2016 IL App (5th) 150193-U

NO. 5-15-0193

IN THE

APPELLATE COURT OF ILLINOIS

FIFTH DISTRICT

In re MARRIAGE OF	)	Appeal from the
	)	Circuit Court of
ANGELA VASSEN,	)	St. Clair County.
	)	
Petitioner-Appellee,	)	
	)	
and	)	No. 13-D-606
	)	
JOHN A. VASSEN,	)	Honorable
	)	Randall W. Kelley,
Respondent-Appellant.	)	Judge, presiding.

JUSTICE CHAPMAN delivered the judgment of the court.
Justices Stewart and Moore concurred in the judgment.

ORDER

¶ 1 *Held*: Where John A. Vassen did not meet his burden of proof that his corporate shares were nonmarital assets, the court's order holding that the assets were marital was not against the manifest weight of the evidence. Where the trial court concluded that John's valuation of his corporate shares was not credible, the court's acceptance of the valuation offered by Angela Vassen was not contrary to the manifest weight of the evidence. Where John transferred his corporate shares after the marriage underwent an irreconcilable breakdown, the trial court's finding of dissipation was supported by the evidence. Where John filed a false pleading, the trial court did not abuse its discretion in awarding attorney fees.

¶ 2 John A. Vassen appeals from the trial court's order finding that his shares in a corporation, formed after his marriage to Angela, were marital assets. He argues that the

trial court erred in reaching this conclusion because the corporate entity was a business continuation from a partnership formed prior to the marriage. John also contends that the trial court erred in finding that he dissipated marital assets (the corporate shares) by transferring the shares to his father and brother after the marriage had undergone an irretrievable breakdown. Finally, John argues that the trial court should not have imposed sanctions in the form of attorney fees because he did not file frivolous pleadings. For the reasons stated in this order, we affirm.

¶ 3 FACTS

¶ 4 Background

¶ 5 Angela and John were married in 1988. Angela filed for dissolution of their marriage in 2013. The trial court dissolved the marriage on March 28, 2014, and reserved all remaining issues. The court entered a supplemental judgment resolving all remaining issues on February 23, 2015.

¶ 6 During the marriage, John was a licensed attorney. Angela worked for a travel agency. John's business involved rental properties and the purchase of certificates of unpaid real estate taxes (tax liens). John's business is central to the issues on appeal.

¶ 7 Timeline of John's Business Interest

¶ 8 Prior to the marriage, John was involved in a partnership called Mississippi Valley Investments. Partners included John, his father John J. Vassen, his brother Joseph Vassen, and several other individuals. After various changes in the identities of the partners and in the name of the partnership, on October 15, 1987, John and his brother Joseph formed a new partnership for the same purpose of purchasing tax liens. The name

of the partnership was "Partners of VI." In addition to the two partners, there were investors: John J. Vassen (their father), Larry Whitehead, Gary Habich, and Julius Clyne. In addition to being a partner, John was also listed as an investor. Profits from this tax liens venture were to be distributed 60% to the two partners, and 40% to the investors.

¶ 9 John married Angela on August 27, 1988. One month later, on September 27, John filed articles of incorporation with the Illinois Secretary of State for a new entity, VI, Inc. John is listed as the only incorporator. John and his brother Joseph are listed as directors of the corporation. Authentication documents filed in the corporate book of VI, Inc. list several persons as both shareholders and directors of the corporation. These shareholders/directors are the same men who were "investors" in the partnership: John J. Vassen, Larry Whitehead, Gary Habich, and Julius Clyne.

¶ 10 Over time, the corporation bought back shares from the shareholders, Larry Whitehead, Gary Habich, and Julius Clyne. John J. Vassen gave his shares to his sons, John and Joseph. After the gift, John and Joseph were the only two remaining shareholders.

¶ 11 In February 2013, Angela and John separated after a confrontation involving Angela's refusal to sign a personal loan guarantee for VI, Inc. At about this same time, John and VI, Inc. were inundated with legal issues involving the tax liens business. The legal issues culminated in class action lawsuits filed against John and VI, Inc., and criminal charges against John.

¶ 12 On July 22, 2013, John assigned his VI, Inc. shares to Joseph and his father John J. Vassen. At trial, John testified that he assigned shares to his father because Angela

refused to sign the personal loan guarantee, and his father did so. In consideration for the shares he received, John J. Vassen paid an outstanding line of credit, promised to guarantee other lines of credit, and provided the corporation with a cash infusion. In consideration for the shares Joseph received, he promised to assume the outstanding lines of credit and guarantees and to continue to operate the business while John was incarcerated or otherwise unable to operate the business.

¶ 13 Angela learned about John's transfer of shares and filed petitions asking the court to enjoin the transfer. By the time that Angela filed the petitions, the transfers were complete.

¶ 14 Valuation of VI, Inc.

¶ 15 John hired an expert, Brian Brown, to provide an opinion as to the value of VI, Inc. Brown testified that he had valued more than 75 businesses in his career in the context of sales and acquisitions of businesses. Based upon Brown's review of all relevant financial documents, he valued the tax liens portion of VI, Inc. at $2,170,900. He valued the real estate assets at $988,000, but acknowledged the estimate was not "firm" because he is not licensed to appraise real estate. Brown acknowledged that his report contained numerous calculation errors, but he maintained that his valuation of the business was accurate.

¶ 16 Attorney Jay Dowling also testified at trial on behalf of John. In the spring of 2014, Dowling offered to purchase VI, Inc.'s tax liens for $500,000, without obligation for any corporate debt. In addition, Dowling would invest another $500,000 by paying John's brother, Joseph, as a consultant. Dowling's offer would allow VI, Inc. to maintain

its real estate assets, and keep $400,000 in cash. Dowling testified that when he met with John and Joseph in January 2013 they wanted to sell him the tax liens for $4 million.

¶ 17 Angela did not obtain her own expert valuation. Instead, she used a financial statement prepared on behalf of VI, Inc. for a First National Bank of St. Louis loan application. The financial statement, dated May 3, 2013, set the value of John's one-half share of VI, Inc. at $2,370,386. John testified in a deposition that the value contained in the financial statement was true and correct on May 3, 2013.

¶ 18 Supplemental Judgment of Dissolution of Marriage

¶ 19 The trial court entered a supplemental judgment on February 23, 2015. The court found that the former partnership, Partners of VI, was not the successor to the corporate entity, VI, Inc. The court consequently found that VI, Inc., which was incorporated after John and Angela married, was a marital asset. The trial court also found that John's transfer of his VI, Inc. shares to his father and brother without consideration on July 22, 2013, constituted a dissipation of marital assets. The court valued the VI, Inc. shares John transferred on July 21, 2013, at $2,370,386. The parties agreed to the valuation of remaining assets. The court assigned all marital debt to Angela, with a net award of $943,305. The court awarded John his VI, Inc. shares, and the funds in a checking account, for a net award of $2,372,819. To equalize the property awards, the court entered judgment in Angela's favor and against John for $714,757.

¶ 20 John filed a motion to reconsider, which the trial court denied on April 24, 2015. John timely filed his appeal. On appeal, he alleges that the trial court erred in concluding that his VI, Inc. shares were marital assets, erred in valuing his VI, Inc. shares at

$2,370,386, erred in finding that he dissipated marital assets, and erred in ordering him to pay attorney fees.

¶ 21 LAW AND ANALYSIS

¶ 22 Classification of the VI, Inc. Shares as Marital Property

¶ 23 The primary issue John raises on appeal involves the trial court's classification of his shares in VI, Inc. as marital assets. The reviewing court will not reverse the trial court's classification of property as either marital or nonmarital unless the decision is clearly contrary to the manifest weight of the evidence. *In re Marriage of Smith*, 265 Ill. App. 3d 249, 253, 638 N.E.2d 384, 387 (1994); *In re Marriage of Schmitt*, 391 Ill. App. 3d 1010, 1017, 909 N.E.2d 221, 228 (2009). Marital property is statutorily defined as "all property acquired by either spouse subsequent to the marriage ***." 750 ILCS 5/503(a) (West 2012).

¶ 24 There is no question that VI, Inc. was incorporated after John and Angela married. Therefore, John's shares are presumptively marital in nature. John argues, however, that his shares are not marital because of an exception to the general rule. John contends that whether his VI, Inc. shares are marital assets depends upon whether VI, Inc. was a successor to Partners of VI. John argues that any shares he received upon incorporation of VI, Inc. constituted an exchange of assets for his nonmarital interest in the Partners of VI.

¶ 25 Case Law Cited to Support John's Successor Entity Argument

¶ 26 John cites several cases in support of his successor entity argument. We have reviewed the cases he cites, and find them to be distinguishable in one key respect. In all

of the cases cited by John, the ownership of or membership in the entities before marriage remained unchanged when the legal form of the entity changed after marriage. It was for this reason the courts found that the businesses "formed" after marriage retained the nonmarital character of the businesses started before marriage. See *In re Marriage of Thacker*, 185 Ill. App. 3d 465, 467, 541 N.E.2d 784, 785-86 (1989) (painting business started before the marriage, but incorporated after the marriage was nonmarital); *In re Marriage of Phillips*, 244 Ill. App. 3d 577, 587-88, 615 N.E.2d 1165, 1173-74 (1993) (physical therapy practice started before the marriage and incorporated after the marriage was nonmarital); *In re Marriage of Eddy*, 210 Ill. App. 3d 450, 453-56, 569 N.E.2d 174, 176-78 (1991) (real estate business owned and operated by two brothers and incorporated after one of the brothers married was nonmarital); *In re Marriage of Jelinek*, 244 Ill. App. 3d 496, 498-504, 613 N.E.2d 1284, 1286-90 (1993) (medical software corporation formed before marriage issued husband a new class of stock during the marriage that increased the percentage of shares he owned, but retained their nonmarital classification); *In re Marriage of Wilder*, 122 Ill. App. 3d 338, 345, 461 N.E.2d 447, 451-52 (1983) (retinal surgery practice that operated as a sole proprietorship before marriage, and was incorporated as a professional corporation during the marriage, remained a nonmarital asset).

¶ 27 One of the cases cited by John–*In re Marriage of Wilder*–merits further discussion because the facts of that case are more closely aligned to the facts in the present case. We do not believe it supports John's argument, however. Dr. Wilder's former business entity was a "sole proprietorship," and was set up before marriage. *In re Marriage of*

Wilder, 122 Ill. App. 3d at 345, 461 N.E.2d at 452. During the marriage, Dr. Wilder incorporated his business. *Id.* Upon incorporation, Dr. Wilder received 50% of the shares and a second doctor received the other 50% of the shares. *Id.* The trial court concluded that the corporate shares were not marital assets. *Id.* However, the trial court also said that classification was irrelevant because whether the asset was marital or nonmarital, the property division would be identical. *Id.* at 343-44, 461 N.E.2d at 451.

¶ 28 The appellate court in *In re Marriage of Wilder* determined that if the classification was erroneous, the error was harmless because the outcome would have been the same. *Id.* The appellate court then discussed the asset classification and concluded that the assets were nonmarital. *Id.* at 345, 461 N.E.2d at 452. Dr. Wilder transferred office furniture and equipment to the corporation in exchange for shares and a $5,000 loan, pursuant to the Instrument of Conveyance of Assets. *Id.* The office furniture and equipment were nonmarital assets. *Id.* Therefore, Dr. Wilder transferred nonmarital assets from the sole proprietorship to the corporation in exchange for shares and a loan. This transfer supported Dr. Wilder's argument that the corporation was merely a successor entity. The wife argued that Dr. Wilder also transferred patient files to the corporation; that at least some of those patients were acquired after the marriage; and therefore, those patient files represented marital assets. *Id.* The appellate court found that this argument was flawed, as the patient files were not listed as consideration for the shares in the Instrument of Conveyance of Assets. *Id.*

¶ 29 The *In re Marriage of Wilder* court did not discuss the change in ownership from sole owner of the surgical business to 50% ownership of corporate shares. Although this

fact aligns the *In re Marriage of Wilder* case more closely with the facts of this case, we do not conclude that this case supports the successor entity proposition advanced by John. The foundation of the *In re Marriage of Wilder* court's decision was the specific, detailed exchange of premarital assets for the husband's shares in the new corporation, as outlined in the Instrument of Conveyance of Assets, not the continuity of the business ownership and membership. As such, the holding in this case does not stand for the legal theory advanced by John.

¶ 30 ANALYSIS OF THE PARTNERSHIP

¶ 31 In this case, the partnership consisted of two equal partners–John and his brother, Joseph. The percentage allocated to each partner was 50%. The partnership was formalized with a detailed partnership agreement outlining the purposes of the partnership as well as operational details and procedures related to adding partners and ending the partnership.

¶ 32 An "Amended Agreement" was created by the partners and dated the same date as the Partnership Agreement. This agreement was between John and his brother Joseph as partners and five "investors." The agreement allows the investors to provide additional funds for the tax liens business. The terms of the agreement do not label the investors as partners, and clearly distinguish between the two partners and the five investors. Although the title of the document contains the adjective "amended," it is unclear what agreement it amends. The agreement sets forth the amount of money each investor was putting into the partnership. And while the agreement states that "it is the desire of those to form a new partnership without [two men] who withdrew from the former partnership

dated June 6, 1986," it does not directly or indirectly add partners to the original partnership. In another portion of the agreement, the document is referred to as a "joint venture." The agreement provided that after five years, John and Joseph had the right to purchase the investors' interest for the initial amount of the investment plus a 30% premium. Pursuant to the amended agreement, the partnership profits would be allocated 60% to John and Joseph, and 40% to the five investors on a *pro rata* basis dependent upon how much each invested. Although the partnership added investors, the governing documents are clear that the partnership consisted of only the two original partners.

¶ 33 John does not argue that the investors were partners; however, he testified in a deposition that the investors were "treated" like partners. He urges this court to find that an "investor" has the identical legal status as a "partner." He cites no legal authority for this proposition.

¶ 34 Participation in the profits of a partnership does not automatically create a partnership interest. *Argianas v. Chestler*, 259 Ill. App. 3d 926, 941, 631 N.E.2d 1359, 1368 (1994) (citing *Rizzo v. Rizzo*, 3 Ill. 2d 291, 300, 120 N.E.2d 546, 551 (1954)). Furthermore, partner relationships are governed by the partnership agreement, and in this case, the investors are not included as "partners" in the partnership. 805 ILCS 206/103(a) (West 2012). Additionally, the terms of the partnership agreement and the amended agreement are different with respect to duties and obligations: the partners have duties and obligations, whereas the investors share in profits earned, but have no duties or obligations. Also, the "amended agreement" does not contain any provisions incorporating any portion of the "partnership agreement" or identifying that agreement as

the agreement it is intended to modify. The agreement at issue is simply a written understanding of how these investors would recoup their investments and receive a smaller share of the partnership profits.

¶ 35 We disagree with John's argument that the partnership investors were partners. The wording of the agreement expressly distinguishes the two categories of partnership participants. Furthermore, partners and investors have different legal obligations in a partnership setting. Accordingly, we conclude that only John and Joseph were partners in Partners of VI.

¶ 36 COMPARISON OF PARTNERSHIP AND CORPORATION

¶ 37 We next turn to the corporate entity, VI, Inc. to analyze the issue of successor continuity. After the marriage, VI, Inc. was formed to replace the Partners of VI. In addition to the change in the business structure, the ownership interest changed. Instead of two participating members, several other men joined John and Joseph as shareholders and owners of the business. Upon creation of VI, Inc., John's interest fell from 50% as a partner to 38% as a shareholder, while Joseph's share fell from 50% as a partner to 31% as a shareholder. Four of the partnership investors became shareholders in VI, Inc. These shareholders were to proportionately divide the 31% balance of the profits.

¶ 38 In addition to the factual ownership distinctions that occurred when John's status changed from being a partner to being a shareholder, there are other important differences between a partnership and a corporation. In comparing a partnership with a corporation, there are key differences in liability of the partners versus the shareholders. Partners remain jointly and severally liable for debts of the partnership. 805 ILCS 206/306(a)

(West 2012). In contrast, a shareholder of a corporation exists separate and distinct from the corporate entity, and is not responsible for the corporation's debts. *Apollo Real Estate Investment Fund, IV, L.P. v. Gelber*, 398 Ill. App. 3d 773, 787, 935 N.E.2d 949, 961-62 (2009).

¶ 39 Based upon our review of the partnership and corporate documents contained within the record and our review of the law, we concur with the trial court's judgment that VI, Inc. is a different entity than Partners of VI, and therefore that VI, Inc. shares are marital assets. The corporation does not embody the identical interests of the partnership. We recognize that the underlying business conducted by both entities was the same. However, by incorporating, the identity differences between partners and investors changed. All of these individuals became shareholders of VI, Inc. Any distinction between partners and mere investors disappeared.

¶ 40 BURDEN OF PROOF

¶ 41 The party asserting that an asset is nonmarital bears the "burden of proving by convincing evidence that the property was not intended to become an asset of the marital partnership." *In re Marriage of Parr*, 103 Ill. App. 3d 199, 205, 430 N.E.2d 656, 661 (1981). John has failed to establish that he acquired the corporate shares by any of the exceptions listed in section 503(a)(1)-(7) of the Illinois Marriage and Dissolution of Marriage Act (750 ILCS 5/503(a)(1)-(7) (West 2012)). As previously stated, by adding shareholders, the business structure changed, and there is inadequate proof that VI, Inc. is merely a successor entity. Furthermore, John provides no explanation or proof of consideration he provided the corporation in exchange for his shares. Thus, there is no

way that a reviewing court can trace the assets invested in VI, Inc. back to the Partners of VI, as the appellate court was able to do in *In re Marriage of Wilder*. Accordingly, because we concur with the trial court that VI, Inc. is not the successor entity to Partners of VI, John's shares in VI, Inc. are marital, and are subject to division pursuant to section 503(b) of the Illinois Marriage and Dissolution of Marriage Act (750 ILCS 5/503(b) (West 2012)).

¶ 42 Valuation of Interest in VI, Inc.

¶ 43 John next argues that the trial court was incorrect in setting the value of his 50% share in VI, Inc. at $2,370,386. The valuation of marital property is a factual question that is subject to the manifest weight of the evidence standard on review. *In re Marriage of Hubbs*, 363 Ill. App. 3d 696, 699-700, 843 N.E.2d 478, 482-83 (2006). A judgment is against the manifest weight of the evidence only when an opposite conclusion is apparent or when the findings appear to be unreasonable, arbitrary, or not based on the evidence. *Leonardi v. Loyola University of Chicago*, 168 Ill. 2d 83, 106, 658 N.E.2d 450, 461 (1995) (citing *Bazydlo v. Volant*, 164 Ill. 2d 207, 647 N.E.2d 273 (1995)). Any conflicts in testimony regarding the valuation of marital assets are matters to be resolved by the trier of fact. *In re Marriage of Lee*, 246 Ill. App. 3d 628, 637, 615 N.E.2d 1314, 1321 (1993). The trial court must value marital assets as they exist on the date of the dissolution, even when the trial is bifurcated. See *In re Marriage of Mathis*, 2012 IL 113496, ¶ 30, 986 N.E.2d 1139; *In re Marriage of Claydon*, 306 Ill. App. 3d 895, 900, 715 N.E.2d 1201, 1204 (1999).

¶ 44 In this case, the trial court dissolved the marriage on March 28, 2014. The valuation date of the assets should be close in time to the date of the "trial." *In re Marriage of Mathis*, 2012 IL 113496, ¶ 21, 986 N.E.2d 1139. The trial court was presented with two disparate valuations.

¶ 45 John hired an expert, Brian D. Brown, to value VI, Inc. Brown's report is dated March 24, 2014. Brown lists the total value[1] of the tax liens business at $3,200,000, but subtracts anticipated losses in the next three years, to arrive at a value of $2,170,900. Brown acknowledges that there are additional income-producing assets owned by VI, Inc. and listed on the 2013 year-end balance sheet as having a value of $988,000. Brown claims that the assets have consistently lost money, but his report contains no verification of this fact. In conclusion about these real estate assets, Brown states: "We are not licensed real estate appraisers, and therefore we cannot set a firm valuation on such assets." Other than this report, which only contained the expert's valuation of the tax liens business and an uncertain valuation of the real estate assets, John provided no other evidence of the value of VI, Inc.

¶ 46 Angela chose to rely upon financial statements prepared by John in May 2013. The May 2013 documents were prepared in order to refinance a loan at First National Bank of St. Louis. John listed the value of his "Asset Accounts" in the May 2013 statement at $2,370,386, and later testified in his deposition that the value of his VI, Inc.

[1]Presumably, this report represents the total value–and not just the value of John's shares.

shares listed in this May 2013 financial statement was "true and correct." Angela testified that John's father told her that the value was in reality higher than that amount–approximately $3 million. No testimony at trial contradicted this statement. Additionally, the trial court heard evidence that in early 2014, Joseph, John's brother, attempted to sell the tax liens portion of VI, Inc. for $4 million, plus an annual consulting contract of $125,000 per year.

¶ 47 The trial court stated in its order that "Brown's report is replete with errors including mathematical errors regarding the value of certificates held by VI, Inc., the percentage change in VI Inc.'s inventory from 2011 to 2013 and the corporation's various expenses." The court noted that Brown testified that despite the errors, his valuation would not change. Brown also contended at trial that the financial structure of Dowling's purchase offer supported his valuation conclusion. Dowling's purported offer in the spring of 2014 was to pay $1 million for the tax liens ($500,000 in cash, plus $500,000 to John's brother Joseph for consultant fees), leaving VI, Inc. with ownership of real estate and cash assets valued at $1,440,000. The trial court found this argument to be "incredible," and concluded that Brown's evaluation lacked credibility.

¶ 48 On appeal, John argues that the trial court should not have discounted his expert's valuation. He further contends that the trial court should have accepted his valuation because of its proximity in time to the date that the trial court dissolved the marriage. In this case, the trial court was faced with conflicting evidence as to the value of VI, Inc. The trier of fact must resolve conflicts in evidence as to valuation. *In re Marriage of Lee*, 246 Ill. App. 3d at 637, 615 N.E.2d at 1321. Valuation testimony from John, his brother,

and uncontradicted statements made by his father, all support a value higher than proposed by John's valuation expert.

¶ 49 Although John's financial statement prepared for the bank was dated May 2013, about 10 months before the parties were divorced, the attempts to sell the tax liens business for $4 million in the spring of 2014 were closer in time to the divorce, and thus the court could have based its valuation on that testimony. John maintains that the trial court should have accepted his expert's much lower valuation. Because the trial court concluded that John's valuation was not credible, the court used the value John listed in his financial statement–$2,370,386. However, upon review of the financial documents at issue, John listed the value of VI, Inc. at $2,025,386. VI, Inc. was listed in an assets category on the financial statement entitled "Other Assets." In addition to VI, Inc., two other assets, Star Centre and Star Centre 800, were listed. The total value of the "Other Assets"–VI, Inc. plus these two other assets–was listed as $2,370,386. We do not find that the trial court's decision to disregard John's proposed valuation was contrary to the manifest weight of the evidence. However, we believe that the trial court incorrectly based its valuation on the total "Other Assets" amount listed in the financial statement John prepared, and not just on the amount listed for VI, Inc. Because we believe that the dollar amount for the shares of VI, Inc. is potentially $345,000 less than the amount the court used, we remand this issue to the trial court to confirm the correct value. For that reason, we are not able to affirm the amount ordered, but are remanding the issue back to the trial court for clarification.

¶ 50 Dissipation of Marital Assets

¶ 51 John next argues that the trial court erred in finding that he dissipated marital assets by transferring his VI, Inc. shares to Joseph and to his father. Dissipation of marital assets is one of the factors the trial court must consider in the distribution of marital property. 750 ILCS 5/503(d) (West 2012). Courts have defined dissipation of marital assets as the " 'use of marital property for the sole benefit of one of the spouses for a purpose unrelated to the marriage at a time that the marriage is undergoing an irreconcilable breakdown.' " *In re Marriage of Holthaus*, 387 Ill. App. 3d 367, 374, 899 N.E.2d 355, 361-62 (2008) (quoting *In re Marriage of O'Neill*, 138 Ill. 2d 487, 497, 563 N.E.2d 494, 498-99 (1990)).

¶ 52 In this case, there is no question that the marriage broke down in March 2013. John and Angela had an altercation stemming from Angela's refusal to sign financial documents. As a result, John moved out, and the two thereafter lived separately. Furthermore, we have already determined in this order that John's shares in VI, Inc. were marital assets. Additionally, on July 21, 2013, John contacted Angela and threatened that he would transfer all of his VI, Inc. shares to Joseph and his father if she would not execute a new financial guarantee on an outstanding bank loan. Then, on July 22, 2013, John did so. The record contains no proof of consideration John received in exchange for these shares, other than his statement that his father would guarantee the loans, and that his brother would keep the business going–neither of which replaces the assets that he transferred. We find that the trial court's order of dissipation was correct and was not contrary to the manifest weight of the evidence. *In re Marriage of Hubbs*, 363 Ill. App.

3d at 699-700, 843 N.E.2d at 482-83 (citing *In re Marriage of Vancura*, 356 Ill. App. 3d 200, 825 N.E.2d 345 (2005)).

¶ 53 Attorney Fees

¶ 54 Finally, John argues that the trial court erred in awarding Angela attorney fees. In this case, the trial court awarded attorney fees because it determined that John filed a false pleading and increased litigation expenses related to the unauthorized transfer of his VI, Inc. shares. John argues that the award amounts to improper sanctions.

¶ 55 Illinois Supreme Court Rule 137(a) mandates that any pleading filed by a party represented by counsel must be signed by the attorney, and that signature constitutes a certificate acknowledging as follows:

> "that to the best of his knowledge, information, and belief formed after reasonable inquiry it is well grounded in fact and is warranted by existing law or a good-faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation." Ill. S. Ct. R. 137(a) (eff. July 1, 2013).

If a party files a pleading in violation of this rule, the court maintains the authority to impose an appropriate sanction upon the person who signed the pleading, the party, or both. *Id.*

¶ 56 Angela filed her petition for divorce on August 1, 2013. On that date, the trial court granted Angela's petition for a temporary restraining order preventing John from transferring his shares. On August 29, 2013, John responded to her request for a

restraining order and denied that he threatened to transfer his stock and also denied that he transferred the stock. As John had already transferred his VI, Inc. shares on July 22, 2013, this pleading was false, and thus frivolous. Angela did not learn the truth until March 2014 when John complied with her discovery requests. Additionally, while the injunction was on file, John actively tried to sell the tax liens business. Dowling testified at trial that at all times when he was in negotiations with John, he believed that John still owned half of VI, Inc.

¶ 57 We agree with the trial court's finding and conclusion that John misled Angela and the court by filing false pleadings and thereby increasing litigation expenses. We find no basis to set aside the trial court's attorney fees award.

¶ 58 CONCLUSION

¶ 59 For the foregoing reasons, the judgment of the circuit court of St. Clair County is hereby affirmed in part, and remanded with directions.

¶ 60 Affirmed in part; remanded with directions.