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## **BONDS - ILLINOIS**

### **UMB Bank, National Association v. Leafs Hockey Club, Inc.**

**United States District Court, N.D. Illinois, Eastern Division - May 11, 2015 - Not Reported in F.Supp.3d - 2015 WL 2258461**

On March 2, 2015, the Court granted UMB Bank, N.A.'s (the "Trustee") motion for summary judgment against Leafs Hockey Club, Inc. (the "Club") based on the Club's breach of the parties' Guaranty Agreement.

The underlying facts of the case are that the Illinois Finance Authority issued \$20 million in bonds, the proceeds of which were loaned to LHC, LLC ("LHC") under the Loan Agreement. Under the Loan Agreement and the Guaranty Agreement, LHC was the borrower and the Club was the guarantor. The bonds at issue consisted of four different series maturing in different years with different rates of interest. Following LHC's default, the Trustee sent notices of acceleration and filed a proof of claim in LHC's bankruptcy case reflecting the full \$20 million in bond proceeds as outstanding. Despite guarantying repayment, the Club never made any payments pursuant to its obligations under the Guaranty Agreement.

Following the grant of summary judgment, the Court directed the Trustee to file a motion to prove up damages, including the exact amount of principal, interest, and fees owed by the Club due to its breach of the Guaranty Agreement, along with the supporting documentation and citations to relevant sections of the Trust Indenture, Guaranty Agreement, and/or Loan Agreement. The Court requested the supporting documentation and citations to the relevant contracts because the parties' summary judgment Local Rule 56.1 Statements of Facts and Responses were confusing and incomplete, especially regarding the calculation of fees and interest.

The Trustee submitted the affidavit and deposition transcript of Virginia Housum, a Senior Vice President and Workout Specialist in the Corporate Trustee Department at UMB, the individual principally responsible for determining the best mechanisms for collecting on the loan at issue in this lawsuit, ascertaining and calculating the unpaid amounts due, and ensuring repayment of debt service on the loan.

The Club was granted leave to file a Rule 56.1 Statement of Facts in response to the Trustee's motion to prove up damages.

The District Court held that:

- The DTC transfer documents, EMMA documents, and Wells Fargo's Notices relied upon, and submitted by, Housman to establish the outstanding principal and interest were admissible pursuant to the business records exception to the hearsay rule;
- Housman had sufficiently authenticated the documentation;
- The documentary evidence supporting the amount of Trustee's fees was reasonable, despite Housman's failure to attach the time-keeping records delineating her tasks;
- The Trustee's fees documentation was admissible, despite the Club's hearsay and authentication arguments; and

- The Trustee's motion to prove up damages was granted.

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