

7 MR. HANSON: I'm appearing here today
8 because I'm the chairman of the Illinois Secretary of
9 State's Committee on Corporate Laws. I should give
10 credit to the gentleman who immediately preceded me,
11 Bud has been on that committee as long as I have and
12 he is regarded as, at least, inside the committee as
13 the conscience of the committee and I defer to his
14 judgment.

15 My practice doesn't encompass publicly
16 traded corporations. And as I have admitted to you
17 in my written remarks, my law school training in
18 legal ethics in my judgment left something to be
19 desired. I'm not going to come in here and tell you
20 folks about legal ethics.

21 I think what I would like to talk to you
22 about today is doing things that you can really do.
23 I think it is an excellent idea to talk in terms of
24 improving the model act. I think some of your

1 suggestions in that area are good suggestions. But
2 the model act is not the law of any state. It's a
3 model. And for your suggestions to become effective,
4 they are ultimately going to have to become the law

5 of the state of domicile of the corporation involved
6 in whatever issue it's going to be.

7 Similarly, the model rules of ethics have to
8 be adopted in each jurisdiction so I regard your
9 recommendations in that regard as something to be
10 aspired to. But what I want to talk about is what
11 can you really do right now to make a difference and
12 at the end of my written remarks I have given you
13 four suggestions. The first of which has to do with
14 law schools. I have suggested that you use every
15 persuasive power that you have to influence the law
16 schools of America to do a better job of teaching
17 legal ethics.

18 Another member of our committee is
19 Dr. Professor Larry Ribstein of the University of
20 Illinois Urbana-Champaign and he suggested a change,
21 he said, "You know, Lin, we don't teach ethics in the
22 law schools today, what we teach is the law of
23 lawyering and there is a difference." He asked me to
24 make a change in my remarks and I did.

1 I think we need to try to go back in time

2 and in my case that's going back a long way, to when
3 we were in law school and think about what we learned
4 about ethics and ethical conduct and ethical
5 behavior. I would like to see us use every
6 persuasive power we have to encourage the law schools
7 to incorporate the law of what is right and wrong for
8 lawyers into the curriculum at every level, to talk
9 about what ought you to do, what ought you to be
10 alert for and what ought you to do under the various
11 circumstances.

12 Next, I would like to suggest that the
13 American Bar Association and indeed the State Bar
14 negotiations of the various states encourage the
15 formation of small groups of lawyers who could meet
16 together, either in person or on the Internet, and
17 discuss issues with each other. I know from personal
18 experience and I'll bet some of you do too, it gets
19 awfully lonely sometimes when you're looking at the
20 kinds of transactions that we have to be involved in.
21 When you're asking yourself, "Is this right?" Where
22 do you go with a question like that?

23 I'm lucky, I'm in a relatively small office,
24 we have 20 lawyers in our firm; five equity owners.

1 I'm lucky, I have partners that are thinking, caring
2 people that create an environment where I can
3 comfortably go and talk to my partners about the
4 transactions that I'm involved in. They can come to
5 me and talk to me, too. Not everyone has that
6 luxury. Maybe the firm that they are involved with
7 is too large and the environment is too competitive.
8 Maybe, maybe, maybe. But I think it is something
9 that the Bar Association could do and I think ought
10 to do to create discussion groups that could be
11 support groups for counsel faced with difficult
12 decisions. That's something I think you could
13 consider adding to your report.

14 I have also recommended that you consider
15 the creation of an American Bar Association hotline
16 where if there isn't a group or the counsel involved
17 is not a member of the group, there is a number where
18 you can call and find someone to talk to.

19 Again, it's an awfully lonely world
20 sometimes. And my knowledge of the corporate
21 scandals that are in today's headlines is just what I
22 read in the newspapers. I don't have any inside
23 information and I don't serve on any bar committees
24 that are studying these things. But you know what?

1 People know the difference between right and wrong,
2 people know when the chief executive officer of a
3 corporation is spending \$1 million on a birthday
4 party in the Mediterranean, and spending a fortune in
5 various other ways on personal projects and so forth.
6 People know.

7 But it is hard to be courageous all alone.
8 And you would create an environment that made that
9 easier, made it easier for the attorney to do the
10 right thing. If at least you could supply somewhere
11 that they could go and say, "Hey, I'm thinking about
12 this, what are my obligations? What is right? What
13 is wrong?"

14 I think that you ought to think about the
15 creation of a hotline, somewhere where people could
16 go.

17 You have my written remarks as to the
18 balance of what I think.

19 CHAIRMAN CHEEK: I appreciate those new
20 ideas that we have not discussed. I can assure you
21 we will. On the particular aspects of the report
22 that we have talked about this morning, the Rule 1.13
23 and 1.6, as I read your written remarks, you thought
24 those were generally supportive of a structure that

1 would encourage "doing the right thing." Did I read
2 your remarks correctly?

3 MR. HANSON: I also, in talking to people,
4 sense that those are the areas where you will get the
5 most flak, those are the things that have got the
6 lawyers that I know talking and they're talking kind
7 of loud so I think that's going to be a tough sell.
8 But a lot of good things are tough sells.

9 MR. IDE: You mentioned in your report
10 Sarbanes and the SEC is very busy now, Congress.
11 Where are the states? Do the states have any role?
12 Are we at a point when something like Enron happens
13 that we look at the federal level and the states will
14 not be involved and I'm troubled by and you can see
15 in the report, we take time to do a history of
16 corporations and the state level, law says the state
17 level. I wonder now with the new common
18 globalization, things like this, what is the new
19 world and where do the states fit in here?

20 MR. HANSON: I can only speak for where is
21 Illinois. I don't get out much. I chair the
22 committee that's supposed to be working on the

23 improvement of the law of Illinois with regard to
24 various business entities and we certainly discussed

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1 this in our meeting two days ago. And it is the
2 sense of my committee and my committee is composed of
3 about I think 30 good corporate lawyers, that this
4 does not need piling on. There is plenty of
5 legislation out there already and that we ought
6 to -- we, Illinois, ought to sit back and watch what
7 happens and not rush to add one more layer of
8 corporate law.

9 As you have seen in my written remarks, we
10 have dealt with some of these issues. We've looked
11 at interested directors and their role and
12 disinterested directors and their role and that here
13 in Illinois the statute shifts the burden of proof
14 depending on the majority of interested versus
15 disinterested directors in any particular approval of
16 a transaction.

17 I don't sense, at least here in Illinois,
18 we'll be in a hurry to adopt at the state level any
19 new legislation arising out of these headlines.

20 MR. JACOBS: The introductory lamentation on
21 weak law school ethics education you said you had,
22 that took place at Michigan?

23 MR. HANSON: Yes.

24 CHAIRMAN CHEEK: With that we thank you very

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1 much.

2 MR. HANSON: I get to say "Go, Blue" then,
3 don't I?

4 Could I waste one minute of your time and
5 one of the members of your task force wrote a book
6 about 25 years ago and I have written a few books,
7 books are kind of like your children and influenced
8 by your task force member and I have systems books on
9 corporations. Here is one of your grandchildren.

10 MS. RAMO: Thank you, I appreciate it.