 2015.

The Court also approved the elimination of the fee exemption for attorneys over the age of 75. This change was also made effective with the 2015 registration season.

Since the adoption of the fee structure that became effective in 2007, funding for Client Protection Program (CPP) award payments has come from the \$25 allocation referenced above. During 2009, the ARDC determined that CPP expenses should also be paid from that separate Client Protection Fund instead of the ARDC Disciplinary Fund. For 2014 and 2013, the Client Protection Fund reimbursed the Disciplinary Fund \$276,869 and \$283,541 respectively for the administrative costs of the Program.



of the Supreme Court of Illinois

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

FIVE YEAR SUMMARY OF OPERATIONS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUE					
Investment income					
Interest	\$ 139,202	\$ 150,964	\$ 192,312	\$ 237,324	\$ 317,367
Net appreciation (depreciation) in fair value of investments	6,534	45,672	(39,294)	8,090	(24,373)
Registration and program fees	18,118,805	17,476,037	17,150,269	17,121,917	16,937,490
Costs reimbursements collected	70,810	84,500	65,825	95,436	97,548
Administrative expense reimbursement from Client Protection Program	276,869	283,541	275,656	265,968	263,364
Client Protection Program reimbursements	96,781	97,160	276,367	8,145	56,623
Total revenue	<u>18,709,001</u>	<u>18,137,874</u>	<u>17,921,135</u>	<u>17,736,880</u>	<u>17,648,019</u>
EXPENSES					
Salaries and related expenses	11,439,028	11,393,488	11,278,544	10,985,943	10,693,313
Travel expenses	113,327	151,290	156,608	125,743	135,371
Library and continuing education	108,280	144,083	148,002	242,598	256,472
General expenses and office support	2,052,396	2,096,892	1,782,941	2,359,722	1,975,721
Computer expenses	403,897	476,557	452,254	226,560	326,091
Other professional and case-related expenses	821,595	699,562	778,186	640,378	735,188
Client Protection Program direct expenses	1,307,599	2,024,420	993,212	1,010,605	710,496
Administrative expense reimbursement to Registration and Discipline	276,869	283,541	275,656	265,968	263,364
Depreciation and amortization expense	669,653	625,317	475,650	466,075	405,025
Total expenses	<u>17,192,644</u>	<u>17,895,150</u>	<u>16,341,053</u>	<u>16,323,592</u>	<u>15,501,041</u>
CHANGE IN NET ASSETS BEFORE EFFECT OF PRIOR PERIOD ADJUSTMENT	1,516,357	242,724	1,580,082	1,413,288	2,146,978
EFFECT OF PRIOR PERIOD ADJUSTMENT	-	-	-	545,707	-
CHANGE IN NET ASSETS	1,516,357	242,724	1,580,082	1,958,995	2,146,978
UNRESTRICTED NET ASSETS					
Beginning of year	<u>21,865,553</u>	<u>21,622,829</u>	<u>20,042,747</u>	<u>18,083,752</u>	<u>15,936,774</u>
End of year	<u>\$ 23,381,910</u>	<u>\$ 21,865,553</u>	<u>\$ 21,622,829</u>	<u>\$ 20,042,747</u>	<u>\$ 18,083,752</u>
OTHER INFORMATION AT YEAR END					
Number of active and registered attorneys	92,143	90,774	89,927	88,517	87,216
Registration fees					
More than one year and less than three years	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105
More than three years	\$ 200	\$ 200	\$ 200	\$ 205	\$ 205
Inactive/out of state	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105

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

FINANCIAL STATEMENTS

DECEMBER 31, 2014



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois (the Commission), which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Legacy Professionals LLP

Chicago, Illinois

April 23, 2015

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,458,241	\$ 2,654,930
Short-term investments	26,652,312	28,481,797
Accrued interest receivable	23,822	22,374
Accounts receivable	2,794	24,649
Prepaid expenses and deposits	<u>80,641</u>	<u>95,432</u>
Total current assets	29,217,810	31,279,182
PROPERTY AND EQUIPMENT - net	2,696,223	3,268,192
LONG-TERM INVESTMENTS	<u>15,636,435</u>	<u>9,190,837</u>
Total assets	<u>\$ 47,550,468</u>	<u>\$ 43,738,211</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accruals	\$ 358,825	\$ 1,122,955
Amounts held for others	3,854,321	3,583,386
Accrued vacation	448,628	436,978
Deferred registration and program fees	16,210,099	13,458,211
Postretirement benefit obligation - current portion	9,547	10,041
Deposits	<u>5,000</u>	<u>9,832</u>
Total current liabilities	<u>20,886,420</u>	<u>18,621,403</u>
LONG-TERM LIABILITIES		
Postretirement benefit obligation	1,487,604	1,386,777
Deferred rent expense	<u>1,794,534</u>	<u>1,864,478</u>
Total long-term liabilities	<u>3,282,138</u>	<u>3,251,255</u>
Total liabilities	24,168,558	21,872,658
UNRESTRICTED NET ASSETS	<u>23,381,910</u>	<u>21,865,553</u>
Total liabilities and net assets	<u>\$ 47,550,468</u>	<u>\$ 43,738,211</u>

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Registration and Discipline	Client Protection Program	Total	Total
REVENUE				
Investment income				
Interest	\$ 124,281	\$ 14,921	\$ 139,202	\$ 150,964
Net appreciation (depreciation) in fair value of investments	8,112	(1,578)	6,534	45,672
Total investment income	132,393	13,343	145,736	196,636
Registration and program fees	16,378,555	1,740,250	18,118,805	17,476,037
Cost reimbursements collected	70,810	-	70,810	84,500
Administrative expense reimbursement from Client Protection Program	276,869	-	276,869	283,541
Client Protection Program reimbursements	-	96,781	96,781	97,160
Total revenue	16,858,627	1,850,374	18,709,001	18,137,874
EXPENSES				
Salaries and related expenses	11,439,028	-	11,439,028	11,393,488
Travel expenses	113,327	-	113,327	151,290
Library and continuing education	108,280	-	108,280	144,083
General expenses and office support	2,052,396	-	2,052,396	2,096,892
Computer expenses	403,897	-	403,897	476,557
Other professional and case-related expenses	821,595	-	821,595	699,562
Client Protection Program direct expenses				
Awards	-	1,300,575	1,300,575	2,016,669
Administrative	-	7,024	7,024	7,751
Administrative expense reimbursement to Registration and Discipline	-	276,869	276,869	283,541
Depreciation and amortization expense	669,653	-	669,653	625,317
Total expenses	15,608,176	1,584,468	17,192,644	17,895,150
CHANGE IN NET ASSETS	1,250,451	265,906	1,516,357	242,724
UNRESTRICTED NET ASSETS				
Beginning of year	18,777,237	3,088,316	21,865,553	21,622,829
End of year	\$ 20,027,688	\$ 3,354,222	\$ 23,381,910	\$ 21,865,553

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,516,357	\$ 242,724
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net (appreciation) depreciation in fair value of investments	(6,534)	(45,672)
Loss on sale of property and equipment	607	1,007
Depreciation and amortization expense	669,653	625,317
(Increase) decrease in assets		
Accounts receivable and accrued interest receivable	20,407	(10,276)
Prepaid expenses and deposits	14,791	(11,305)
Increase (decrease) in liabilities		
Accounts payable and other accruals	(764,130)	448,606
Amounts held for others	270,935	(249,206)
Accrued vacation	11,650	17,484
Deferred registration and program fees	2,751,888	973,143
Deposits	(4,832)	2,002
Postretirement benefit obligation	100,333	342,610
Deferred rent expense	(69,944)	263,432
Net cash provided by operating activities	<u>4,511,181</u>	<u>2,599,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment securities	(30,677,699)	(26,015,226)
Maturities of investment securities	26,068,120	25,082,589
Purchases of property and equipment	(98,291)	(1,637,341)
Net cash (used in) investing activities	<u>(4,707,870)</u>	<u>(2,569,978)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,689)	29,888
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,654,930</u>	<u>2,625,042</u>
End of year	<u>\$ 2,458,241</u>	<u>\$ 2,654,930</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1. GENERAL PURPOSE DESCRIPTION

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

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

- Rule 756(a), as amended, has set the annual registration and program fees for active lawyers licensed to practice law for three years or more at \$382, and the annual registration fees for active lawyers licensed to practice between one and three years and inactive lawyers at \$121, both effective with the 2015 registration season. For the 2014 registration season, the corresponding amounts were \$342 and \$105 respectively. The charge for late payment of annual registration fees is \$25 per month for every month that fees are delinquent. The Rule requires that the Commission, as part of the annual \$382 fee, collect and remit the following amounts to the following other Supreme Court entities that are not administered by the Commission: \$95 to the Lawyers Trust Fund, \$25 to the Supreme Court Commission on Professionalism and \$7 to the Lawyers Assistance Program Fund. For the 2014 registration season, the corresponding remittance amounts were identical except for the Supreme Court Commission on Professionalism, which was then entitled to \$15.
- Rule 780(b) provides for the establishment of the Client Protection Program (Program) and set forth that the purpose of the Program "is to promote public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct" of Illinois lawyers who have been disciplined. Since the Program's inception, the Commission has administered the Client Protection Program and has maintained a separate Client Protection Fund account. Amended Rule 756 provides that \$25 of the \$342 registration fee be set aside for the Client Protection Program to fund awards made by the Client Protection Program. Prior to the Rule 756 amendment, the Commission funded payment of awards by making an annual allocation from the Disciplinary Fund. The Commission includes in its general budget allocations for administrative expenses of the Program to be paid from the Disciplinary Fund. The Program reimburses the Commission for the cost of administering the Program.

NOTE 1. GENERAL PURPOSE DESCRIPTION (CONTINUED)

- Rule 756(f) provides that, as part of the annual registration process, lawyers must provide information about voluntary hours and money contributed to *pro bono* legal services. Lawyers who do not provide the information will be deemed not to be registered until they do. Pursuant to an amendment to Supreme Court Rule 766, the information about voluntary *pro bono* contributions is deemed confidential and is to be reported publicly only in the aggregate.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Commission have been prepared on the accrual basis of accounting.

Basis of Presentation - In compliance with provisions of generally accepted accounting principles, the Commission is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Commission does not have any temporarily restricted or permanently restricted net assets.

A breakdown by program in the statements of activities is provided for 2014 and is for additional analytical purposes only. The net assets of the Commission's programs, both individually and in total, are considered to be unrestricted.

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

Accounts Receivable - Cost Reimbursements and Client Protection Program

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued) - The estimated useful lives of the property and equipment are as follows:

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

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

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

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

Amounts Held for Others - Amounts held for others at December 31, 2014 and 2013 consist of funds collected for the Lawyers Assistance Program Fund in the amount of \$211,781 and \$211,585 respectively; the Lawyers Trust Fund in the amount of \$2,873,525 and \$2,871,506 respectively; the Supreme Court Commission on Professionalism in the amount of \$755,540 and \$453,425 respectively; and the Access to Justice Fund in the amount of \$13,475 and \$46,870 respectively. All amounts were remitted subsequent to year end.

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

Deposits - A portion of deposits is the reinstatement deposit that accompanies the petition of any attorney who is filing for reinstatement under Rule 767. The amount the attorney actually owes is assessed at the conclusion of the proceedings. Reinstatement deposits held at December 31, 2014 and 2013 were \$5,000 and \$8,000 respectively. The remaining deposits consist of funds owed by any attorney who has been the subject of a disciplinary proceeding or who is in receivership to the attorney's former clients who have not been located. At December 31, 2014 and 2013, the amounts held were \$0 and \$1,832 respectively.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 methodologies (See Note 4). Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events - Subsequent events have been evaluated through April 23, 2015, which is the date the financial statements were available to be issued.

NOTE 3. COST REIMBURSEMENTS

The Commission receives cost reimbursements for investigative and disciplinary costs from disciplined attorneys. Cost reimbursements are billed at the time that discipline is imposed by the Court. Such billings may not reflect the total costs or match the period in which the investigative disciplinary costs were incurred. The Commission is limited to \$1,000 in cost reimbursements for each discipline case, absent exceptional circumstances. During the years ended December 31, 2014 and 2013, the Commission regularly sought entry of judgments by the Court. Interest accrues upon the unsatisfied portions of those judgments at a rate of 9% per annum, from the date of judgment until satisfied, as provided by 735 ILCS 5/2-1303. The Commission has also established payment plans for disciplined attorneys.

NOTE 4. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION

The following tables represent an analysis of the Commission's functional expenses, by natural classification, for the years ended December 31, 2014 and 2013.

	2014			
	Program		Administration and Support	Total
Registration and Discipline	Client Protection			
Salaries and related expenses	\$ 9,304,825	\$ 222,519	\$ 1,911,684	\$ 11,439,028
Travel expenses	93,136	916	19,275	113,327
Library and continuing education	87,852	1,718	18,710	108,280
General expenses and office support	1,681,171	31,278	339,947	2,052,396
Computer expenses	327,697	6,410	69,790	403,897
Other professional and case-related expenses	781,164	3,401	37,030	821,595
Client Protection Program direct expenses:				
Awards	-	1,300,575	-	1,300,575
Administrative	-	7,024	-	7,024
Administrative expense reimbursement to Registration and Discipline	-	-	276,869	276,869
Depreciation and amortization expense	543,316	10,627	115,710	669,653
Total expenses	<u>\$ 12,819,161</u>	<u>\$ 1,584,468</u>	<u>\$ 2,789,015</u>	<u>\$ 17,192,644</u>

NOTE 4. FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION (CONTINUED)

	2013			
	Program			Total
	Registration and Discipline	Client Protection	Administration and Support	
Salaries and related expenses	\$ 9,110,366	\$ 227,959	\$ 2,055,163	\$ 11,393,488
Travel expenses	119,028	1,161	31,101	151,290
Library and continuing education	115,740	2,301	26,042	144,083
General expenses and office support	1,700,902	32,399	363,591	2,096,892
Computer expenses	382,813	7,611	86,133	476,557
Other professional and case-related expenses	673,402	2,124	24,036	699,562
Client Protection Program direct expenses:				
Awards	-	2,016,669	-	2,016,669
Administrative	-	7,751	-	7,751
Administrative expense reimbursement to Registration and Discipline	-	-	283,541	283,541
Depreciation and amortization expense	502,311	9,986	113,020	625,317
Total expenses	<u>\$ 12,604,562</u>	<u>\$ 2,307,961</u>	<u>\$ 2,982,627</u>	<u>\$ 17,895,150</u>

NOTE 5. INVESTMENTS

The following summary presents the fair value of each of the investment categories.

	2014	2013
U.S. Treasury notes and bills	\$ 16,855,811	\$ 14,863,255
U.S. bank certificates	14,354,000	15,132,000
Money market funds	10,011,949	6,882,332
Mutual funds and exchange traded funds	1,066,987	795,047
Total	<u>\$ 42,288,747</u>	<u>\$ 37,672,634</u>

NOTE 6. FAIR VALUE MEASUREMENTS

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

Basis of Fair Value Measurement

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

The method used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Commission believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Commission's investment assets at fair value as of December 31, 2014 and 2013. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Commission did not own any assets that required measurement using Level 3 inputs as of December 31, 2014 and 2013.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at 12/31/14 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes and bills	\$ 16,855,811	\$ 16,855,811	\$ -	\$ -
U.S. bank certificates	14,354,000	-	14,354,000	-
Money market funds	10,011,949	10,011,949	-	-
Mutual funds and exchange traded funds				
Fixed income	624,613	624,613	-	-
Equity:				
Small cap	59,779	59,779	-	-
Mid cap	60,049	60,049	-	-
Large cap	239,717	239,717	-	-
International	82,829	82,829	-	-
Total	<u>\$ 42,288,747</u>	<u>\$ 27,934,747</u>	<u>\$ 14,354,000</u>	<u>\$ -</u>

	Fair Value Measurements at 12/31/13 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes and bills	\$ 14,863,255	\$ 14,863,255	\$ -	\$ -
U.S. bank certificates	15,132,000	-	15,132,000	-
Money market funds	6,882,332	6,882,332	-	-
Mutual funds and exchange traded funds				
Fixed income	401,733	401,733	-	-
Equity:				
Small cap	52,586	52,586	-	-
Mid cap	52,691	52,691	-	-
Large cap	212,847	212,847	-	-
International	75,190	75,190	-	-
Total	<u>\$ 37,672,634</u>	<u>\$ 22,540,634</u>	<u>\$ 15,132,000</u>	<u>\$ -</u>

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Measurements

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

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

Money market funds represent shares in mutual funds.

Level 2 Measurements

U.S. bank certificates are valued at cost which approximates fair value due to their liquid or short-term nature. At December 31, 2014, the U.S. bank certificates had interest rates ranging from 0.25% to 1.50% with maturity dates between January 2015 and November 2017. At December 31, 2013, the U.S. bank certificates had interest rates ranging from 0.20% to 1.50% with maturity dates between January 2014 and November 2016.

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Office furniture and equipment	\$ 1,220,333	\$ 1,246,169
Computer and related equipment	2,809,233	2,761,821
Library	70,243	84,827
Leasehold improvements	<u>2,482,889</u>	<u>2,461,586</u>
	6,582,698	6,554,403
Less accumulated depreciation and amortization	<u>(3,886,475)</u>	<u>(3,286,211)</u>
Property and equipment - net	<u>\$ 2,696,223</u>	<u>\$ 3,268,192</u>

NOTE 8. LEASE COMMITMENTS

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

The Chicago office lease was to expire in May 2015. However, in February 2011 the Chicago office lease was extended through May 2027. This lease calls for monthly payments for pro-rata operating expenses and real estate taxes in addition to the scheduled rent payments. In addition, the original lease provided 32 months of “free rent” with the first rent payment made on January 1, 1996. Under the terms of an amendment, base rent was reduced from December 2003 through May 2008, and the landlord provided certain rent concessions which were fully applied as of December 31, 2012. The Commission is also receiving an allowance for leasehold improvements and other rent concessions between January 2012 and December 2017.

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

Rent expense under all lease agreements was \$1,011,084 in 2014 and \$962,426 in 2013.

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

	<u>Springfield</u>	<u>Chicago</u>	<u>Total</u>
Year ending December 31,			
2015	\$ 101,416	\$ 336,672	\$ 438,088
2016	103,444	694,596	798,040
2017	105,513	103,422	208,935
2018	107,623	729,558	837,181
2019	109,776	747,806	857,582
Thereafter	<u>939,255</u>	<u>6,160,319</u>	<u>7,099,574</u>
	<u>\$ 1,467,027</u>	<u>\$ 8,772,373</u>	<u>\$ 10,239,400</u>

NOTE 9. POSTRETIREMENT BENEFIT OBLIGATION

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

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

The following sets forth information with respect to this benefit obligation as of and for the years ended December 31, 2014 and 2013. The benefit obligation at December 31, 2013 was actuarially determined by Towers Watson, and was estimated by Commission management for 2014.

	<u>2014</u>	<u>2013</u>
Change in accumulated benefit obligation		
Benefit obligation at beginning of year	\$ 1,396,818	\$ 1,054,208
Service cost	52,297	52,297
Interest cost	69,841	52,067
Benefits paid	(9,547)	(10,041)
Actuarial loss (gain)	<u>(12,258)</u>	<u>248,287</u>
Benefit obligation at end year	<u>\$ 1,497,151</u>	<u>\$ 1,396,818</u>

Net periodic benefit costs for 2014 and 2013 are comprised of the following:

	<u>2014</u>	<u>2013</u>
Service cost	\$ 52,297	\$ 52,297
Interest cost	69,841	52,067
Amortization of loss (gain)	<u>(12,258)</u>	<u>248,287</u>
Net periodic benefit cost	<u>\$ 109,880</u>	<u>\$ 352,651</u>

The key assumptions are as follows:

Actuarial cost method	Projected unit credit method
Mortality table	2013 PPA Static Mortality
Discount rate	4%
Retirement age	Between ages 55 and 65
Medical trend rate ultimate	5%

NOTE 9. POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)

Assumed health care cost trend rates can have a significant effect on the amounts reported for health care benefits. The actuary noted in its 2013 valuation that the effect of a 1% increase in health care cost trend rates (medical trend ultimate) would be an increase of \$3,605 on total service cost and interest cost components and an increase of \$79,549 on the postretirement benefit obligation.

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

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

2015	\$ 22,759
2016	24,524
2017	26,024
2018	30,487
2019	32,095
2020 - 2024	<u>313,606</u>
	<u>\$ 449,495</u>

The Commission maintains investments in a separate trust account for the Medicare replacement reserve. The assets are invested using prudent asset allocation parameters, with the goal of minimizing risk and achieving asset returns that will help the plan meet its future obligations. The plan's returns should be competitive with like institutions employing similar investment strategies. Because these investments are not considered to be plan assets, they are included in the total investment balances on the statements of financial position. The fair value of these investments totaled \$1,477,277 and \$1,356,082 at December 31, 2014 and 2013, respectively.

A transfer of assets of \$0 and \$850,000 were made during the years ended December 31, 2014 and 2013, respectively, from the Commission's Medicare replacement reserve trust account to its general assets in order to better align the assets in the trust account with the corresponding benefit obligation. The postretirement benefit obligation was restated as of January 1, 2010 pursuant to a review of the underlying data, coverage provisions, and assumptions used to develop this estimate.

NOTE 10. EMPLOYEE BENEFIT PLANS

The Commission maintains a defined contribution retirement plan and trust for the benefit of all eligible employees. The Commission provides enhanced retirement plan contributions due to the Social Security Administration ruling that Commission employees are not eligible for benefits. Employee contributions are not permitted under the plan's provisions. The Commission contributes 18% of compensation for eligible employees, which totaled \$1,457,296 in 2014 and \$1,414,603 in 2013. The Commission also pays the plan's administrative expenses, which totaled \$175,822 in 2014 and \$152,624 in 2013.

The Commission also maintains a Section 457 savings plan which is entirely funded by voluntary pre-tax employee contributions. The Commission paid the savings plan's administrative expenses, which totaled \$3,832 in 2014 and \$3,900 in 2013.

NOTE 11. LITIGATION

Various complaints and actions are periodically filed against the Commission. At December 31, 2014, the Commission believes that pending matters do not present any serious prospect for negative financial consequences.

NOTE 12. RISKS AND UNCERTAINTIES

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

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

2014 COMMISSIONERS

Derrick K. Baker, Chicago	Joan Myers Eagle, <i>Chairperson</i> , Chicago	
James R. Mendillo,	David F. Rolewick, Wheaton	Karen Hasara, Springfield
<i>Vice-Chairperson</i> , Belleville	Bernard Judge, Chicago	Stuart R. Lefstein, Rock Island

2014 BOARD MEMBERS

Review Board

	Gordon B. Nash, Jr., <i>Chairperson</i>	
Johnny A. Fairman, II	Jill W. Landsberg	Keith E. Roberts, Jr.
Richard A. Green	Claire A. Manning	Benedict Schwarz, II
R. Michael Henderson	Charles E. Pinkston, Jr.	

Hearing Board

	Champ W. Davis, Jr., <i>Chairperson</i>	
	Brigid A. Duffield, <i>Vice-Chairperson</i>	
Ziad Alnaqib	Mara S. Georges	Janaki H. Nair
Darryl H. Armstrong	John L. Gilbert, <i>Chair</i>	Thomas P. Needham
Irene F. Bahr	Patricia Piper Golden	Keisha T. Nelson
Albert C. Baldermann	John D. Gutzke	Donna L. Otis
Joseph A. Bartholomew, <i>Chair</i>	John A. Guzzardo, <i>Chair</i>	Nam Hung Paik
Fredrick H. Bates	Nancy Hablutzel	Roberta Parks
Reva S. Bauch	Michael L. Hahn	Donald A. Pettis, Sr.
Carolyn Berning	Pamela Hammond-McDavid	Carl E. Poli, <i>Chair</i>
Mark W. Bina	Sheila J. Harrell	Frank J. Ponticelli
Frederich J. Bingham	Damascus Harris	James B. Pritikin, <i>Chair</i>
Patrick M. Blanchard, <i>Chair</i>	Marla Shade Harris	John P. Ratnaswamy
Stephan D. Blandin	Audrey Hauser	Kurt E. Reitz
Debra J. Braselton, <i>Chair</i>	Paul C. Hendren, <i>Chair</i>	Andrea D. Rice
Kenn Brotman, <i>Chair</i>	Donald S.B. Hilliker	Lon M. Richey, <i>Chair</i>
Terrence M. Burns, <i>Chair</i>	Carol A. Hogan	Claude A. Robinson
Karen A. Caraher	William E. Hornsby, Jr., <i>Chair</i>	Lauren G. Robinson
Julian C. Carey	Steven V. Hunter	Gregory E. Rogus
Elizabeth N. W. Carrion	Donald R. Jackson	Michael P. Rohan
Carol A. Casey	Amanda C. Jones	Randall B. Rosenbaum
John P. Clarke	Mark L. Karasik, <i>Chair</i>	David C. Rudd
MiAngel C. Cody	Henry T. Kelly, <i>Chair</i>	Jennifer W. Russell
Cynthia A. Cohan	Laura M. Urbik Kern	Rhonda Sallee
Alison C. Conlon	Kim L. Kirm	Eddie Sanders, Jr.
Richard Corkery	K.F. Kitchen, II	Devlin J. Schoop, <i>Chair</i>
Bonnie K. Curran	Cheryl M. Kneubuehl	Joseph J. Siprut
Thomas M. Cushing	Leo H. Konzen, <i>Chair</i>	Robert D. Smith
Reona J. Daly	Daniel M. Kotin	Modupe A. Sobo
David A. Dattilo	Peter Kupferberg	Giel Stein
Rafael Diaz	Arden J. Lang	Peter A. Steinmeyer
Sandra Douglas	Sang-yul Lee, <i>Chair</i>	Juliana Wiggins Stratton
Carrie A. Durkin	Justin L. Leinenweber	Maureen S. Taylor
Ted L. Eilerman	Jose A. Lopez, Jr., <i>Chair</i>	Donald D. Torisky
William X. Elward	Judith N. Lozier	Jeffrey S. Torosian, <i>Chair</i>
James L. Farina	Adam J. Lysinski	Jane E.W. Unsell
Tiffany M. Ferguson	George E. Marron, III	Joseph C. Vallez
James P. Fieweger	Tony J. Masciopinto	Shelby Webb, Jr.
Mark Fitzgerald	Rebecca J. McDade	Hollis L. Webster
Andrea D. Flynn	Heather A. McPherson	John B. Whiton, <i>Chair</i>
Anne L. Fredd	Adrienne D. Mebane	Sonni Choi Williams, <i>Chair</i>
Jay A. Frank	Stephen S. Mitchell, <i>Chair</i>	Brent T. Williamson
William E. Gabbard	Christine P. Mohr	Richard W. Zuckerman, <i>Chair</i>
Kent A. Gaertner	Ronald S. Motil	

Inquiry Board

J. William Lucco, *Chair**
Maritza Martinez, *Chair**
Geraldine Simmons, *Chair**

James D. Broadway*
John R. Carroll*
Janet Piper Voss*

Sharon L. Law*
Brian McFadden*
Michelle M. Montgomery*

*Also serves on Oversight Committee

2014 OVERSIGHT COMMITTEE

Louis T. Ascherman
Brian W. Bell
Philip G. Brinckerhoff
William F. Carmody

Thomas E. Eimermann
Edward W. Huntley
Ralph Johnson
Mark T. Peters

Charles E. Reiter, III
Lee J. Schoen
Willis R. Tribler
Norvel P. West

2014 CLIENT PROTECTION REVIEW PANEL

Roy Ellis Hofer, *Chair**

Zafar A. Bokari*

Paula S. Tillman*

2014 SPECIAL COUNSEL

Patrick T. Driscoll, Jr.
James D. Parsons

David S. Mann
Robert P. Marcus

Thomas A. Zimmerman, Jr.

2014 COMMISSION STAFF

2014 ADMINISTRATOR'S STAFF

Jerome Larkin, *Administrator*

James J. Grogan, *Deputy Administrator/Chief Counsel*

Gina M. Abbateamarco, *Senior Litigation Counsel*

Emily A. Adams, *Litigation Counsel*

Christine P. Anderson, *Dir. of Probation
and Lawyer Deferral Services*

Mary F. Andreoni, *Ethics Education Counsel*

Peter L. Apostol, *Litigation Counsel*

Karyn A. Bart, *Senior Intake Counsel*

Benjamin Boroughf, *Counsel, Appellate Division*

John R. Cesario, *Sr. Counsel, Intake & Receiverships*

Denise L. Church, *Senior Litigation Counsel*

Meriel R. Coleman, *Senior Litigation Counsel*

Eileen W. Donahue, *Director, Client Protection Program*

Alicia F. Duncan, *Senior Litigation Counsel*

Rita C. Greggio, *Litigation Counsel*

Lea S. Gutierrez, *Senior Litigation Counsel*

Myrrha B. Guzman, *Senior Intake Counsel*

Kenneth G. Jablonski, *Clerk*

Tracy L. Kepler, *Senior Litigation Counsel*

Tara Korthals, *Litigation Counsel*

Scott A. Kozlov, *Senior Litigation Counsel*

Albert B. Krawczyk, *Senior Litigation Counsel*

Marilyn McLauchlan, *Chief Information Officer*

Wendy J. Muchman, *Chief of Litigation and
Professional Education*

James L. Needles, *Senior Intake Counsel*

Sharon D. Opryszek, *Senior Litigation Counsel*

Vick Paul, *Director of Finance*

Gary S. Rapaport, *Senior Litigation Counsel*

Scott Renfro, *Chief of Supreme Court Practice*

Susan F. Rhodes, *Senior Counsel, Appellate Division*

Eunbin Rii, *Litigation Counsel and Coordinator of
Litigation Technology*

Peter L. Rotskoff, *Chief of Litigation and
Professional Education*

Melissa A. Smart, *Litigation Group Manager*

Steven R. Splitt, *Senior Counsel, Appellate Division*

Marita C. Sullivan, *Senior Litigation Counsel*

Athena T. Taite, *Senior Counsel, Appellate Division*

Ari I. Telisman, *Litigation Counsel*

Eva Tramutolo, *Director, Human Resources &
Administrative Services*

Robert J. Verrando, *Senior Litigation Counsel*

Althea K. Welsh, *Chief of Intake*

Elliott Welsh, *Director, Special Technical Projects*

Richard Wray, *Litigation Counsel*

Marcia T. Wolf, *Senior Litigation Counsel*

Dorothy B. Zimbrakos, *Senior Intake Counsel*

2014 ADJUDICATION STAFF

Blair S. Barbour, *Counsel, Adjudication Services*

Britney Bowater, *Counsel, Adjudication Services*

Robert E. Davison, *Counsel, Adjudication Services*

Mary K. Foster, *Counsel, Adjudication Services*

Mary C. Gilhooly, *Counsel, Adjudication Services*

Kathryn Hall, *Counsel, Adjudication Services*

Jennifer R. Kahley, *Counsel, Adjudication Services*

Pamela J. Kempin, *Counsel, Adjudication Services*

Daniel N. Malato, *Director, Adjudication Services*

Maureen E. Mulvenna, *Senior Counsel, Adjudication Services*

M. Jacqueline Walther, *Counsel, Adjudication Services*