

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

THE CITY OF CHICAGO,

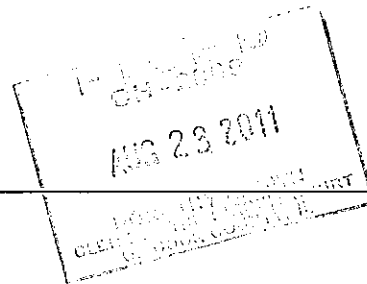
Plaintiff,

v.

THE CITY OF KANKAKEE, THE VILLAGE OF
CHANNAHON, MTS CONSULTING, LLC,
INSPIRED DEVELOPMENT LLC, and
MINORITY DEVELOPMENT COMPANY,
LLC,

Defendants.

CASE NO.
11CH29748



COMPLAINT

Plaintiff City of Chicago (“Chicago”), by its undersigned attorneys, and for its complaint against Defendants City of Kankakee (“Kankakee”), the Village of Channahon (“Channahon”), MTS Consulting, LLC (“MTS Consulting”), Inspired Development LLC (“Inspired Development”), and Minority Development Company, LLC (“Minority Development”), hereby alleges and states as follows:

Introduction

1. This Complaint arises out of a kickback scheme that is diverting substantial sales tax revenue from Chicago to Kankakee and Channahon. Kankakee and Channahon have attracted a large number of corporations – and an enormous amount of revenue – by offering Illinois retailers kickbacks of sales tax revenue if they purport to process their retail sales through small offices set up in those municipalities. So successful has this scheme been that Kankakee and Channahon now lead the state in annual retail sales per capita at \$78,000 and \$62,000,

respectively, which is tenfold the per capita sales of Chicago and roughly double the per capita sales of municipalities that are home to major retail shopping malls.

2. Almost every sale made in Kankakee or Channahon pursuant to a sales tax kickback arrangement means one less sale in another Illinois municipality – often the municipality where the retailer is located and which provides police and fire protection and other municipal services to its corporate citizens at great expense.

3. The Illinois Legislature tried to put a stop to such schemes in 2004 by passing a law prohibiting municipalities from entering into new sales tax kickback agreements. But Kankakee and Channahon appear to have continued entering into new kickback arrangements with certain undisclosed retailers, including certain Chicago retailers (hereinafter “Undisclosed Retailers”), and concealing the existence of these arrangements behind third-party brokers who purport to “accept” sales in Kankakee and Channahon on behalf of these retailers, and then serve as an intermediary for the kickbacks.

4. Defendants MTS Consulting, Inspired Development, and Minority Development (collectively referred to as the “Brokers”) are the brokers that act as intermediaries for Kankakee and Channahon and enable Kankakee and Channahon to divert tax funds from other Illinois municipalities. There may be additional brokers who have acted as intermediaries to enable Kankakee and Channahon to divert tax funds, but the named Brokers are the only ones of which Plaintiff currently has knowledge.

5. Certain of the allegations in this Complaint are made on information and belief because the particular facts are exclusively in Defendants’ possession and Defendants have refused legitimate requests for such information.

Parties

6. Chicago is a municipal corporation located in Cook County, Illinois.
7. Defendant MTS Consulting, LLC is an Illinois limited liability company located in Skokie, Cook County, Illinois.
8. Defendant Inspired Development LLC is an Illinois limited liability company located in Chicago, Cook County, Illinois.
9. Defendant Minority Development Company, LLC is an Illinois limited liability company located in Channahon, Grundy County, Illinois and has a registered agent in Northbrook, Cook County, Illinois.
10. Defendant Kankakee is a municipal corporation located in Kankakee County, Illinois.
11. Defendant Channahon is a municipal corporation located in Will and Grundy Counties, Illinois.

Jurisdiction and Venue

12. This Court has jurisdiction over the Defendants in this case pursuant to 735 ILCS 5/2-209 because all of the Defendants are residents of, and transact business within, the State.
13. Venue is proper in the Circuit Court of Cook County pursuant to 735 ILCS 5/2-101 and 5/2-103 because at least two Defendants reside in Cook County, because it is the county where Defendants' illegal activity described herein has inflicted damage, and because it is the County in which the transaction or some part thereof occurred out of which the causes of action arose.

Factual Allegations

The Sales Tax Kickbacks

14. Illinois levies upon all retailers in the state a sales tax pursuant to the Retailer's Occupation Tax Act. This tax is computed as a percentage of retail sales, and comprises a statewide sales tax of 6.25%, and, depending on where the sale takes place, local sales taxes as well. Sales that take place in Chicago are currently subject to an overall tax of 9.75% (6.25% state tax, 1.25% Cook County tax, 1.0 % RTA tax, and 1.25% Chicago tax). The sales tax rate in Kankakee is 6.25%. The sales tax rate in Channahon (Grundy County) is 7.25% (6.25% state tax, 1.0% municipal tax).

15. The Illinois Department of Revenue ("IDOR") collects all sales taxes, and remits to local government units their respective shares. In addition to the municipal tax that some municipalities impose on sales, municipalities are entitled to a "Local Share" of the statewide 6.25% tax, which presently amounts to 1.0% of the sale price. Thus, for every retail sale in Chicago, Chicago receives from IDOR 2.25% of the sale price (the 1.25% Chicago tax plus Chicago's 1.0% Local Share of the statewide tax). For every sale in Kankakee, Kankakee receives 1.0% of the sale price. For every sale in Channahon, Channahon receives 2.0% of the sale price.

16. In Illinois, the location where the "sale" occurs for purposes of determining which local governmental unit receives the tax on that sale is generally presumed to be the location where the sale is "accepted" by the retailer. Thus, municipalities are highly motivated to attract retailers to their towns to garner the resulting sales tax revenue.

17. Beginning in 2000, in order to convince retailers to accept sales in their towns, Kankakee and Channahon began offering retailers kickbacks of up to 85% of any sales tax

revenue the municipalities receive from those retailers' sales. For retail sales covered by such kickback arrangements, Kankakee and Channahon, rather than receiving their normal 1.0% or 2.0% of the sale, receive as low as 0.15% or 0.3% of a sale, and the retailer receives up to 0.85% or 1.7% of the sale.

18. These kickback offers led to several large retailers opening up small sales acceptance offices in Kankakee and Channahon and "declaring" their retail sales as being accepted there. Even with the large kickbacks to the retailers, Kankakee and Channahon have generated huge revenues on the sales allegedly being made within their jurisdiction, since 0.15% or 0.3% of hundreds of millions of dollars in sales quickly adds up. (Over a ten year period ending in 2009, Kankakee annual sales tax revenue after rebates increased from \$2.1 million to \$6.8 million.). Further, these Undisclosed Retailers need virtually no municipal services for the small "sales acceptance offices" located in Kankakee and Channahon, since their primary sales operations remain in Chicago and elsewhere. In sum, Kankakee and Channahon receive the sales tax revenue, while Chicago and other municipalities provide the services for the bulk of the retailers' operations.

19. Absent the kickbacks, the Undisclosed Retailers would not have attempted to create the appearance that their sales were occurring in Kankakee and Channahon.

Retailers Start Using the Brokers to Evade the Law

20. In light of these kickback schemes, the Illinois Legislature took action. Effective June 1, 2004, the Legislature passed a statute prohibiting retailers and municipalities from entering into retail sales tax kickback agreements ("Rebate Agreements") where such agreements deprive other government units of sales tax revenue. Rebate Agreements entered into prior to

June 1, 2004 were grandfathered under, and were not invalidated by, the new law. 65 ILCS 5/8-11-21 (the "2004 Statute").

21. Upon information and belief, certain retailers have found a way to evade the 2004 Statute and to hide the fact that they are declaring their sales in Kankakee and Channahon in exchange for unlawful kickbacks.

22. Specifically, the Undisclosed Retailers have hidden their new Rebate Agreements, and their own identities, by using the Brokers as intermediaries.

23. The Brokers have written Rebate Agreements with Kankakee and Channahon that existed prior to June 1, 2004. Since the Undisclosed Retailers cannot obtain new Rebate Agreements on their own behalf, they appoint the Brokers as their "acceptance agents" in order to avail themselves of the Brokers' grandfathered status. Pursuant to this arrangement:

- a) The Brokers purport to accept sales on behalf of Undisclosed Retailers in Kankakee and Channahon. Such acceptance purportedly takes place through small (sometimes unstaffed) offices in which no apparent sales are taking place.
- b) The Undisclosed Retailers then declare that their sales have taken place in Kankakee and Channahon, thus producing sales tax revenue for these two municipalities.
- c) Kankakee and Channahon kick back to the Brokers 85% of their sales tax revenue resulting from these sales by the Undisclosed Retailers.
- d) The Brokers pass these kickbacks on to the Undisclosed Retailers, after taking a cut of the kickback for themselves for facilitating the scheme.

24. Despite the 2004 Statute, the amount of sales tax kickbacks from Kankakee and Channahon that the Brokers have processed and passed through to retailers has increased dramatically since the Statute was enacted. For example:

- a) Kankakee's annual rebates to Brokers Inspired Development and MTS Consulting have increased from \$8.5 million for the fiscal year ending April 30, 2004 to \$16.2 million for the fiscal year ending April 30, 2009.
- b) Channahon's annual rebates to Brokers Inspired Development and Minority Development have increased from \$1.7 million for the fiscal year ending April 30, 2004, to \$14.5 million for the fiscal year ending April 30, 2009.
- c) Assuming that the Kankakee rebates comprise 0.85% of all sales accepted by the Brokers on behalf of retailers in Kankakee (which is the rebate rate in the Kankakee – Broker Rebate Agreements), and the Channahon rebates comprise 1.7% of all sales accepted by the Brokers on behalf of retailers in Channahon (which is the rate in the Channahon – Broker Rebate Agreements), then:
 - i) The annual retail sales that the Brokers have accepted on behalf of retailers in Kankakee rose from \$1 billion in 2004 to \$1.9 billion in 2009.
 - ii) The annual retail sales that the Brokers have accepted on behalf of retailers in Channahon rose from \$100 million in 2004 to \$852 million in 2009.

25. In contrast, retail sales statewide remained flat from 2004 through 2009.

26. Upon information and belief, the Undisclosed Retailers are located in Chicago and/or deliver their retail products to customers from locations in Chicago, and their sales are or should be subject to the Chicago sales tax.

27. As a result, these new kickback arrangements have deprived Chicago and other local governmental units of significant sales tax revenue.

28. The fact that the Undisclosed Retailers and Kankakee/Channahon did not enter into direct, two-party written contracts with one another, but rather each party entered into separate contracts with the Brokers as intermediaries, does not change the fact that such a scheme is a sales tax kickback agreement. Further, it was Kankakee and Channahon, not the Brokers that had the final say in which Undisclosed Retailers would be allowed to participate in the sales tax kickback scheme. Each time that Kankakee and/or Channahon approved of a new Undisclosed Retailer, it constituted a separate, new agreement.

**COUNT I: VIOLATION OF 65 ILCS 5/8-11-21
Against Defendants Kankakee and Channahon**

29. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

30. Since June 1, 2004, Kankakee and Channahon have made agreements with Undisclosed Retailers to provide kickbacks to the Undisclosed Retailers and Brokers in exchange for the Undisclosed Retailers declaring acceptance of their sales from Broker office locations in Kankakee and/or Channahon.

31. Upon information and belief, the Undisclosed Retailers have maintained a retail location or warehouse in Chicago from where they deliver tangible personal property to purchasers. But for these agreements, those Undisclosed Retailers would have paid their retailers' occupation taxes to Chicago.

32. As a result of these agreements, Chicago has been deprived of significant sales tax revenue.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants Kankakee and Channahon including the following:

- (A) An injunction forbidding Kankakee and Channahon from paying any further rebates to the brokers in violation of § 65 ILCS 5/8-11-21;
- (B) Compensatory damages in the amount of tax revenue Plaintiff was denied as a result of the kickback agreement;
- (C) Statutory damages as provided in § 65 ILCS 5/8-11-21;
- (D) Prejudgment interest, attorney's fees, and costs of suit herein incurred;
- (E) Such other and further relief as this Court may deem just and proper.

**COUNT II: DECLARATORY & INJUNCTIVE RELIEF
Against All Defendants**

33. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

34. Since June 1, 2004, Kankakee and Channahon have made and continue to make agreements with Undisclosed Retailers to provide kickbacks to the Undisclosed Retailers and Brokers in exchange for the Undisclosed Retailers declaring acceptance of their sales from Broker office locations in Kankakee and/or Channahon and at Chicago's expense.

35. These agreements were made in violation of 65 ILCS 5/8-11-21. There is an actual controversy between the parties regarding the legality of these agreements.

36. Chicago has a protectable interest and clearly ascertainable right to not have its sales taxes unlawfully diverted from it.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants Kankakee and Channahon including the following:

- (A) A declaration that the Rebate Agreements formed by Channahon and Kankakee with Undisclosed Retailers and Brokers since June 1, 2004 are violations of 65 ILCS 5/8-11-21;
- (B) A declaration that the Rebate Agreements formed by Channahon and Kankakee with Undisclosed Retailers and Brokers since June 1, 2004 are void as against public policy;
- (C) An injunction forbidding all Defendants from further performance of the Rebate Agreements entered into since June 1, 2004, in violation of 65 ILCS 5/8-11-21;
- (D) An injunction forbidding Kankakee and Channahon from paying any further rebates to the brokers in violation of § 65 ILCS 5/8-11-21;
- (E) Such other and further relief as this Court may deem just and proper.

COUNT III: UNJUST ENRICHMENT
Against All Defendants

37. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

38. Since June 1, 2004, Kankakee and Channahon have made agreements with Undisclosed Retailers to provide kickbacks to the Undisclosed Retailers and Brokers in exchange for the Undisclosed Retailers declaring acceptance of their sales from Broker office locations in Kankakee and/or Channahon, in violation of 65 ILCS 5/8-11-21.

39. But for Defendants' unlawful agreements, the Undisclosed Retailers would have paid their sales taxes to Chicago instead of to Kankakee and Channahon, and the Undisclosed Retailers and Brokers would not have received kickbacks from Kankakee and Channahon.

40. Defendants have been unjustly enriched at the expense of, and detriment to, Chicago. Allowing the Defendants to retain the sales tax revenues and kickbacks, and the benefit

of paying lower taxes would violate fundamental principles of justice, equity and good conscience.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT IV: CONVERSION
Against All Defendants

41. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

42. But for Kankakee and Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

43. Defendants wrongfully assumed control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

44. The proceeds from Chicago's sales tax have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales taxes would be futile.

45. Chicago is entitled to immediate possession of the proceeds of its sales tax, absolutely and unconditionally.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

**COUNT V: IMPOSITION OF A CONSTRUCTIVE TRUST
Against all Defendants**

46. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

47. Since June 1, 2004, Chicago's sales tax proceeds were in the possession and under the control of Defendants. Defendants continue to take possession of new Chicago sales tax proceeds every month.

48. Defendants have wrongfully acquired and continue to wrongfully acquire Chicago's sales tax proceeds for their own use and benefit and have deprived Chicago of the use and benefit thereof.

49. It would be unjust for Defendants to retain Chicago's sales tax proceeds.

50. Chicago has been damaged by Defendants' failure to return Chicago's sales tax proceeds.

WHEREFORE, Plaintiff prays for the imposition of a constructive trust on all sales tax revenue received and retained by Kankakee, Channahon, and the Brokers, in the past, present and future, pursuant to the Rebate Agreements with the Undisclosed Retailers, and for an equitable accounting of all sales tax revenue that Defendants received or used as a result of said Rebate Agreements, and for an order for Defendants to return the property to Chicago.

COUNT VI: CONSPIRACY TO CONVERT
Alternative Count to Count IV Against Defendants Kankakee and MTS

51. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

52. But for Kankakee's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

53. Kankakee and Broker MTS Consultants combined and agreed to arrange for wrongfully assuming control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

54. In furtherance of this agreement, Kankakee wrongfully assumed control, dominion, or ownership over Chicago's sales tax proceeds.

55. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

56. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT VII: CONSPIRACY TO CONVERT
Alternative Count to Count IV Against Defendants Kankakee and Inspired Development

57. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

58. But for Kankakee's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

59. Kankakee and Broker Inspired Development combined and agreed to arrange for wrongfully assuming control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

60. In furtherance of this agreement, Kankakee wrongfully assumed control, dominion, or ownership over Chicago's sales tax proceeds.

61. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

62. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT VIII: CONSPIRACY TO CONVERT

Alternative Count to Count IV Against Defendants Channahon and Inspired Development

63. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

64. But for Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

65. Channahon and Broker Inspired Development combined and agreed to arrange for wrongfully assuming control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

66. In furtherance of this agreement, Kankakee wrongfully assumed control, dominion, or ownership over Chicago's sales tax proceeds.

67. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

68. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT IX: CONSPIRACY TO CONVERT

Alternative Count to Count IV Against Defendants Channahon and Minority Development

69. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

70. But for Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

71. Channahon and Broker Minority Development combined and agreed to arrange for wrongfully assuming control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

72. In furtherance of this agreement, Channahon wrongfully assumed control, dominion, or ownership over Chicago's sales tax proceeds.

73. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

74. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendants, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT X: AIDING AND ABETTING CONVERSION
Alternative Count to Count IV Against Defendant MTS Consultants

75. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

76. But for Kankakee and Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

77. Defendant Kankakee wrongfully assumed control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

78. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

79. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

80. Chicago has been injured by virtue of Kankakee's assumption of control, dominion or ownership of Chicago's sales tax proceeds.

81. Broker MTS Consultants knowingly and substantially assisted Kankakee's assumption of control, dominion or ownership of Chicago's sales tax proceeds by, *inter alia*, accepting sales on behalf of the Undisclosed Retailers.

82. At the time Broker MTS Consultants accepted sales on behalf of the Undisclosed Retailers, it was aware of its role in the conversion of Chicago's sales tax proceeds by Kankakee.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendant, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT XI: AIDING AND ABETTING CONVERSION
Alternative Count to Count IV Against Defendant Inspired Development

83. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

84. But for Kankakee and Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

85. Defendants Kankakee and Channahon wrongfully assumed control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

86. Chicago's sales tax proceeds have already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales tax proceeds would be futile.

87. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

88. Chicago has been injured by virtue of Kankakee's assumption of control, dominion or ownership of Chicago's sales tax proceeds.

89. Broker Inspired Development knowingly and substantially assisted Kankakee's and Channahon's assumption of control, dominion or ownership of Chicago's sales tax proceeds by, *inter alia*, accepting sales on behalf of the Undisclosed Retailers.

90. At the time Broker Inspired Development accepted sales on behalf of the Undisclosed Retailers, it was aware of its role in the conversion of Chicago's sales tax proceeds by Kankakee and Channahon.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendant, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

COUNT XII: AIDING AND ABETTING CONVERSION
Alternative Count to Count IV Against Defendant Minority Development

91. Plaintiff hereby incorporates by reference all of its allegations set forth above in paragraphs 1 through 28.

92. But for Kankakee and Channahon's agreements since June 1, 2004 to provide kickbacks to the Brokers and Undisclosed Retailers, Chicago would have received the Undisclosed Retailers' sales taxes.

93. Defendant Channahon wrongfully assumed control, dominion, or ownership over Chicago's personal property, in the form of the proceeds of its sales tax.

94. Chicago's sales tax proceeds has already been distributed among the Brokers and Undisclosed Retailers in the form of kickbacks. Accordingly, a demand on Defendants for the sales taxes would be futile.

95. Chicago is entitled to immediate possession of its sales tax proceeds, absolutely and unconditionally.

96. Chicago has been injured by virtue of Channahon's assumption of control, dominion or ownership of Chicago's sales tax proceeds.

97. Broker Minority Development knowingly and substantially assisted Channahon's assumption of control, dominion or ownership of Chicago's sales tax proceeds by, *inter alia*, accepting sales on behalf of the Undisclosed Retailers.

98. At the time Broker Minority Development accepted sales on behalf of the Undisclosed Retailers, it was aware of its role in the conversion of Chicago's sales tax proceeds by Channahon.

WHEREFORE, Plaintiff prays for entry of judgment in its favor and against Defendant, including the following:

- (A) Compensatory, incidental, and consequential damages in an amount to be determined at trial, but in no event less than \$50,000;
- (B) Reasonable attorney's fees, prejudgment interest, and costs of suit herein incurred;
- (C) Such other and further relief as this Court may deem just and proper.

JURY DEMAND

Pursuant to 735 ILCS 5/2-1105, Plaintiff demands a trial by jury of all issues so triable.

Dated: August 23, 2011

Respectfully submitted,

BY:



One of the Attorneys for Plaintiff

Stephen R. Patton
CORPORATION COUNSEL

Weston Hanscom
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DEPARTMENT OF LAW
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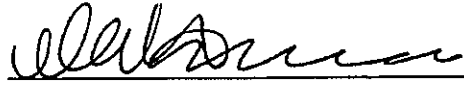
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CERTIFICATION PURSUANT TO ILLINOIS SUPREME COURT RULE 222(b)

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the total money damages sought by the City of Chicago in the above-captioned matter exceeds the amount of Fifty Thousand Dollars (\$50,000).

CITY OF CHICAGO

By: 

Its: Legal Corp. Counsel