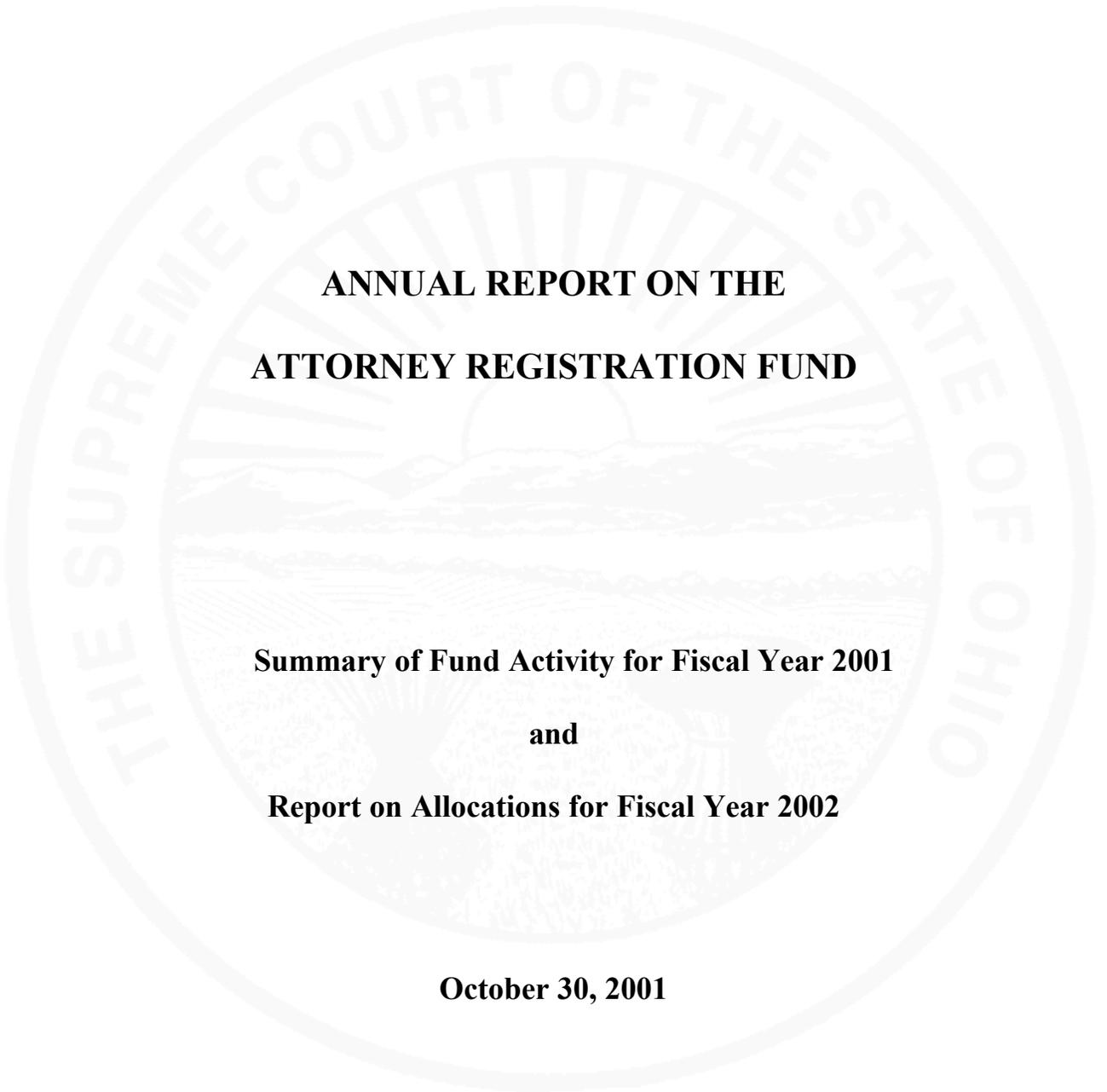


The Supreme Court of Ohio

The seal of the Supreme Court of the State of Ohio is a large, faint watermark in the background. It features a circular border with the text "THE SUPREME COURT OF THE STATE OF OHIO". Inside the border is a landscape scene with a sun rising over mountains, a river, and a field. The text "ANNUAL REPORT ON THE ATTORNEY REGISTRATION FUND" is centered over the seal.

**ANNUAL REPORT ON THE
ATTORNEY REGISTRATION FUND**

Summary of Fund Activity for Fiscal Year 2001

and

Report on Allocations for Fiscal Year 2002

October 30, 2001

The Supreme Court of Ohio

To: Chief Justice Thomas J. Moyer
Associate Justices of the Court
Registered Attorneys of the Ohio Bar
Interested Members of the Public

This Annual Report on the Attorney Registration Fund provides a summary of the activity of the Attorney Registration Fund (“Fund”) for Fiscal Year 2001, and sets out the budget allocations from the Fund as approved by the Court for Fiscal Year 2002.

The report also provides the reader with a review of the Fund’s balance and projections, audit information, and investment policy. It is intended for informational purposes only and is not to be considered a final or complete audit of Fund activity during the periods covered in the report.

Respectfully submitted,

Steven C. Hollon, Esq.
Administrative Director

The Supreme Court of Ohio requires every attorney licensed to practice law in Ohio to register with the Court on or before the first day of September in each odd-numbered year and to tender a registration fee of two hundred fifty (\$250) dollars. Gov. Bar R. VI, Section 1(A). All registration fees are paid into the Fund. Pursuant to Gov. Bar R. VI, Section 7(A), the moneys in the Fund shall be used for various purposes. These purposes include supporting (i) the disciplinary process; (ii) the activities of the Clients' Security Fund and the Commission on Continuing Legal Education; (iii) any activity considered necessary by the Supreme Court for the government of the bar and the judiciary; and (iv) any activities related to the administration of justice.

Effective January 1, 2000, the Fund's allocation and expenditure cycle was adjusted from a calendar year basis to the State of Ohio's fiscal year basis. The state's fiscal year runs from July 1st to June 30th. This adjustment was made to coordinate the budgets of the offices and programs funded by the Fund with the budgets of the offices and programs funded through the state's general revenue fund as provided to the Court by the General Assembly. As a result of this change, the Court adopted a budget for Interim Fiscal Year 2000 that ran from January 1, 2000 to June 30, 2000. The interim budget allowed for the transition from a calendar year budget cycle to the new fiscal year budget cycle.

A Summary of Fund Expenditures for Calendar Years 1998, 1999, Interim Fiscal Year 2000, and Fiscal Year 2001, as well as Allocations for Fiscal Year 2002, is provided as Schedule 1.

I. Summary of Fund Activity in Fiscal Year 2001

A total of \$5,411,969 was expended by various boards, offices, commissions, and programs during Fiscal Year 2001. Of this total, \$3,383,253 (62.51% of total Fund expenditures) was utilized in the disciplinary process. \$1,632,390 was expended by the Office of Disciplinary Counsel, which accounts for the entire operational budget of that office; \$644,164 was expended by the Board of Commissioners on Grievances and Discipline to fund its operation; \$1,079,987 was expended to reimburse certified local grievance committees by the Board of Commissioners on Grievances and Discipline for disciplinary related activities; and \$26,712 was expended by the Office of the Reporter of

Decisions to publish legal notice in newspapers of general circulation upon the Court's issuance of a disciplinary order, pursuant to Gov. Bar R. V, Section 8(D)(2).

Although not formally part of the disciplinary process, the Clients' Security Fund reimburses losses caused to clients by defalcating members of the bar. In Fiscal Year 2001, \$294,820 was expended by the Clients' Security Fund for its operation. In addition, \$250,000 was allocated to the Clients' Security Fund's Trust Fund to pay to clients who suffered losses. Further, \$140,101 was expended for the operation of the Office of Attorney Registration which is responsible for the attorney registration process.

In total, payments of \$4,068,174 (75.17% of the total expenditures from the Fund) were made to the offices charged with responding to inappropriate activity by attorneys and the registration process.

Of the remaining \$1,343,795 in expenditures, \$500,000 was expended by the Ohio Legal Assistance Foundation and \$48,165 was expended by the Ohio Lawyers Assistance Program. The Ohio Legal Assistance Foundation, as created by an act of the Ohio General Assembly in 1994, is charged with the responsibility of administering various funds for Ohio's legal aid societies, which in turn provide civil legal assistance to meet the needs of Ohio's poor. The moneys contributed from the Fund to the foundation are for pro bono development and enhancement, and technology enhancement and support. Meanwhile, the Ohio Lawyers Assistance Program is a private not for profit corporation with 501(c)(3) status. It provides intervention and monitoring assistance in situations involving alcohol and substance abuse by attorneys and judges. It receives over one-half of its funding from the Fund, but also receives significant contributions from the Ohio State Bar Association and the Ohio Bar Liability Insurance Company.

In addition, \$32,621 was expended from the Fund by the Commission on the Certification of Attorneys as Specialists and \$745 was expended by the Board of Commissioners on the Unauthorized Practice of Law.

Finally, \$562,263 was expended as a one-time cost to fund retirement benefits with the Public Employees Retirement System for 23 current and former employees of the Office of Disciplinary Counsel, the Board of Commissioners on Grievances and Discipline, and the Clients' Security Fund who were not part of the PERS plan prior to October 1, 1991.

No expenditures were made by American New Media from the \$35,000 grant provided to that organization for the purpose of providing interactive educational materials for school age children on the topic of the Ohio Judicial System.

The Fund realized income of \$845,868 in Fiscal Year 2001, and had an estimated average monthly cash and investment balance of \$11,903,741.

II. Report on Allocations for Fiscal Year 2002

The Supreme Court has authorized allocations totaling \$6,442,045 to ten entities representing thirteen separate funds or programs for Fiscal Year 2002.

The Court has authorized allocations of \$3,844,637 (59.68% of total Fund allocations) for the operation of the disciplinary process. This figure represents \$1,841,284 to fund the operation of the Office of Disciplinary Counsel; \$773,353 to fund the operation of the Board of Commissioners on Grievances and Discipline; \$1,190,000 to reimburse certified local grievance committees for their work in investigating and pursuing disciplinary matters; and \$40,000 to the Office of the Reporter of Decisions for publication of legal notice of orders issued by the Supreme Court in disciplinary matters.

Meanwhile, the court authorized \$332,203 to fund the operation of the Clients' Security Fund and \$1,000,000 to replenish that entity's trust fund to maintain a sufficient fund balance. In Fiscal Year 2001 claims totaling \$690,832 were expended from the Clients' Security Fund Trust Fund to reimburse 16 clients of Mahoning County attorney Richard D. Goldberg (Attorney Registration No. 0005748). As of June 30, 2001, there were 21 additional claims pending from former clients of Mr. Goldberg representing a potential liability to the fund of \$823,640.

The Court authorized allocations of \$197,044 to fund the operation of the Office of Attorney Registration.

For this fiscal year, the Court authorized allocations of \$5,373,884 (83.41% of total allocations from the Fund) to cover the registration process and those offices responsible for addressing inappropriate activity by attorneys and judges.

The Court also authorized allocations of \$271,831 to the Commission on Continuing Legal Education, \$50,000 for the operation of the Board of Commissioners on the Unauthorized Practice of Law, and \$50,000 to the Commission on the Certification of Attorneys as Specialists.

In other areas, the Court issued a grant of \$500,000 to the Ohio Legal Assistance Foundation, a grant of \$96,330 to the Ohio Lawyers Assistance Program for substance abuse intervention programs and an additional \$100,000 for mental health intervention programs.

III. Fund Balance and Projections

On June 30, 2001 the Fund had a balance of \$9,903,700. It is projected that in Fiscal Year 2002 the Fund will realize income of \$10,257,937 (including fees, cost reimbursements, and interest revenue) and expend \$6,442,045. It is estimated that on June 30, 2002, the Fund will have a balance of approximately \$13,719,592.

IV. Audit

The Fund has historically been audited by the Office of the Auditor of State on a biennial basis. The audit of the Fund has occurred at the same time and as part of the audit of the Court's other funds. The audits have traditionally been for periods ending on December 31st, which has been the end of the budget cycle for the Fund, but not the Court's fiscal year.

The most recent audit of the Fund was for the biennial period ending December 31, 1999. No material noncompliance or reportable conditions in internal control were reported involving any funds of the Court, including the Fund.

In that all funds and reporting cycles are now on the State of Ohio's fiscal year, the next audit of the Fund will be in conjunction with the end of Fiscal Year 2001 and cover the 18 months from January 1, 2000 through June 30, 2001.

V. Investment Policy

All attorney registration fees are deposited directly into a bank lockbox maintained by Key Bank where they are invested in financial instruments. Key Bank was selected to maintain the Fund's lockbox through a competitive bid process.

The Fund's moneys are managed in a conservative risk-adverse manner through investments made in compliance with the Uniform Depository Act, as set forth in Ohio Revised Code Chapter 135, and amended by the Investment Reform Act of 1996. These and other state and federal laws require that the Fund's moneys not be placed at risk in the marketplace through investments in derivatives, reverse purchase agreements, or any method of leveraging. The Fund's investments are primarily in federal money market accounts and other United States government obligations such as treasury bills, notes, and bonds; the Federal Home Loan Mortgage Corporation; the Federal National Mortgage Association; and the Government National Mortgage Association.

Through wise cash and investment management strategies, the Fund achieves the highest possible gain in a low risk environment. The daily annualized yield on the Fund's investment equaled 4.49% as of June 30, 2001.

VI. Annual Report

Upon the recommendation of the Administrative Director, the Court amended Gov. Bar R. VI on November 28, 2000 to require the Administrative Director to prepare an annual report on the activity of the Fund to be issued no later than November 1st of each year summarizing the activity of the Fund in the previous fiscal year and reporting on the allocations by the Court for the then current fiscal year.

VII. Summary

The Fund provides important financial resources to various organizations involved in the disciplinary and educational functions of the Court. It also helps provide much needed civil legal assistance to the poor.

All of these activities are invaluable in improving the public's trust and confidence in our legal system.

The Fund is in a solid financial position and it is expected that it will maintain that position throughout Fiscal Year 2002. The biennial attorney registration fee of \$250 was last increased in 1997 from \$150 to the current amount.

VIII. Comments and Inquiries

Any comments and inquiries regarding this report or the Fund may be directed to Steven C. Hollon, Administrative Director, Supreme Court of Ohio, 30 East Broad Street, Third Floor, Columbus, Ohio 43266-0419.

SCHEDULE 1

Office, Board, Commission	Calendar Year 1998 Expenditures	Calendar Year 1999 Expenditures	Interim Fiscal Year 2000 Expenditures	Fiscal Year 2001 Appropriation	Fiscal Year 2001 Expenditures	Fiscal Year 2002 Appropriation	% of Total Fiscal Year 2002 Appropriation
Office of Disciplinary Counsel							
-Operations Budget (Total)	\$1,224,809	\$1,422,911	\$822,386	\$1,769,104	\$1,632,390	\$1,841,284	28.58%
Board of Commissioners on Grievances and Discipline							
-Operations Budget (Total)	\$653,766	\$619,165	\$299,057	\$745,032	\$644,164	\$773,353	12.00%
-Reimbursement of Certified Local Grievance Committees	\$761,189	\$1,088,462	\$773,338	\$1,190,000	\$1,079,987	\$1,190,000	18.47%
Clients Security Fund							
-Operations Budget (Total)	\$236,925	\$237,773	\$382,612	\$321,997	\$294,820	\$332,203	5.16%
-Trust Fund	\$0	\$0	\$0	\$250,000	\$250,000	\$1,000,000	15.52%
Office of Reporter of Decisions							
-Publication of Legal Notice in Discipline Cases	\$0	\$29,570	\$10,549	\$35,000	\$26,712	\$40,000	0.62%
Office of Attorney Registration							
-Operations Budget (Total)	\$125,949	\$152,881	\$48,358	\$188,346	\$140,101	\$197,044	3.06%
Board of Commissioners on the Unauthorized Practice of Law							
-Reimbursement of Expenses	Included in Office of Attorney Reg.	\$355	\$0	\$9,000	\$745	\$50,000	0.78%
Commission on Continuing Legal Ed.							
-Operations Budget (Supplement)	\$0	\$0	\$200,000	\$263,914	\$200,000	\$271,831	4.22%
Commission on Certification of Attorneys as Specialists							
-Reimbursement of Expenses	\$0	\$2,097	\$1,454	\$50,000	\$32,621	\$50,000	0.78%
Ohio Legal Assistance Foundation							
-Grant (Legal Assistance)	\$375,000	\$375,000	\$187,500	\$500,000	\$500,000	\$500,000	7.76%
Ohio Lawyers Assistance Program							
-Grant (Substance Abuse)	\$57,500	\$80,000	\$0	\$96,330	\$48,165	\$96,330	1.50%
-Grant (Mental Health)	\$0	\$0	\$0	\$0	\$0	\$100,000	1.55%
American New Media Educational Fd.							
-Grant (Educational Program)	\$0	\$0	\$0	\$35,000	\$0	\$0	0.00%
Supplemental Retirement							
-Contribution to PERS	\$0	\$0	\$0	\$0	\$562,263	\$0	0.00%
TOTAL	\$3,435,138	\$4,008,214	\$2,725,254	\$5,453,723	\$5,411,969	\$6,442,045	100.00%