2026 IL App (2d) 250532-U
No. 2-25-0532
Order filed October 7, 2026

NOTICE: This order was filed under Illinois Supreme Court Rule 23(b) and is not precedential except in the limited circumstances allowed under Rule 23(e)(1).

IN THE

APPELLATE COURT OF ILLINOIS

SECOND DISTRICT

WG PARTNERS, LLC, ROBERT T. RASMUSSEN, BRAD J. SCHREINER, W. PHILIP WILMINGTON, Plaintiffs-Appellants,

v.

JON E. HARDISON, Defendant-Appellee.

Appeal from the Circuit Court of Kane County.
Honorable Kevin Busch, Judge, Presiding.
No. 24-LA-000459

JUSTICE HUTCHINSON delivered the judgment of the court.
Justices McLaren and Mullen concurred in the judgment.

ORDER

¶ 1 *Held*: The trial court properly granted defendant's motion to dismiss for failure to state a claim; even assuming a breach of contract, plaintiffs failed to plead how defendants' refusal to execute a guaranty, four years before the sale of the subject property, somehow forced plaintiffs to sell the property at a loss four years later.

¶ 2 Plaintiffs, WG Partners, LLC (WG), Robert T. Rasmussen, Brad J. Schreiner, W. Philip Wilmington, appeal the trial court's grant of defendant's, Jon E. Hardison's, motion to dismiss pursuant to section 2-615 of the Code of Civil Procedure (Code) (735 ILCS 5/2-615 (West 2022)). For the reasons explained below, we affirm.

¶ 3 I. BACKGROUND

¶ 4 A. Complaint

¶ 5 On September 12, 2024, plaintiffs filed a complaint for breach of contract, which alleged as follows. WG and HDN Realty Investments, LLC (HDN), are both limited liability companies located in St. Charles, Illinois. Hardison is the sole managing member of HDN. HDN acting through its manager, Hardison, is one of four members of WG. On February 1, 2006, HDN, acting through its manager, Hardison, acquired a 21.5% membership interest in WG. The three other members of WG are Wilmington, with a 50% membership interest; Schreiner, with a 7% membership interest; and Rasmussen, with a 21.5% membership interest. These individuals also acquired their membership interests on February 1, 2006, and all four members signed an operating agreement on that date. Article IV of the operating agreement states that the purpose of WG is to invest in real estate; namely the commercial property known as Waterfall Glen in Woodridge (the property), which was purchased on March 6, 2006. WG executed a loan to purchase the property, and all partners executed personal guarantees for the loan.

¶ 6 On June 25, 2020, WG executed a refinance of the original loan in the amount of $5,840,000. Three members, Wilmington, Schreiner, and Rasmussen, signed personal guarantees for the second loan, but neither Hardison nor HDN signed a guarantee or obtained a letter of credit for the second loan. Hardison "explicitly informed the other three members that he had decided to refuse to sign any guarantee and would not obtain a letter of credit in violation of the terms of the Operating Agreement." Since its purchase, the property had suffered a significant decrease in fair market value rendering the property "impracticable to sell without suffering significant financial hardship." In order to "mitigate any additional decrease in value, the members [had] decided to sell" the property "at a loss before its value decrease[d] any further." On August 1, 2024, WG

entered into a contract to sell the property for $3 million, with a closing date of September 12, 2024. Since Hardison "failed to sign a personal guaranty pursuant to his obligation outlines in the Operating Agreement," Wilmington, Schreiner, and Rasmussen had "been financially harmed by being required" to bring Hardison's and HDN's share of the losses to closing. Hardison and HDN refused to reimburse WG "and by extension, its members acting as guarantors for the Second Loan, in violation of the operating agreement." "Defendants' actions" constituted "a breach of contract," damaging "Plaintiff" in the amount of $546,383.40.

¶ 7 B. Motion to Dismiss

¶ 8 Defendants (HDN and Hardison) moved to dismiss plaintiffs' complaint pursuant to sections 2-615 and 2-619(a)(9) of the Code (735 ILCS 5/2-615, 5/2-619(a)(9) (West 2022)) on March 19, 2025. Defendants alleged as follows. The members of WG "attempted to take steps to improperly remove defendant Hardison as a Manager" of WG. The property was sold around September 2024, and "the sale occurred without the Defendant's" consent. In October 2023, WG filed a complaint signed by "all of the managers" against HDN for damages in the amount of $237,425.38. The October 2023 complaint alleged that HDN "had failed to make capital contributions as had been requested by Managers/Members Rasmussen, Schreiner and Wilmington." HDN moved to dismiss plaintiffs' complaint, and the same trial court (Judge Busch) granted a dismissal with prejudice on August 7, 2024.

¶ 9 Defendants' motion to dismiss further alleged that WG has now filed another complaint against HDN on September 12, 2024, "this time adding Jon E. Hardison as a Defendant" individually. The second complaint alleged that judgment should be entered against defendants because they "did not sign a Guarantee or obtain a letter of credit for a refinancing on" the property. Even assuming that the operating agreement required anyone to sign personal guarantees or

provide letters of credit for the refinancing, "which incidentally the Operating Agreement does not," HDN could not "be held liable under the allegations set forth within the Plaintiff's Complaint due to the fact that by Plaintiff's own admission HDN is not a 'Guarantor' under the terms of the Operating Agreement." Accordingly, HDN sought dismissal "as a party to this action, with prejudice."

¶ 10 Next, Hardison conceded that he is a manager under WG's operating agreement, as well as a guarantor, but he is not a member. The terms of WG's operating agreement control its ability "to enter into any loans, or to conduct any refinancing of such loans." Article VIII, section 8.4(b) reflects that the manager, which as of the date of refinancing would include Hardison, "shall have no authority to cause the Company to enter into any loan (or any refinancing thereof) with respect to which the Guarantors are required to provide credit enhancement pursuant to Section 6.1(c) above without the prior written consent of a majority in interest of the Members." As the manager of HDN, "at least of the date of refinancing," Hardison attached his affidavit "confirming that he never signed any such written consent" for the plaintiff to obtain refinancing. Without the "prior written consent of the majority of the Members allowing" WG to enter into this refinancing, no refinancing was permitted under the terms of the operating agreement, meaning plaintiffs' complaint failed as a matter of law.

¶ 11 Attached to the motion to dismiss is Hardison's affidavit averring that on June 25, 2020, he advised the attorney for WG that he "would not be signing any loan documents because the Manager of" WG and the lender did not request it. The affidavit also stated that "as a Member of WG," Hardison "never executed any written consent to allow a refinancing or sale of the property to occur."

¶ 12 Plaintiffs filed a response to defendants' motion to dismiss which argued, *inter alia*, that Hardison and HDN "are acting in fact as one and the same, and so they must be treated as one and the same for legal purposes in this litigation." In addition, plaintiffs argued that "there was a continuous obligation between the parties to keep the investment afloat," and that three members "hold a supermajority" and agreed to refinance the original loan on the property. Plaintiffs alleged that defendants were aware of the refinancing process per an email exchange in June 2020. Plaintiffs further alleged that defendants violated the express terms of the operating agreement.

¶ 13 Attached to plaintiffs' response was an email from WG's attorney, William Bochte, dated June 24, 2020, to all four individuals (Rasmussen, Schreiner, Wilmington, and Hardison). The email stated that "[a]though Mr. Hardison is not being required to sign a personal guaranty, his signature on this LLC authorization is mandatory and required by West Suburban Bank." The exhibit also contained a response from Hardison to Bochte, dated June 25, 2020, stating "[p]er our conversation, confirming that I [Hardison] will not be signing any loan documents and have no personal guaranty and per operating agreement have no obligations to make capital contributions."

¶ 14 Defendants filed a reply to plaintiffs' response challenging the assertion that HDN is an "alter ego" of Hardison and thus the corporate veil must be pierced. In addition, defendants argued that plaintiff violated its own operating agreement by not taking the steps required prior to refinancing at a great loss to Hardison.

¶ 15 The court heard argument on defendant's motion to dismiss on June 26, 2025. At the hearing, plaintiff argued that in response to Hardison's affidavit that he never executed "any written consent to allowing a refinancing of the property to occur," plaintiff argued that it had "an email chain" with WG where Hardison "did sign and send back to the attorney for the company (WG) at

that time," an "authorization for refinance of the property." Plaintiff stated that it had a subpoena ready to go to the bank.

¶ 16 The court responded that defendant's "reply touches the most important point and that's causation[,]" because the court did not "understand" the complaint. According to the court, "[e]ven assuming that there was some obligation by Mr. Hardison to participate in guaranteeing the refinance, this happens in 2020." "The business takes no action." WG then refinances "apparently without a problem and then they sell it for a loss." Hardison alleges he was not participating in any of these decisions and now" WG is "claiming that somehow the fact that he didn't guarantee a refinancing, that somehow" WG is "out a half a million dollars." The court indicated that it was "missing the logical point from A to B." When plaintiff responded that "the half a million dollars is [Hardison's] percentage," the court reiterated that it did not "understand what that has to do with not guaranteeing a refund." Plaintiff pointed out that it "was a short sale," and if "they didn't have a personal guarantee, they could have just dissolved the entity." The court reasoned that "none of that is really alleged clearly. So HDN cannot be held liable because your alter ego argument completely ignores the operating agreement, which says HDN" is a member. Because HDN was a member and not a manager, the court granted defendants' motion to dismiss HDN with prejudice.

¶ 17 In regard to defendants' motion to dismiss Hardison, the court granted the motion without prejudice, reasoning as follows. The court did not understand what plaintiff was claiming. Plaintiff appeared to argue that Hardison "was supposed to come up with money to close at a short sale, but if it's a short sale why are we coming up with money to close?" If the property was "a loss, then everybody just shares the loss as a number on a balance sheet." According to the court, there was no causal link between Hardison's actions and plaintiffs' damages.

¶ 18 C. Amended Complaint

¶ 19 On August 21, 2025, plaintiffs filed a first amended verified complaint setting forth numerous provisions of the operating agreement and additional allegations. The first amended complaint alleged as follows. On March 6, 2006, WG closed on the property with a loan for $7.325 million and a $2 million capital contribution from Wilmington. The original loan had a balloon payment due in 2011, and from 2006 to 2019, the property "would undergo numerous refinances, with the Guarantors, including Hardison, executing personal guarantees," as required by the operating agreement. On June 25, 2020, WG executed a refinance of the original loan of $5,840,000 (final refinance). Three of the guarantors, Wilmington, Schreiner, and Rasmussen signed personal guarantees, as required by the operating agreement. "Despite signing a guarantee on earlier refinances, Hardison refused to sign a personal guarantee on this Final Refinance, and did so despite requests by both the lender and the other managers/guarantors." Hardison refused to sign a guarantee "this time because he believed this would be the final refinance and the Property would likely be sold at a loss." Hardison "was protecting himself alone, and in contravention of the" operating agreement." Hardison's refusal to sign a personal guarantee was a breach of the operating agreement "by him as a Manager, or alternatively, as Guarantor/signatory." Given the fair market value decrease of the property, WG sold the property for $3 million in 2024. However, because the outstanding amount of the mortgage was more than $5 million, Rasmussen, Schreiner, and Wilmington had to bring $2,541,494.14 of their own funds to closing. "Given Hardison's Guarantor status and his 21.5% agreed to credit enhancement" under the operating agreement, Hardison was obligated to bring $546,421.24 to the closing.

¶ 20 Attached to plaintiffs' amended complaint was an exhibit showing that on November 24, 2014, the members amended the operating agreement to designate Wilmington as the sole manager of WG.

¶ 21 Count I of the amended complaint alleged a breach of section 6.1(c)(i) of the operating agreement against Hardison (derivative suit) based on WG being "entitled to enforce the operating agreement." Count II alleged a breach of contract by Hardison under the same section of the operating agreement against Guarantors (direct action, pled in the alternative).

¶ 22 D. Motion to Dismiss Amended Complaint

¶ 23 On September 10, 2025, Hardison moved to dismiss "Plaintiff's First Amended Complaint" under section 2-615 of the Code. Hardison's motion to dismiss alleged as follows. Hardison is a named manager under the operating agreement but is not a member. Initially, plaintiff filed a complaint alleging that HDN had failed to make capital contributions that plaintiff asserted were required under the terms of the operating agreement. On August 7, 2024, following a hearing, the court then granted defendant's motion to dismiss HDN with prejudice. However, this "Order did not deter the Plaintiff." Plaintiff filed a new complaint and added individual defendant Hardison. In the amended complaint, plaintiff asserts that the violation of the operating agreement was not a failure to make capital contributions, but the failure of "the Defendants to sign a guaranty or obtain a letter of credit for a refinancing" on the property. On March 19, 2025, both defendants [HDN and Hardison] joined in a motion to dismiss the complaint. HDN argued that it was not a guarantor within the terms of the operating agreement and thus had no obligation to take the steps that plaintiff asserted were required. Hardison asserted that "WG had no ability to refinance the property without obtaining the necessary written consent of a majority of the Members" under the terms of the operating agreement.

¶ 24 Hardison further argued that plaintiff "now continues" with the filing of an amended complaint against Hardison only, while including "not only WG, but also three (3) members of WG, being Rasmussen, Schreiner and Wilmington." Hardison argued that the amended complaint "is identical in sum and substance" to the complaint for breach of contract that the trial court dismissed on June 26, 2025. "The Dismissed Complaint for Breach of Contract filed September 12, 2024, alleged that the defendants had violated the Operating Agreement by failing to sign a Personal Guaranty for the refinance loan and that as a result the Plaintiff suffered damages of $546,383.40."

¶ 25 The trial court "found these allegations to be insufficient to give rise as to a cause of action against" Hardison, specifically "finding that there was no causal link between any actions that Hardison took or didn't take and the damages suffered by the Plaintiff." The court noted that the amended complaint sets forth the exact same theory and lists additional plaintiffs while citing additional provisions in the operating agreement. "No additional Counts are set forth nor are any additional legal theories to support the Plaintiffs' claims." "Slightly less than two (2) months ago this Court rejected the identical cause of action," finding that the complaint failed to state a claim and dismissing the complaint against both defendants. Hardison requested the court to again dismiss the amended complaint, "this time with prejudice." In addition, Hardison alleged that the complaint asserts that WG "was forced to refinance the original loan" as there was a balloon payment looming. However, the loan that was in place was not due until September 1, 2022, and was not in default. As such, the loan was refinanced more than two years prior to the balloon payment coming due. To obtain a new loan of $5,840,000, there should have been an appraisal on file supporting a fair market value at a minimum of $5,840,000 per FDIC guidelines. Within their own pleadings, plaintiffs "concede that they believed the FMV was less than the loan amount, but

proceeded to refinance the property anyway in contravention of FDIC guidelines." In addition, Hardison never received a demand notice from any of the plaintiffs of a potential default under the terms of the operating agreement until well after plaintiffs made the "sole decision to sell the property at a loss." For all of these reasons, Hardison sought dismissal of plaintiffs' amended complaint.

¶ 26 On September 16, 2025, the court granted plaintiffs 21 days to file a response to Hardison's motion to dismiss.

¶ 27 On October 7, 2025, plaintiffs filed a motion for sanctions against Hardison individually. Plaintiff's motion focused on Hardison's affidavit in which he averred that "as a Member of WG, I never executed any written consent to allow refinancing or sale of the property to occur." Plaintiffs alleged that Hardison's claim of never consenting to the refinance forms formed the basis of his argument in his motions to dismiss, in that "if he did not consent then he cannot be liable." Plaintiffs alleged that Hardison's statement "as to the refi is an unequivocal lie," and to the extent that it factored into the court's ruling, Hardison "misled the court." In their motion, plaintiffs challenged Hardison's allegation that he was completely excluded from the negotiations regarding the refinance with the bank, and that the bank did not request his signature. During the pre-pleading process, plaintiffs subpoenaed Old Second Bank "as to their refi records." "Reviewing the applicable bank documents, it turns out all four managers, and specifically Hardison, certified and authorized the refinancing at issue." Contrary to Hardison's assertion of never giving consent and being excluded, business records showed "express authorization and his signed written consent."

¶ 28 On October 17, 2025, Hardison responded to the motion for sanctions and argued as follows. Hardison's claim within his affidavit that as a "Member of WG he never executed any written consent to allow the refinancing to occur" is "factually correct." The document plaintiffs

rely upon in attempting to establish that Hardison lied to the court, which bears Hardison's signature, notes that Hardison is "signing the document as a Manager of WG, not a Member." Further, the document Hardison signed "was not relevant to any refinancing or sale efforts of the Plaintiffs" as alleged in the amended complaint. Hardison attached an email, dated June 23, 2020, from WG's attorney Bochte, counsel for WG, directed to the attorney for West Suburban Bank, admitting that the "sole Manager" of WG was plaintiff Wilmington. Hardison "is omitted from any reference within this email, making it clear that his involvement in the refinancing "was neither occurring" nor "necessary." Even if Hardison's affidavit said what plaintiffs alleged, "it would have no impact on the pending litigation" as the remaining plaintiffs, and their counsel, pushed the refinancing process forward without the involvement of Hardison. Finally, Hardison "never consented to the sale of the property which ultimately led to the 'damages' asserted" by plaintiffs.

¶ 29 The parties appeared in court on October 29, 2025. The court gave plaintiffs the opportunity to explain "why this (presumably the amended complaint) is different because [the court] didn't see the difference." Plaintiffs stated that "the capital call in the operating agreement specifically excludes the credit enhancement. So[,] the credit enhancement was required to purchase the property and it specifically excludes that as not calling it a capital call." When the court asked if plaintiffs did not refinance, plaintiffs answered, "Correct." The court then asked how the property deflated because Hardison did not sign a guarantee, to which plaintiffs argued that "they still lost revenue and profit over it." The court noted that the "company [WG] as a whole suffered that loss, but the fact that [Hardison] didn't sign a guarantee has no relationship." The court failed to see the causation factor. The court thought plaintiffs were "just angry people that can't get over the fact that [the court was] going to dismiss this case again with prejudice because [it didn't] see the difference" between the initial and amended complaint. Plaintiffs presented "the same argument"

and "the nuance" that plaintiffs tried to carve out "by saying this deals with a slightly different part" of the operating agreement was "an argument without real merit because in the end" it was the "same problem" from which plaintiffs sought to recover. According to the court, it was "the same allegation" and plaintiffs did not "have a lawsuit against" Hardison. Plaintiffs responded that in the previous case the capital calls were set for the maintenance expenses of the property, whereas the instant case was "purely based on the purchase of the property, which is outlined in the operating agreement for the" over $7 million price. The court responded that plaintiffs were "going to take a bath" on the property "no matter what." Plaintiffs agreed that the failure to sign the "refi and guarantee didn't change the value" of the property. Hardison countered that there "really isn't anything different in the first amended complaint that was not in the original complaint" that the trial court dismissed. The trial court agreed and dismissed the amended complaint with prejudice.

¶ 30 An order entered October 30, 2025, dismissed plaintiff' amended complaint with prejudice and denied plaintiffs' motion for sanctions.

¶ 31 Plaintiffs timely appealed.

¶ 32 II. ANALYSIS

¶ 33 The first issue in this appeal is whether the dismissal of plaintiffs' amended complaint pursuant to section 2-615 of the Code was proper. A section 2-615 motion to dismiss challenges the legal sufficiency of a complaint based on defects apparent on its face. *Marshall v. Burger King Corp.*, 222 Ill. 2d 422, 429 (2006). Consequently, we review *de novo* an order granting or denying a section 2-615 motion. *Id*.

¶ 34 In reviewing the sufficiency of a complaint, we accept as true all well-pleaded facts and all reasonable inferences that may be drawn from those facts. *Id*. In addition, we construe the allegations in the complaint in the light most favorable to the plaintiff. *Id*. A cause of action should

not be dismissed pursuant to section 2-615 unless it is clearly apparent that no set of facts can be proved that would entitle the plaintiff to recovery. *Canel v. Topinka,* 212 Ill.2d 311, 318 (2004). That said, our Supreme Court has repeatedly stated that Illinois is a fact-pleading jurisdiction. *Marshall*, 222 Ill. 2d at 429; *Patrick Engineering, Inc. v. City of Naperville*, 2012 IL 113148, ¶ 40. Accordingly, "[w]hile the plaintiff is not required to set forth evidence in the complaint [citation], the plaintiff must allege facts sufficient to bring a claim within a legally recognized cause of action [citation], not simply conclusions. *Marshall*, 222 Ill. 2d at 429-30; *Pooh-Bah Enterprises, Inc. v. County of Cook*, 232 Ill. 2d 463, 474 (2009) ("a plaintiff may not rely on mere conclusions of law or fact unsupported by specific factual allegations").

¶ 35 On appeal, plaintiffs rely on the following provisions of the operating agreement for their argument that Hardison's failure to execute a personal guaranty amounted to a breach of that agreement:

> "6.1(c) In addition to any other Capital Contributions required hereunder, the Guarantors shall provide credit enhancement in the form of personal guaranties or letters of credit in such form as may be required for the Company to obtain financing for the acquisition of the Property with such financial institution(s) and on such terms and conditions as the Manager shall reasonably approve (the 'Loan'), subject to the following:
>
> (i) The aggregate amount of such credit enhancement shall not exceed seven million three hundred thousand twenty dollars ($7,320,000). The Manager shall use diligent efforts to obtain the Loan on terms providing that the Guarantors shall provide the required credit enhancement in accordance with the following percentages: Hardison - 21.5%; Rasmussen - 21.5%; and Schreiner - 7.0%; and Wilmington - 50% and, in the event the lender draws upon the Guarantors' credit

enhancement, the amount of the draw with respect to each Guarantor shall be proportionate to the maximum amount of such Guarantor's credit enhancement as a fraction of the aggregate maximum amount of all of the Guarantors' credit enhancement. If the Manager is unable to obtain the Loan on such terms, then in the event of a disproportionately large draw with respect to a Guarantor, the Guarantors shall implement the provisions and intent of this section among themselves *and such Guarantor shall then have a claim against and be entitled to reimbursement for amounts paid in excess of his proportionate share from those Guarantors subject to draws in amounts less than their proportionate share.*

(ii) A Guarantor's obligations with respect to any credit enhancement required pursuant to this subsection shall continue during the term of the Loan and any extensions, renewals, or refinancings thereof." (Emphasis added.)

¶ 36 At the outset, it is unclear whether Hardison breached the operating agreement. Regardless, even assuming that Hardison did breach the operating agreement, we agree with the trial court that plaintiffs failed to sufficiently allege an essential element in a claim for breach of contract. To sustain a complaint for breach of implied contract, a plaintiff must allege that (1) a contract existed, (2) the plaintiff performed his obligations under that contract, (3) the defendant breached the contract, and (4) the plaintiff suffered damages as a result of that breach. *Olson v. Ferrara Candy Co.*, 2025 IL App (1st) 241126, ¶ 59. It is this last element, whether Hardison caused plaintiffs to suffer damages as a result of the breach, which is at issue here.

¶ 37 The crux of plaintiffs' allegations is that their monetary losses were the direct result of Hardison declining to execute a personal guaranty four years prior to the sale of the property. While plaintiffs chose to sign personal guaranties in 2020, Hardison did not. Then, four years later, in

2024, plaintiffs, without Hardison's participation, willingly sold the property, knowing such sale would result in a substantial monetary loss. As the trial court found, the fact that Hardison did not sign a personal guaranty in 2020 did not affect the value of the property or result in the damages sustained upon the sale of the property in 2024. Significantly, at the hearing on plaintiffs' amended complaint, when the court asked how the property deflated because Hardison did not sign a guarantee, plaintiffs argued that "they still lost revenue and profit over it." However, plaintiffs admitted that Hardison's failure to sign the "refi and [personal] guarantee didn't change the value" of the property. Accordingly, the court reasoned that WG as a whole suffered that loss, but the fact that Hardison did not sign a personal guaranty bore no relationship to the loss of value of the property. In other words, the court failed to see the causation factor of plaintiffs' damages. As Hardison points out, plaintiffs' "allegation of breach of contract rests firmly on the concept that in 2020 when he declined to execute a personal guaranty, he somehow could reasonably foresee" that WG would sell the property at a substantial loss. However, plaintiffs admit that plaintiffs' damages were the result of multiple factors, including a pandemic, a failing commercial real estate market, and a substantial loss in fair market value over time.

¶ 38 Plaintiffs' second and last argument is that a hearing is necessary for the trial court to make findings and set forth the reasons for any granting or denial of a Rule 137 motion. Plaintiffs argue that Hardison's statement that "as a Member of WG, I never executed any written consent to allow a refinancing or sale of the property to occur" is false. According to plaintiffs, the loan authorization documents showed that Hardison "had certified and authorized the refinancing of" the property. Plaintiffs conclude that the trial court denied the motion for sanctions "because the amended complaint was being dismissed and the case terminated," which was "arbitrary, capricious, and constitutes an abuse of discretion."

¶ 39 By its terms, Supreme Court Rule 137 governs pleadings, motions and other papers, and provides that signature by an attorney or party "constitutes a certificate by him that he has read the pleading, motion or other paper; 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 (eff. Feb. 1, 1994).

¶ 40 The purpose of Rule 137 is to prevent parties from abusing the judicial process by imposing sanctions on litigants who file vexatious and harassing actions based upon unsupported allegations of fact or law. *Burrows v. Pick,* 306 Ill.App.3d 1048, 1050 (1999). The party seeking to have sanctions imposed by the court must demonstrate that the opposing litigant made untrue and false allegations without reasonable cause. *Burrows,* 306 Ill.App.3d at 1050-51. Rule 137 will be strictly construed because it is penal in nature. *Dowd & Dowd, Ltd. v. Gleason,* 181 Ill.2d 460, 487 (1998). Using an objective standard, the trial court must determine whether a party made a reasonable inquiry into the facts and law supporting their allegations to meet the burden of Rule 137. *Burrows,* 306 Ill.App.3d at 1051. On review, we must decide whether the trial court's decision was "informed, based on valid reasons, and followed logically from the circumstances of the case." *Id.* A ruling on Rule 137 sanctions should not be overturned unless the trial court has abused its discretion. *Dowd & Dowd,* 181 Ill.2d at 487.

¶ 41 In the instant case, the court's written order granting Hardison's motion to dismiss plaintiffs' amended complaint stated that plaintiff's motion for sanctions was denied. While plaintiffs argue that a hearing was necessary to grant or deny the motion for sanctions, a trial court may properly rule on a motion for sanctions on the basis of the pleadings. See *In re Marriage of*

Schneider, 298 Ill. App. 3d 103, 109 (1998) (a party seeking the imposition of Rule 137 sanctions against an opponent is the burdened party, and a hearing is necessary to determine whether any untrue statement within a pleading was made without reasonable cause, unless the court's determination of the issue can be made on the basis of the pleadings or trial evidence).

¶ 42 We find no abuse of discretion regarding the trial court's denial of plaintiffs' motion for sanctions. Contrary to plaintiffs' assertion that Hardison authorized the refinancing of the property, the record contains an email from WG's attorney Bochte, dated June 24, 2020, to all four individuals (Rasmussen, Schreiner, Wilmington, and Hardison), stating that "Mr. Hardison is not being required to sign a personal guaranty." The exhibit also contained a response from Hardison to Bochte, dated June 25, 2020, stating "[p]er our conversation, confirming that I [Hardison] will not be signing any loan documents and have no personal guaranty and per operating agreement have no obligations to make capital contributions." Thus, the record belies plaintiffs' claim that Hardison authorized the final refinancing of the property, and the trial court properly denied plaintiffs' motion for sanctions.

¶ 43 III. CONCLUSION

¶ 44 For the reasons stated, we affirm the judgment of the circuit court of Kane County.

¶ 45 Affirmed.