

Bond Case Briefs

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Wells Fargo Bank v. Leafs Hockey Club, Inc.

United States District Court, N.D. Illinois, Eastern Division - March 14, 2014 - Not Reported in F.Supp.2d - 2014 WL 1017211

Wells Fargo is the successor trustee under the Trust Indenture between the Illinois Finance Authority and the Prior Trustee dated February 1, 2007. The Illinois Finance Authority issued \$20 million in revenue bonds under the Trust Indenture and loaned the proceeds to LHC, an Illinois non-profit limited liability company, for the construction and operation of a hockey arena located in West Dundee, Illinois. Pursuant to the February 1, 2007 Loan Agreement and Guaranty Agreement, LHC was the borrower and Defendant Leafs Hockey was the guarantor.

Wells Fargo alleged that LHC has failed to make the required payments, and thus was in default, and that Leafs Hockey, as guarantor, has failed to pay its obligations under the Guaranty Agreement.

Leafs Hockey filed a three-count Counterclaim against Wells Fargo alleging a breach of contract claim, a claim for an equitable accounting, and a conspiracy to defraud claim. The essence of the counterclaim was that the trustee had failed to adequately monitor disbursements and to keep accurate and thorough records regarding the money advanced for the construction of the hockey arena, and thus the Trustee breached the terms of the Loan Agreement and the Trust Indenture.

The District Court dismissed the Counterclaim, finding that Leafs Hockey had failed to meet the pleading requirements for each of its three causes of action.