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2018 IL App (3d) 150742-U

Order filed January 17, 2018

IN THE
APPELLATE COURT OF ILLINOIS
THIRD DISTRICT

2018

WILLIAM O'DONNELL and)	Appeal from the Circuit Court
MARILYN O'DONNELL,)	of the 12th Judicial Circuit,
)	Will County, Illinois,
Plaintiffs-Appellees and)	
Cross-Appellants,)	
)	
v.)	Appeal No. 3-15-0742
)	Circuit No. 13-CH-892
NANCY J. ROWLEY, individually and as)	
Executor of the ESTATE OF JAMES F.)	
ROWLEY, WILLOW TREE FARM, LLC,)	
and ROWLEY FARMS, LTD.,)	
)	Honorable
Defendants-Appellants and)	Theodore J. Jarz,
Cross Appellees.)	Judge, Presiding.

JUSTICE HOLDRIDGE delivered the judgment of the court.
Presiding Justice Carter and Justice Wright concurred in the judgment.

ORDER

¶ 1 *Held:* The trial court did not abuse its discretion when it (1) awarded the defendants' \$2,815 in attorney fees for defending against the plaintiffs' initial complaint and (2) denied the defendants attorney fees for the remainder of the lawsuit.

¶ 2 The defendants, Nancy J. Rowley, individually and as Executor of the estate of James F. Rowley, Willow Tree Farm, LLC, and Rowley Farms, Ltd., appeal from the circuit court's

judgment granting their motion for Rule 137 sanctions in part and denying it in part. The plaintiffs, William O'Donnell and Marilyn O'Donnell, cross-appeal, arguing that the court erred when it awarded Nancy \$2,815 in attorney fees and found those fees to be reasonable.

¶ 3

FACTS

¶ 4

Marilyn O'Donnell and her brother, James Rowley, inherited the family farm when their mother died in 1984. It consisted of approximately 70 acres, which included a parcel of land that housed James' insurance business (office parcel). The family farm and its farming operations were incorporated as Rowley Farms, Ltd., and Marilyn and James were 50/50 shareholders.

¶ 5

In January 1997, Marilyn and James, along with their respective spouses, William O'Donnell and Nancy Rowley, established Willow Tree Farm, LLC (Willow Tree). Each couple jointly owned a 50% interest in Willow Tree and James was the managing member. Soon thereafter, ownership of the family farm was transferred to Willow Tree. The parties contemplated that the farm property would eventually be developed as a large residential subdivision. Willow Tree's operating agreement contained an option for James and Nancy to purchase the office parcel during their lifetimes.

¶ 6

In December 2008, James and Nancy, through Willow Tree's attorney, Andrew White, expressed to William and Marilyn in a disclosure letter that they wished to buy the office parcel. The letter proposed the sale of the office parcel for its appraised value of \$235,000 by an installment sale, where interest and principal would be paid to Willow Tree, "possibly" over a period of 20 years. Attached to the letter was a copy of the appraisal, a survey, an IRS circular explaining the tax consequences of the transaction, and a memorandum of action for all members to sign if they approved of the sale. The letter also advised all members of Willow Tree that attorney White had a conflict of interest as a result of representing both the buyer and the seller,

and he invited the members to consult with independent counsel.

¶ 7 After receiving the disclosure letter and the accompanying documents, all parties signed the accompanying memorandum of action. The memorandum of action provided:

“The undersigned members of Willow Tree Farm, LLC., an Illinois Limited Liability Company, take the following action, by consent and in lieu of a special meeting, as if by unanimous vote, and waive all notice of such meeting.

Willow Tree Farm, LLC, an Illinois Limited Liability Company sale of real estate to James and Nancy Rowley.

WHEREAS, the Members of Willow Tree Farm LLC., heretofore deemed it to be in the best interests of the Corporation to sell 1.20 Acres owned by Willow Tree Farm, LLC to James and Nancy Rowley for the gross sales price of \$235,000; and,

NOW, THEREFORE, BE IT RESOLVED that the President, of this Company, or any other officer of this Company acting alone be, and hereby is, authorized and directed to execute in the name of, and on behalf of this corporation any and all documents reasonably necessary to effectuate the sale of the Exhibit A real property.”

¶ 8 In January 2009, James, as Willow Tree’s managing member, transferred the office parcel from Willow Tree to himself and Nancy. Thereafter, James and Nancy executed a mortgage on the office parcel in favor of Willow Tree to secure a promissory note. The promissory note was for the principal amount of \$235,000 with an interest rate of 3.75% per annum (the long-term applicable federal rate) for a 30-year term. Around the same time that the sale of the office parcel was finalized, Marilyn and James negotiated James’ purchase of

Marilyn's one-half interest in Rowley Farms. James provided Marilyn with a summary of Rowley Farms' assets and the value of her interest. Marilyn received and cashed \$10,693.58 in checks for her one-half interest.

¶ 9 In May 2012, James died. Pursuant to Willow Tree's operating agreement, Marilyn and Nancy became co-managers of Willow Tree.

¶ 10 I. The Initial Complaint

¶ 11 In February 2013, counsel for William and Marilyn sent correspondence to Nancy's counsel, seeking documents related to the parties' property. Three weeks later, after receiving no response, William and Marilyn filed a complaint against Nancy, James' estate, and Willow Tree. The complaint alleged that the transfer of the office parcel was fraudulent and it was done without William's and Marilyn's knowledge or consent. The complaint set forth three counts based on this allegation: (1) an accounting for Willow Tree, (2) quiet title, and (3) establishment of a constructive trust.

¶ 12 In April 2013, Nancy's counsel, on behalf of Nancy in her individual capacity and as Executor of James' estate, filed a combined motion to dismiss (735 ILCS 5/2-619.1 (West 2012)). Her motion first argued that the amended complaint failed to state a cause of action against the estate and should be dismissed because the estate had no interest in the office parcel. Second, she argued that all four members of Willow Tree had knowledge and approved of the sale of the office parcel to James and Nancy. Attached to her motion to dismiss was the quit claim deed transferring the family farm to Willow Tree, Nancy's affidavit, an appraisal of the office parcel dated November 2008, the 2008 disclosure letter from attorney White, the signed memorandum of action, a quit claim deed transferring the office parcel to James and Nancy, the recorded mortgage, the promissory note, and tax documents indicating that members of Willow

Tree received a distribution and paid taxes on the income from the mortgage payments.

¶ 13

II. The First Amended Complaint

¶ 14

In May 2013, William and Marilyn filed a motion for leave to file an amended complaint. The circuit court granted their request without objection. The amended complaint removed William and Marilyn's prior allegation that the sale of the office parcel was done without their knowledge or approval. Instead, the basis for their amended complaint was that the memorandum of action only authorized the sale of the office parcel for \$235,000 and it did not authorize payment pursuant to a promissory note and mortgage. Additionally, it alleged that James and Nancy failed to disclose that the payment term was for 30 years. The amended complaint set forth four counts based on these allegations: (1) breach of fiduciary duty by James and Nancy; (2) a declaratory judgment declaring the sale of the office parcel as fraudulent, setting aside the sale, and reverting the property back to Willow Tree as it was prior to the sale; (3) establishment of a constructive trust; and (4) an accounting for Willow Tree.

¶ 15

In July 2013, Nancy filed a combined motion to dismiss (735 ILCS 5/2-619.1 (West 2012)) the amended complaint. First, the motion alleged that William and Marilyn had knowledge of the sale and consented to it. Second, the motion alleged that Nancy did not owe a fiduciary duty to Willow Tree or its members because she was not the manager when the sale of the office parcel was contemplated or completed.

¶ 16

In October 2013, the court held a hearing on Nancy's motion to dismiss the amended complaint. The court granted the motion without prejudice and granted William and Marilyn leave to file another amended complaint. The court noted that the amended complaint did not properly plead a cause of action for breach of fiduciary duty and that more needed to be alleged for the fraud allegation.

¶ 17

III. The Second Amended Complaint

¶ 18

In November 2013, the trial court granted William and Marilyn leave to add Rowley Farms as a defendant and they filed their second amended complaint containing six counts.

¶ 19

Count I requested an accounting of Willow Tree based on the allegations that James breached his fiduciary duty as managing member and James and Nancy both engaged in self-dealing by failing to disclose their intent to execute a promissory note for a 30-year period and obtain written consent from William and Marilyn to execute any promissory note.

¶ 20

Count II requested an accounting of Rowley Farms based on the allegation that Marilyn did not consent to the sale of her interest in Rowley Farms to James.

¶ 21

Count III alleged that James breached his fiduciary duty and engaged in self-dealing as managing member of Willow Tree when he purchased the office parcel with a promissory note payable over a period 10 years longer than what was disclosed and without receiving proper written consent. William and Marilyn alleged that they were damaged in that they would not have consented to the sale had they known the actual terms of the sale.

¶ 22

Count IV alleged that James and Nancy perpetrated fraud when they advised William and Marilyn that the purchase of the office parcel may be done under a 20-year promissory note but then executed a promissory note payable over a longer period of time. William and Marilyn also alleged that James and Nancy intended that they rely on their statements when they consented to the sale and that they would not have consented to the sale had they known its actual terms.

¶ 23

Count V requested a declaratory judgment stating that the sale of the office parcel was void, setting aside the sale, and reverting ownership of the office parcel back to Willow Tree.

¶ 24

Count VI requested a declaratory judgment stating that the sale or transfer of Marilyn's one-half interest in Rowley Farms to James was void, setting aside the sale, and declaring

Marilyn as a 50% shareholder of Rowley Farms.

¶ 25 In June 2014, Nancy’s counsel filed a motion for Illinois Supreme Court Rule 137 (eff. July 1, 2013) sanctions and sought attorney fees of \$21,854. She argued that William and Marilyn’s complaints continued to raise the same or very similar claims that the court previously rejected when it granted her motion to dismiss.

¶ 26 In October 2014, the court heard arguments on Nancy’s motion for attorney fees. Over William and Marilyn’s objection, the court allowed Nancy to withdraw her motion without prejudice and with leave to refile. The next day, William and Marilyn filed a motion to voluntarily dismiss counts II and VI in their second amended complaint against Rowley Farms. Their motion was granted without objection.

¶ 27 In March 2015, William and Marilyn filed a motion for summary judgment, which the court denied.

¶ 28 IV. Trial

¶ 29 In May 2015, the court held a trial on the remaining counts. The testimony presented demonstrated that James used the office parcel to operate his insurance business for many years. Prior to the sale of the office parcel, attorney White sent a disclosure letter to William and Marilyn regarding the planned sale. The letter suggested a price based on an appraised value to be paid with a note and mortgage by Willow Tree for “possibly” over 20 years. Before the closing, no documentation or evidence disclosed the 30-year loan term. The sale was completed by a conveyance of the office parcel in exchange for a 30-year term promissory note secured by a mortgage. James and Nancy did not make a down payment or obtain financing from a third party. As a result, the only income that William and Marilyn received from the sale was from monthly installment payments under the promissory note.

¶ 30 Marilyn testified, that at the time of trial, she was 88 years old and was 82 years old at the time of the sale of the office parcel. She stated that she would not have agreed to the 30-year loan, as opposed to the 20-year term disclosed in attorney White's letter, because she did not expect to live that long. The only financial documents she regularly received were tax returns and James did not send documents showing income, receipts, or expenditures for Willow Tree. She acknowledged the tax returns prepared by Willow Tree's accountant that demonstrated the annual distributions she received following the sale of the office parcel. She had limited memory of seeing or signing the various documents presented and could only recall with certainty that she did not agree to a 30-year note.

¶ 31 Nancy testified, that up to James' death, he handled all of the finances for Willow tree and maintained the property. Nancy stated that attorney White sent the disclosure letter to all members of Willow Tree. She confirmed that the letter stated the purchase price of the office parcel was \$235,000 with a note payable "possibly" over 20 years. Nancy did not tell Marilyn or William that the mortgage was for 30 years and she could not testify as to what James told them.

¶ 32 Attorney White testified that he wrote the disclosure letter and sent it to all members of Willow Tree. He testified that Willow Tree's operating agreement granted James and Nancy an absolute right to purchase the parcel. He stated that Willow Tree was manager-managed and that James, as its manager, ordinarily would have sole authority to independently complete the sale of the office parcel without the approval of the members. However, he wrote the disclosure letter so that the members would have knowledge of the transaction. He stated that the transaction would not have proceeded if all members did not sign the memorandum of action. His purpose of sending the memorandum of action was to determine whether any member disagreed with the transaction before it was completed. At the time he wrote the disclosure letter, he did not tell the

members whether the note would be payable for a 20-year term because he believed that the financing terms had not been decided. However, he stated that structuring the transaction as an installment sale was beneficial to all concerned for tax purposes. He further stated that James never instructed him to tell the members that 20 years would be the term of the note and mortgage instead of 30 years to convince the members to agree to the sale. Instead, the purpose of mentioning the installment sale was to point out an option that James wanted to pursue and explain why it made sense.

¶ 33 At the close of William and Marilyn's case, they sought damages for breach of fiduciary duty and fraud, an accounting from Willow tree, and a return of the office parcel to the ownership of Willow Tree.

¶ 34 Nancy moved for a directed verdict, which the court granted. The court concluded that: (1) no evidence was presented that William and Marilyn demanded financial records that had not been provided, (2) the evidence did not support a finding that the difference between a 20-year and a 30-year installment note was a material term of the sale, (3) the 20-year term was a possible term and not a specific term, (4) no evidence was presented that a misrepresentation was made by Nancy, and (5) the sale would not be rescinded.

¶ 35 V. Sanctions

¶ 36 In June 2015, Nancy filed a motion for sanctions. The motion alleged, that Marilyn, William, and their attorneys repeatedly signed and filed pleadings that contained material misstatements of fact that they knew or should have known to be false and/or misleading upon reasonable inquiry. Nancy requested the amount of \$89,812.58 for attorney fees.

¶ 37 In September 2015, the court issued a written order on Nancy's motion for sanctions. The court noted that it was unclear when William and Marilyn's counsel first became aware of the

disclosure letter from attorney White, the signed memorandum of action, or the operation agreement (which were critical to Nancy's motion for sanctions). The court stated that it would be reasonable to expect that William and Marilyn's counsel would at least obtain a copy of Willow Tree's operating agreement during the initial investigation of the claim prior to filing suit, which would have led counsel to the provision authorizing sale of the office parcel and ultimately the disclosure letter from attorney White and the signed memorandum of action. However, the court noted that the reasonable investigative steps depended upon William's and Marilyn's ability to locate documents and remember events with clarity—but their age, memory, and ability to recall events along with debilitated health status seemed likely to have limited their capacity to assist with their counsel in this manner. Last, the court noted that William and Marilyn's counsel initially inquired into the ownership of the farm in letter dated February 8, 2013, and after receiving no response, filed their complaint on February 29, 2013.

¶ 38 The court concluded that William and Marilyn's original complaint was filed without completing the investigation to confirm formal ownership of the farm and without waiting for a response refusing the requested accounting. Nancy's motion to dismiss the original complaint showed that William and Marilyn consented to the sale. The court stressed that if William and Marilyn's counsel had waited for a response to their February 8 letter before filing their original complaint, which contained factually erroneous allegations that the property was transferred without their knowledge or consent, the preparation of Nancy's initial motion to dismiss would have been avoided. The original complaint caused a needless increase in the cost of litigation.

¶ 39 The court ordered attorney fees of \$2,815 for the cost of Nancy's motion to dismiss William and Marilyn's original complaint. The court found that the billing invoices that Nancy provided to the court from March 12, 2013, through the hearing on the motion on April 15, 2013,

appeared to include charges that were duplicitous or not adequately explained regarding the time period her counsel devoted to the motion to dismiss the original complaint.

¶ 40 The court denied Nancy's request for attorney fees for William and Marilyn's amended complaints and the actions that followed. The court noted that the exhibits supporting the original motion to dismiss indicated that the mortgage would "possibly" extend over 20 years. The first and second amended complaints alleged the 30-year mortgage as the basis for the claims of breach of fiduciary duties and fraud. The court stated that when it granted Nancy's motion to dismiss the first amended complaint, it demonstrated that the court determined that the allegations were insufficient and further specific descriptive information needed to be set forth to state a cause of action. Nonetheless, the complaints alleged that neither Marilyn nor William consented to the 30-year mortgage term and the documents submitted by Nancy only demonstrated that William and Marilyn consented to a term "possibly" over 20 years.

¶ 41 The court also found that a fact issue was presented by the pleadings as to whether the 30-year term was a material breach from the term disclosed and given consent. The court explained that whether the 30-year term was a material breach was a question of fact for the court to determine based on the evidence presented. Further, the court noted it would have been inappropriate for the court to dispose of the case through a motion to dismiss or summary judgment because of the presence of the material issue of fact. The court stated, that although William and Marilyn's complaints were poorly drafted, they did not cause Nancy to incur needless legal expenses that would have otherwise been avoided. The court concluded that William and Marilyn's failed attempts were neither harassing nor vexatious actions totally lacking a factual basis.

¶ 42 These appeals followed.

¶ 43

ANALYSIS

¶ 44

Illinois Supreme Court Rule 137 requires that every pleading, motion, and other document shall be signed by at least one attorney of record or a *pro se* party. Ill. S. Ct. R. 137(a) (eff. July 1, 2013). The individual's signature constitutes a certification that he or she has met the duties of reading, reasonable inquiry, and proper purpose. These duties require that (1) the signer read the document; (2) the signer performed a "reasonable inquiry" and has concluded to the best of his or her knowledge, information, and belief that the document is well grounded in fact, supported by existing law, or contains a good-faith basis for modification, reversal, or extension of the law; and (3) the document is not interposed for any "improper purpose" such as harassment, unnecessary delay, or needless increase in the cost of litigation. See *id.*

¶ 45

If a party or an attorney violates Rule 137, the court may, upon motion or *sua sponte*, impose sanctions upon the individual who signed the filing, the represented party, or both. *Lake Environmental, Inc. v. Arnold*, 2015 IL 118110, ¶ 13. The purpose of Rule 137 is to prevent abuse of the judicial process by claimants who make vexatious or harassing claims based on unsupported allegations of fact or law, not to penalize litigants and their attorneys because they were zealous but unsuccessful. *In re Estate of Hanley*, 2013 IL App (3d) 110264, ¶ 79. Because Rule 137 is penal in nature, it must be strictly construed. *Id.*

¶ 46

We review a trial court's ruling on sanctions for an abuse of discretion. *Commonwealth Edison Co. v. Munizzo*, 2013 IL App (3d) 120153, ¶ 45. An abuse of discretion will be found only where the trial court's ruling is " 'arbitrary, fanciful, unreasonable, or where no reasonable person would take the view adopted by the trial court.' " *Blum v. Koster*, 235 Ill. 2d 21, 36 (2009) (quoting *People v. Hall*, 195 Ill. 2d 1, 20 (2000)). "When reviewing a decision on a motion for sanctions, the primary consideration is whether the trial court's decision was

informed, based on valid reasoning, and follows logically from the facts.” *Technology Innovation Center, Inc. v. Advanced Multiuser Technologies Corp.*, 315 Ill. App. 3d 238, 244 (2000).

¶ 47 I. The Complaints

¶ 48 In this case, the trial court awarded Nancy \$2,815 in attorney fees for defending against William and Marilyn’s initial complaint. However, the court denied her request for sanctions for the remainder of the lawsuit. Both parties appeal. For clarity, we address William and Marilyn’s cross-appeal first because it pertains to their initial complaint, then we address Nancy’s appeal concerning the amended complaints that followed.

¶ 49 A. The Initial Complaint

¶ 50 In their cross-appeal, William and Marilyn argue that the court erred when it (1) entered sanctions against them for the filing of their initial complaint because no evidence was presented that they failed to adequately investigate the sale of the office parcel and (2) found opposing counsel’s attorney fees for Nancy’s motion to dismiss to be reasonable. Nancy argues that the court’s sanctions award was not an abuse of discretion because the initial complaint contained false allegations as a result of counsel’s failure to conduct a reasonable investigation.

¶ 51 Nancy’s motion for sanctions argued that the individual that signed the pleadings knew or would have known, upon reasonable inquiry, that the material allegations of fact put forth in the pleadings were false. To satisfy Rule 137, a claimant is required to make a reasonable inquiry into the facts alleged in the pleading, and it is not sufficient that the claimant honestly believed that the allegations raised were grounded in fact or law. *Sterdjovich v. RMK Management Corp.*, 343 Ill. App. 3d 1, 19 (2003). Accordingly, trial courts use an objective standard when determining whether the signing party made a reasonable inquiry before filing his pleading based

on the circumstances at the time of filing. *Yunker v. Farmers Automobile Management Corp.*, 404 Ill. App. 3d 816, 824 (2010).

¶ 52 William and Marilyn's initial complaint filed on February 8, 2013, alleged that the transfer of the office parcel was done without their knowledge and consent. This allegation was their basis for requesting the court to order an accounting of Willow Tree, quiet title, and establish a constructive trust. Nancy filed a motion to dismiss the complaint and attached a copy of attorney White's disclosure letter, the signed memorandum of action, and tax documents that revealed that William and Marilyn received income from the sale of the office parcel. Nancy's motion to dismiss and the exhibits attached thereto demonstrated that William and Marilyn knew or should have known that they had knowledge and/or consented to the sale of the office parcel.

¶ 53 The issue is whether a reasonable inquiry was conducted before the filing of the complaint. William and Marilyn's counsel sent a letter to Nancy's counsel dated February 8, 2013, to confirm formal ownership of the farm. This demonstrates that counsel was attempting to satisfy the duty of reasonable inquiry prior to filing the complaint. This was an objectively reasonable action for counsel to take based on the circumstances that existed at that time. However, after failing to receive a response to the letter after almost three weeks, counsel decided to file a complaint on February 28, 2013, which included factually erroneous allegations that resulted in the preparation of the motion to dismiss.

¶ 54 The trial court found that counsel's failure to wait for a response after merely three weeks was unreasonable. Failure to receive a response after three weeks did not relieve counsel of the duty to conduct a reasonable inquiry. Had counsel waited a reasonable amount of time for a response, the false allegations would have been avoided, and it would have spared Nancy from the legal expenses that she incurred for her motion to dismiss. The court's ruling that counsel

failed to conduct a reasonable inquiry was informed, based on valid reasoning, and followed logically from the facts. Thus, the court did not abuse its discretion when it found that counsel failed to conduct a reasonable inquiry that resulted in a needless increase in the cost of litigation.

¶ 55 Next, we address the reasonableness of the trial court's award of \$2,815 in attorney fees. William and Marilyn vaguely argue that the court's award was unreasonable because insufficient evidence was provided to support Nancy's request for attorney fees.

¶ 56 Nancy's motion for sanctions for defending against the initial complaint requested \$6,499 in attorney fees. When the trial court ruled on the motion, it explained that the billing statements provided from March 12, 2013, the date Nancy filed her motion to dismiss, to April 15, 2013, the date the court held a hearing on the motion to dismiss, contained duplicative charges or those not adequately explained to determine the time actually devoted to the motion to dismiss.

¶ 57 It is well settled that a party seeking an award of attorney fees has the burden to present sufficient evidence to enable a trial court to determine the reasonableness of the fees requested. *Williams v. Montgomery & John Limited v. Broaddus*, 2017 IL App (1st) 161063, ¶ 49. Merely presenting bills issued to the client or listing work hours multiplied by an hourly rate will not justify an award for attorney fees. *Id.* Instead, the fee must specify the services performed, as well as the attorney who performed the services, sufficient detail of the time expended, and the hourly rate charged. *In re Marriage of Kane*, 2016 IL App (2d) 150774, ¶ 25. When determining the reasonableness of fees, the trial judge should scrutinize the records within the context of the case and may rely on his or her own experience. *Id.*

¶ 58 Our review of the record demonstrates that Nancy's invoice for the initial complaint is insufficient to support the reasonableness of all the fees requested. As the trial court noted, the invoice contained duplicative charges and lacked sufficient detail. Once the duplicative and

insufficiently described charges are removed from the invoice, we find that the remaining charges total approximately \$3,000. Thus, we cannot find that the court's decision to award \$2,815 in attorney fees was an abuse of discretion because its ruling was not arbitrary, fanciful, or unreasonable, and we cannot say that no reasonable person would take the view adopted it.

¶ 59

B. The Amended Complaints

¶ 60

Next, we address Nancy's appeal. Nancy argues that the trial court abused its discretion when it denied the majority of her motion for sanctions. More specifically, Nancy argues that William and Marilyn should have been sanctioned for the entire lawsuit since every claim contained in their initial complaint, first amended complaint, and second amended complaint was based on false allegations or without legal justification. William and Marilyn argue that sanctions for the entire action would have been improper because the lawsuit warranted a trial, their claims were based on a legitimate dispute, no evidence was presented that the claims were vexatious, and no evidence was presented that they failed to investigate their claims.

¶ 61

1. *The First Amended Complaint*

¶ 62

After Nancy filed her motion to dismiss the initial complaint, William and Marilyn filed a motion for leave to file an amended complaint, which the court granted.

¶ 63

The basis for William and Marilyn's first amended complaint stemmed from their revised allegation that the memorandum of action only demonstrated that they consented to the sales price of \$235,000 for the office parcel and that it did not contain authorization for payment by a promissory note and mortgage. Additionally, it alleged that James and Nancy failed to disclose that the payment term was for 30 years. The amended complaint set forth four counts based on these allegations: (1) breach of fiduciary duty by James and Nancy; (2) a declaratory judgment declaring the sale of the office parcel as fraudulent, setting aside the sale, and reverting the

property back to Willow Tree as it was prior to the sale; (3) establishment of a constructive trust; and (4) an accounting for Willow Tree.

¶ 64 Nancy filed a motion to dismiss the amended complaint, which the trial court granted. The court also granted William and Marilyn leave to amend their complaint and noted that it did not believe that their amended complaint properly pled breach of fiduciary duty and that they needed to allege more for the fraud allegation.

¶ 65 First, Nancy argues that she is entitled to sanctions for the first amended complaint because William and Marilyn's failure to reference the disclosure letter by attorney White was a contributing factor necessitating the filing of her second motion to dismiss. This argument overlooks William and Marilyn's assertion in the complaint at issue. Their stance was that they only provided written consent for the sales price of \$235,000, as demonstrated by the signed memorandum of action. Although it would be strategic for Nancy to respond with attorney White's letter to argue that the parties were *aware* of other possible terms of the sale, we fail to see how William and Marilyn's failure to address the disclosure letter violates Rule 137.

¶ 66 Second, Nancy argues that William and Marilyn should be sanctioned for the legal deficiencies in their first amended complaint. The trial court granted Nancy's motion to dismiss because it believed that the amended complaint did not properly plead breach of fiduciary duty and that more needed to be alleged for the fraud allegation. The court made no findings as to the merits of the claims contained therein. It is clear from the record that the amended complaint was poorly drafted. It failed to plead the required elements to state a claim for breach of fiduciary duty and their claim for fraud lacked specificity. However, the fact that a complaint is poorly drafted does not automatically mean that it is not well grounded in fact, not warranted by existing law, or that there is no good-faith argument for the extension, modification, or reversal

of existing law, and Nancy has failed to convince this court otherwise.

¶ 67

2. The Second Amended Complaint

¶ 68

Nancy argues that William and Marilyn should be sanctioned for the second amended complaint because the only additional allegation of fact they added to support their claims was that they would not have consented to the sale had they known that the mortgage was for 30 years. She argues that repeatedly filing complaints after dismissal with the same claims constitutes vexatious behavior.

¶ 69

As an initial matter, we disagree with Nancy's characterization of the second amended complaint. Our review of the complaints reveals that the second amended complaint did much more. First, the disclosure letter from attorney White was attached to demonstrate that a promissory note of 20 years was proposed. Second, the complaint alleged that neither William nor Marilyn executed any consent for the sale of the office parcel by promissory note. Third, it alleged, that since James' death, Nancy has managed Willow Tree. Fourth, the count for an accounting of Willow Tree alleged that James and Nancy engaged in self-dealing and only James breached his fiduciary duty. Fifth, the count for breach of fiduciary duty was only against James for executing a promissory note for a term longer than what was disclosed and failing to obtain proper consent. Here, William and Marilyn allege that they had been damaged in that they would not have consented to the sale had they known the actual terms of the sale. Sixth, the complaint added a separate count for fraud against James and Nancy, alleging that James and Nancy intended for William and Marilyn to rely on their statements when they consented to the sale of the office parcel and that they would not have consented to the sale if they knew its actual terms.

¶ 70

Our provided recitation of the additions to the second amended complaint demonstrate that William and Marilyn were attempting to satisfy their burden by addressing the deficiencies

in their complaint that were addressed by the trial court. See *supra* ¶¶ 64, 69. A trial was warranted on the issues of accounting, fraud, and breach of fiduciary duty, all of which stemmed from the allegation that William and Marilyn did not consent to the 30-year payment term. The only evidence that Nancy produced to defeat this allegation was that William and Marilyn were merely aware that the term of the note would “possibly” extend over 20 years.

¶ 71 The trial court found that a factual issue existed as to whether a 30-year term was a material breach from the “possible” 20-year term disclosed and the given consent. The court noted that whether a material breach was committed was a question for it to determine based on the evidence presented. See *Mohanty v. St. John Heart Clinic, S.C.*, 225 Ill. 2d 52, 72 (2006). We agree with the trial court’s assessment that a question of fact was presented, which provided a legitimate basis for both of the amended complaints and the actions that followed. We find that the trial court’s decision was informed, based on valid reasoning, and followed logically from the facts. Thus, William and Marilyn’s amended complaints set forth a reasonable argument and they should not be punished because they were zealous yet unsuccessful.

¶ 72 We conclude that the facts do not support a finding that William and Marilyn’s amended complaints were not well grounded in fact or existing law, lacked a good-faith basis, or were interposed for any improper purpose. Accordingly, the circuit court’s denial of Nancy’s motion for sanctions pertaining to the amended complaints and the actions that followed was not an abuse of discretion.

¶ 73 CONCLUSION

¶ 74 For the foregoing reasons, the judgment of the circuit court of Will County is affirmed.

¶ 75 Affirmed.