NOTICE
This Order was filed under Supreme Court Rule 23 and is not precedent except in the limited circumstances allowed under Rule 23(e)(1).

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NO. 4-26-0126

FILED
October 29, 2026
Carla Bender
4th District Appellate
Court, IL

IN THE APPELLATE COURT

OF ILLINOIS

FOURTH DISTRICT

STEVEN ROLINITIS and LAURIE ROLINITIS, Plaintiffs-Appellants, v. BEVERLY J. NEVILLE and JAMES NEVILLE, Defendants-Appellees.	))))))))	Appeal from the Circuit Court of Tazewell County No. 20CH51 Honorable Derek G. Asbury, Judge Presiding.

JUSTICE ZENOFF delivered the judgment of the court.
Justices Knecht and Cavanagh concurred in the judgment.

ORDER

¶ 1 *Held*: The appellate court affirmed the trial court's refusal to pierce the corporate veil where it was not necessary to do so to prevent injustice or inequitable consequences. The trial court properly struck plaintiffs' request for attorney fees where the request was not based on a contract with defendants but with a defunct corporation. The trial court properly denied plaintiffs' motion to reconsider where it raised no new evidence but was merely a restatement of previous arguments.

¶ 2 Plaintiffs, Steven and Laurie Rolinitis, obtained a judgment from a corporation owned by defendants, Beverly and James Neville. Plaintiffs then filed this action to pierce the corporate veil and satisfy the judgment from defendants individually. The trial court held a bench trial and denied plaintiffs' request to pierce the corporate veil. On appeal, plaintiffs argue that it was error for the court not to pierce the corporate veil, to strike their request for attorney fees and to deny their motion to reconsider. We affirm.

¶ 3 I. BACKGROUND

¶ 4 Defendants were the sole owners of The Cheer Spot, an Illinois corporation, that operated a competitive cheerleading business from 2011 to 2017 in Mackinaw, Illinois. A competing gym was operated as United Starz Academy, Inc., d/b/a Cheer Time (Cheer Time) in Morton, Illinois, and owned by Kelly Taphorn. Plaintiffs were part of the cheer community, as their daughter had previously been enrolled at Cheer Time and left to join The Cheer Spot. Laurie became a coach at The Cheer Spot during the 2014-15 cheer season.

¶ 5 In spring 2015, Taphorn approached Laurie about purchasing Cheer Time. In turn, in May 2015, Laurie approached defendants about combining The Cheer Spot and Cheer Time into a single organization that plaintiffs and defendants would own and run together. Plaintiffs and defendants agreed to pursue the acquisition of Cheer Time together and anticipated becoming business partners in a combined enterprise. The parties agreed to form a new entity and do business as Fusion Athletics.

¶ 6 Because it was more tax advantageous for Cheer Time to be purchased by a corporation rather than individuals, plaintiffs suggested that The Cheer Spot purchase Cheer Time. However, The Cheer Spot did not have the capital to do so. The cost of Cheer Time was $120,000, which consisted of $65,000 in equipment and $55,000 in goodwill. There was a short timeline to close the sale because Taphorn wanted to close on June 1, 2015, which was the beginning of the cheer season. Throughout May 2015, plaintiffs sought and obtained financial information about The Cheer Spot and Cheer Time to determine if they should loan The Cheer Spot money to purchase Cheer Time. Prior to June 1, 2015, plaintiffs became aware of a triple net lease between defendants and The Cheer Spot that required The Cheer Spot to pay defendants monthly rent of $4,000, plus utilities, real estate taxes, and improvements.

¶ 7 On June 1, 2015, The Cheer Spot, through its president, James, signed a promissory

note for $120,000 to plaintiffs upon receiving a loan from plaintiffs to purchase Cheer Time. The promissory note was drafted by plaintiffs' attorney, James Benckendorf. The collateral for the promissory note was 100 shares of The Cheer Spot. The promissory note contained an option to collect at the lender's discretion, with a maturity date of June 30, 2015, and an interest rate of 1.94%. The note contained a section entitled "Collection Costs," which stated: "If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Note, Borrower agrees to pay Lender's attorney fees and collection costs." The Cheer Spot used the money it received from plaintiffs to purchase Cheer Time. The parties' intent was to become co-owners of the combined enterprise, and the purpose of the promissory note was to secure plaintiffs' significant financial investment to that end.

¶ 8 After execution of the promissory note and purchase of Cheer Time, plaintiffs and defendants conducted themselves as if they were moving forward with the business arrangement. There were social media announcements both before and after the sale occurred.

¶ 9 On May 29, 2015, Fusion Athletics posted a statement on Facebook that was attributed to defendants and Laurie, which stated, in relevant part:

> "We are pleased to announce that The Cheer Spot and [Cheer Time] will be merging and operating as one cheer gym and will conduct business under the new name, FUSION ATHLETICS.
>
> Laurie Rolinitis is purchasing [Cheer Time] and is merging with Jamie and Bev Neville, owners of The Cheer Spot."

¶ 10 On June 3, 2015, Laurie posted the following statement on Facebook:

> "I would like to announce that I have currently purchased [Cheer Time] and have also become an owner of The Cheer Spot! I am very excited for this new

adventure!! With that being said I am now partners with Jamie and Bev Neville who also owns [*sic*] The Cheer Spot. I have taken two successful cheer gyms and combined them into one amazing All-Star Cheer Gym!!! Fusion Athletics is now the new name you will hear!!"

¶ 11 Following June 1, 2015, plaintiffs were actively involved in the management and operation of The Cheer Spot. As a result of renaming The Cheer Spot to Fusion Athletics, The Cheer Spot purchased new cheer uniforms at a cost of $60,481. However, relations broke down between the parties in December 2015.

¶ 12 In January 2016, plaintiffs sought to enforce the promissory note. The Cheer Spot tried to obtain financing to pay off the note but was unable to do so. On May 5, 2016, plaintiffs filed suit against The Cheer Spot in Tazewell County case No. 16-L-46, alleging (1) breach of contract for failure to pay the $120,000 promissory note, (2) breach of contract for failure to pay and reimburse monetary advances and business loans to The Cheer Spot, and (3) a failure to pay wages. On September 29, 2017, The Cheer Spot filed a petition for chapter 11 bankruptcy in United States Bankruptcy Court, Central District of Illinois, case No. 17-81404, thereby staying the lawsuit against The Cheer Spot.

¶ 13 On May 15, 2018, pursuant to an asset purchase agreement entered with a third party through The Cheer Spot bankruptcy proceedings, The Cheer Spot's assets were liquidated and sold for $10,000. The only payment received by plaintiffs came from a partial distribution of the proceeds of the asset sale, with Laurie receiving $3,500.03 and Steven receiving $3,185.53. During the pendency of The Cheer Spot bankruptcy proceeding, The Cheer Spot was voluntarily dissolved as an Illinois corporation on June 14, 2019. On August 5, 2019, The Cheer Spot's bankruptcy proceeding was closed.

¶ 14 After the closure of the bankruptcy proceeding, on August 29, 2019, plaintiffs filed a motion for summary judgment with respect to their complaint against The Cheer Spot in case No. 16-L-46. On November 26, 2019, the trial court entered summary judgment against The Cheer Spot and in favor of plaintiffs on all counts in the total amount of $212,202.17.

¶ 15 While defendants no longer operate a cheerleading business, plaintiffs do. In the 2016-17 season, Laurie left The Cheer Spot and began working for a new gym, Titanium Twist. The following year, plaintiffs formed their own gym, Titanium Force, which they still operate.

¶ 16 On February 11, 2020, plaintiffs filed a complaint against defendants, seeking to pierce the corporate veil of The Cheer Spot and impose personal liability against defendants for the judgment entered in case No. 16-L-46. Thereafter, on August 6, 2020, plaintiffs filed a first amended complaint, requesting an order (1) equitably piercing the corporate veil of The Cheer Spot, (2) imposing personal liability on defendants for the November 26, 2019, judgment entered on their behalf against The Cheer Spot in the amount of $212,202.17, plus judgment interest, and (3) awarding plaintiffs their reasonable attorney fees, expenses, and costs of collection.

¶ 17 Defendants filed a motion to strike plaintiffs' request for attorney fees. A hearing on the motion was held on February 10, 2021. The trial court granted the motion to strike.

¶ 18 A bench trial was conducted from July 16 to 18, 2025.

¶ 19 A. James Neville's Testimony

¶ 20 James testified that he graduated from high school and has been operating a trucking business for the past 10 years. He also worked for The Cheer Spot as president and vice president, while Beverly was the secretary and treasurer. He explained that he opened The Cheer Spot to allow his daughter to be part of a competitive cheer team and thought it was "a good business opportunity *** in the community for something like that." The Cheer Spot was

incorporated with the help of defendants' attorney, Patrick McGrath.

¶ 21 James testified that he voluntarily signed the promissory note between The Cheer Spot and plaintiffs as president of The Cheer Spot. It was his understanding that the promissory note was for defendants to purchase 50% of the shares of The Cheer Spot. The Cheer Spot intended to give plaintiffs their 50% shares, but that never happened. He testified that plaintiffs were "very well-aware" that The Cheer Spot did not have $120,000 in assets to pay back the loan.

¶ 22 James testified that The Cheer Spot did not pay any dividends to its shareholders or wages to him or Beverly. On June 1, 2015, The Cheer Spot owned virtually no physical assets. All equipment was owned by James and Beverly individually. The Cheer Spot did not have a corporate credit card. James and Beverly used a personal credit card to pay business expenses. He said that he and Beverly used their own money to make sure that all bills were paid for The Cheer Spot.

¶ 23 The Cheer Spot's accountant was Wiliam "Dorsey" Packard of Packard Associates. He created The Cheer Spot's yearly tax returns based on the information James and Beverly provided him.

¶ 24 James testified that he and Beverly owned the real estate where The Cheer Spot was located. The Cheer Spot had a triple net lease, requiring it to pay rent to James and Beverly, as well as utilities and real estate taxes. The Cheer Spot also had to maintain the building and provide insurance. The first triple net lease was dated July 22, 2011, and required The Cheer Spot to pay monthly rent of $3,000, along with real estate taxes, maintenance, insurance, and utilities. James testified that the lease was created and signed "in that timeframe of July 22nd of 2011." A second lease was dated September 1, 2014, and was for $4,000 per month, plus utilities and real estate taxes. James did not know "the exact date" the document was created or when he signed it.

¶ 25 From 2012 to 2014, The Cheer Spot paid only $7,419 out of the $112,000 it owed in rent to defendants. In 2015, The Cheer Spot paid rent of $37,553, and, in 2016, The Cheer Spot paid $35,365 in rent. As of May 2016, The Cheer Spot owed over $100,000 in unpaid rent to defendants. James testified that he never sent an eviction or collection notice to The Cheer Spot as a result of the rent that was overdue.

¶ 26 James testified that he received a demand letter for payment of the amount due under the promissory note in January 2016, but he said that he and plaintiffs kept negotiating after that. James made an offer to sell The Cheer Spot to plaintiffs. James testified that plaintiffs knew defendants did not have the assets to pay $120,000 when they issued the promissory note based on The Cheer Spot's financial records and their knowledge of "how the operation worked." James said he gave plaintiffs bank records for The Cheer Spot, so plaintiffs knew its "cash situation." James testified that he gave plaintiffs many financial documents before June 1, 2015, and gave plaintiffs whatever they asked for. According to James, the purpose of the promissory note was to give the parties time to create a document to split the shares of The Cheer Spot 50/50. However, that never occurred because plaintiffs refused to become shareholders.

¶ 27 Throughout The Cheer Spot's existence, it received loans from defendants and their trucking company, Ben E. Neville Trucking Services, Inc. (Ben E. Neville Trucking). No written agreements or documents were signed with respect to those loans. The Cheer Spot also made loans to Ben E. Neville Trucking on a few different occasions, with no written agreements or other corporate documents signed.

¶ 28 At the time of the bankruptcy, The Cheer Spot had no equipment because it had previously been transferred to defendants to pay toward The Cheer Spot's past due rent. According to the bankruptcy documents, The Cheer Spot had $1,315 in cash when it filed for bankruptcy.

The Cheer Spot also had office equipment valued at $3,289. James believed the total value of all the assets that The Cheer Spot held at the time of the bankruptcy was $4,604. The total debts of The Cheer Spot at the time of the bankruptcy were $331,436. The loans and past due rent owed to defendants by The Cheer Spot at the time of the bankruptcy totaled $181,912.83.

¶ 29 When asked by Steven to provide him with financial information about The Cheer Spot, James faxed Steven five pages: (1) a profit and loss statement from 2014, showing the net income of The Cheer Spot as -$1,874.35, (2) an Excel document showing costs and income from 2014, (3) a fax cover sheet, (4) handwritten projections from James about how much money could be made based on the number of athletes they expected, and (5) handwritten calculations of how much they could charge for gym time. James agreed that in those five pages, there was no reference to rent. He did not recall if he had any discussions with plaintiffs about unpaid rent before June 1, 2015.

¶ 30 Each year from 2011 to 2015, the number of athletes at The Cheer Spot increased: there were 11 in 2011, 65 in 2012, nearly 100 in 2013, 115 to 120 in 2014, and 165 in 2015. Then, in 2016, the number dropped to 54. The following year, The Cheer Spot closed.

¶ 31 It was originally Laurie's idea to purchase Cheer Time, and she brought the idea to defendants. James was previously contacted by a broker to purchase Cheer Time, but he was not interested because The Cheer Spot did not have the funds to buy it. Cheer Time and The Cheer Spot were "[v]ery much" rivals before June 1, 2015. Upon the purchase of Cheer Time, The Cheer Spot rebranded itself as Fusion Athletics because James thought it would "maybe eliminate some of that inner rivalry had between Cheer Time and The Cheer Spot."

¶ 32 On May 21, 2015, James received an e-mail from Steven and Laurie questioning him about how he came up with the amount of $4,000 per month in rent at The Cheer Spot. James

prepared a handwritten document comparing rents in the area and provided it to Steven before June 1, 2015.

¶ 33 Steven suggested that The Cheer Spot purchase Cheer Time in order to receive tax advantages. James said he was willing to consider that. It was the idea of plaintiffs and their attorney for The Cheer Spot to purchase Cheer Time.

¶ 34 According to an e-mail Steven sent James on June 14, 2015, the intention was to terminate the promissory note "once the agreement and shares [were] issued." According to an e-mail, the parties planned for a five-year lease, beginning on June 1, 2015, and ending on May 31, 2020. That lease was never signed "[b]ecause the [plaintiffs] never agreed to complete the merger."

¶ 35 James performed no due diligence on Cheer Time before purchasing it. Plaintiffs did that. Neither defendants nor Ben E. Neville Trucking received any distribution of assets of The Cheer Spot in the bankruptcy. James stated that he did not initiate or negotiate the purchase of Cheer Time or its assets. According to James, after the deal fell through, Laurie went to a new gym, Titanium Twist, and told James, "I will put this place out of business." James said Laurie "did that by guiding our athletes which translates into our income." Between the 2015-16 season and the 2016-17 season, the number of athletes at The Cheer Spot decreased by almost two-thirds.

¶ 36 Neither a stock split nor stock dilution of The Cheer Spot ever occurred. Prior to June 1, 2015, plaintiffs never asked defendants for information or documents they refused to provide. Plaintiffs never asked James to sign a personal guarantee of the June 1, 2015, promissory note. Plaintiffs never asked James to provide additional collateral for the promissory note.

¶ 37 B. Patrick McGrath's Testimony

¶ 38 McGrath testified that he was one of the corporate attorneys for The Cheer Spot. His firm helped incorporate The Cheer Spot in 2011. He did not know exactly when his services

with The Cheer Spot ended but thought it was around when The Cheer Spot ceased to exist. He believed defendants had been the only shareholders in the corporation. He drafted the leases for The Cheer Spot with defendants as the owners and landlords of the property. He did not remember the "exact dates" the leases were drafted. It was his recollection that in discussions with plaintiffs and defendants, around June 2015, he determined that the "corporate book was not current" for The Cheer Spot. He recommended that defendants get their corporate documents up to date and tried to help them do that. He was not involved in the drafting of the promissory note but was involved in discussions about it before it was drafted. McGrath did not see the promissory note before it was signed on June 1, 2015.

¶ 39 It was his understanding that the promissory note was to serve as a bridge between the parties to make sure that plaintiffs became part of The Cheer Spot. He believed that the promissory note served as a placeholder until plaintiffs took ownership in The Cheer Spot with defendants. (R. 249). McGrath believed Benckendorf prepared the promissory note as counsel for plaintiffs. McGrath testified that a promissory note with a 30-day maturity is "rare." After the note was signed, the parties attempted to have plaintiffs introduced into ownership of The Cheer Spot, but those plans did not come to fruition. By November 2015, "it seemed improbable that the parties would come to common ground for that planned consolidation to occur."

¶ 40 McGrath testified that it is "extremely common" and "advisable" for a shareholder to own real estate in his or her individual capacity and lease it to a corporation that the shareholder or owner has a substantial interest in. He testified that it is "relatively common" for corporate books of small businesses to be "out of date" from time to time. The Cheer Spot's corporate documents were not in order when he received them in May 2015. He testified that it is advisable for small businesses to be formally organized in either a limited liability company or a corporation.

He testified that due diligence for business purchases often takes a month or two.

¶ 41 C. Beverly Neville's Testimony

¶ 42 Beverly testified that she is a high school graduate. She testified that she has run several businesses, including The Cheer Spot and a trucking business with her husband. She was in charge of all administrative duties for The Cheer Spot. Each year, she helped compile a profit and loss statement that went to her accountant for tax purposes, and she communicated with the accountant, Packard. During their anticipated merger with plaintiffs, her husband provided all documents to plaintiffs. She did not have specific knowledge about what he provided. She helped him find what plaintiffs asked for, and then he gave the information to plaintiffs. With respect to the profit and loss statement for The Cheer Spot, she went to QuickBooks and printed it out. She also provided the profit and loss statements to the accountant each year. She testified that she and James "regularly" used their personal credit card or other personal funds to pay for The Cheer Spot's expenses. She testified that The Cheer Spot did not have a corporate credit card.

¶ 43 Beverly testified that she was the secretary of The Cheer Spot. She did not know if she was its treasurer as well. She personally never made any statements to plaintiffs about any unpaid rent for the building, any loans she and James made to The Cheer Spot, or any loans Ben E. Neville Trucking provided to The Cheer Spot.

¶ 44 Throughout the existence of The Cheer Spot, the company had an attorney, McGrath, and an accountant, Packard, whom she relied on for advice. She testified that the business was "on the up" when plaintiffs became involved. When plaintiffs left, "[i]t ended." She and James never refused to give plaintiffs whatever information they asked for prior to June 1, 2015. Plaintiffs never asked her to provide a personal guarantee for the promissory note. Plaintiffs never personally asked her for any particular financial documents or information.

¶ 45 D. Steven Rolinitis's Testimony

¶ 46 Steven graduated from college with a degree in finance and business administration. He has worked for Caterpillar Inc. for 28 years. Prior to June 1, 2015, he had no experience running a cheer business. In May 2015, Taphorn, the owner of Cheer Time, approached Laurie about purchasing her business in Morton. He and Laurie initially considered it and had discussions with defendants about it because they had a relationship with defendants. He asked defendants for advice since they had run a cheer business. When Laurie was presented with the offer, she was working at The Cheer Spot.

¶ 47 Steven and Laurie asked Cheer Time for financial statements. Steven received from Cheer Time balance sheets, income statements, and cash flow statements, which were standard for most businesses. At some point, the idea came up of having one big gym encompassing The Cheer Spot and Cheer Time instead of two small gyms. Based on his discussions with defendants, they were excited about the two gyms becoming one. This all happened in May 2015. It became a "time crunch at the end of May with some deadlines being pressed." He believed he did "a lot of due diligence" with respect to Cheer Time. He said the due diligence he did took a lot of time because even though he is in the finance industry, he had never owned a business before.

¶ 48 At some point, the idea came for The Cheer Spot to purchase Cheer Time because there would be benefits from a corporation purchasing another business's assets. Defendants were open to the idea of selling 50% of their corporation to plaintiffs. Steven explained that he had to do due diligence to potentially become a shareholder of The Cheer Spot in May 2015. There was pressure to close the deal by June 1, 2015, because that is what Taphorn wanted and June 1 is the beginning of the cheer season.

¶ 49 As of June 1, 2015, Steven had not completed his due diligence on becoming an

owner of The Cheer Spot. In May 2015, Steven asked for financial records from The Cheer Spot, just like he did for Cheer Time. He received some documents from James before June 1, 2015. Those documents did not reference rent. He received much less financial information from The Cheer Spot than Cheer Time. He said he felt like he was regularly asking for more financial information from The Cheer Spot. It was his impression that the equipment at The Cheer Spot was owned by The Cheer Spot. Defendants showed plaintiffs some bank statements and other documents, but he did not receive copies of them. The information and documents he received were not sufficient for him to make a final decision to become an owner of The Cheer Spot before June 1, 2015. As a result, a promissory note was created based on the advice of his attorney.

¶ 50 Steven testified that he did not find out about unpaid rent due from The Cheer Spot to defendants until The Cheer Spot filed for bankruptcy. He also did not know about the loans that defendants and Ben E. Neville Trucking had provided to The Cheer Spot. Steven had no knowledge that defendants were using personal credit cards and bank accounts to pay for The Cheer Spot's expenses on or before June 1, 2015. If he had known any of that information, he would not have entered into the promissory note with the Cheer Spot or contemplated owning The Cheer Spot. He learned in fall 2015 that defendants used their personal credit card and not a corporate card for The Cheer Spot, which caused him concern.

¶ 51 After June 1, 2015, there was a period of time when plaintiffs and defendants tried to finalize an agreement for plaintiffs to become owners of The Cheer Spot, but that final agreement never occurred. In January 2016, plaintiffs sent defendants a letter formally exercising their rights under the terms of the promissory note to receive payment in full.

¶ 52 Before June 1, 2015, Steven did not recall seeing any leases or tax returns from The Cheer Spot. He did not have access to The Cheer Spot bank account or credit card statements

before June 1, 2015. He agreed there was an influx of athletes at The Cheer Spot for the 2015-16 season. He believed at least part of the increase in athletes was because of The Cheer Spot's purchase of Cheer Time.

¶ 53 Steven admitted he "generally" has "financial expertise." He did not do anything to have Cheer Time's assets appraised prior to The Cheer Spot purchasing them.

¶ 54 The promissory note listed plaintiffs as the lenders and The Cheer Spot as the only borrower. Steven testified that the purpose of the promissory note "was to provide security for Laurie and I for those funds so that we had a right to either collect or get 50 percent of the ownership." The collateral listed in the promissory note was shares of The Cheer Spot. He never asked for collateral beyond that. He never asked defendants to personally guarantee the promissory note. The note was drafted by plaintiffs' attorney, and it was his idea to do so.

¶ 55 Defendants never refused to provide documents Steven requested prior to June 1, 2025. Steven testified that he may have reviewed other documents beyond the five documents James provided to him about The Cheer Spot. He testified that he could have done more due diligence regarding The Cheer Spot prior to June 1, 2015. He never asked who owned the real estate where The Cheer Spot operated or requested a copy of a lease from The Cheer Spot.

¶ 56 Steven testified that he had no idea if The Cheer Spot was profitable prior to June 1, 2015, and did not ask about The Cheer Spot's historic profitability. The 2014 document defendants provided to plaintiffs showed The Cheer Spot lost money. After the closing, there were "some sticking points that precluded the ultimate consummation of the transaction," One of the sticking points was the rent to be paid defendants from The Cheer Spot. The parties also never resolved the voting rights between those involved.

¶ 57 Laurie left The Cheer Spot after the 2015-16 season and was hired as a coach at

Titanium Twist, a competitor of The Cheer Spot. The following year, Steven and Laurie formed a new cheerleading business, Titanium Force, LLC.

¶ 58 Steven acknowledged that he found inconsistencies in the financial documents The Cheer Spot gave him. Nevertheless, he decided to loan The Cheer Spot money anyway. Prior to June 1, 2015, he knew defendants expected to be paid $4,000 in rent from The Cheer Spot. He did not ask who owned the equipment at The Cheer Spot. He agreed he loaned money to The Cheer Spot despite never having been shown a balance sheet with assets and liabilities, including over $100,000 in back rent.

¶ 59 Steven agreed that after the rebranding, The Cheer Spot spent $60,841 on new uniforms. Steven said he specifically asked defendants for a cash flow statement and balance sheets, but defendants never gave them to him. He asked for and received a profit and loss statement for 2014. Steven did not believe he had enough time to complete due diligence to purchase Cheer Time or become an owner in The Cheer Spot because of the quick June 1, 2015, deadline. Steven communicated with his attorney regarding the substance and terms in the promissory note. Steven's purpose was to secure $120,000 "while still being able to consider becoming an owner of [The] Cheer Spot." He did not know The Cheer Spot did not own the equipment in its building.

¶ 60 Steven never had a discussion with defendants about what they owned and what The Cheer Spot owned in the gym. He assumed The Cheer Spot owned the real estate and the contents of the gym. He agreed that on its face, the loan was undersecured. He testified that with accruing interest, the judgment against The Cheer Spot had become more than $300,000.

¶ 61 E. Laurie Rolinitis's Testimony

¶ 62 Laurie denied telling James that she was going to put him out of business. As of

June 1, 2015, she had no knowledge The Cheer Spot (1) owed defendants more than $100,000 in unpaid rent, (2) obtained loans from defendants and Ben E. Neville Trucking, and (3) used defendants' personal credit cards and personal bank accounts to pay corporate expenses. If she had knowledge of those things, she would not have entered into the promissory note or contemplated being an owner of The Cheer Spot.

¶ 63 Laurie testified that she did not bother to ask if The Cheer Spot was profitable or had unpaid rental obligations on June 1, 2015. She testified that Steven has "financial expertise," so she delegated the decision-making to him. Steven prepares tax returns for his family and for their company, Titanium Force. She denied that any athletes "followed" her from The Cheer Spot to Titanium Twist in 2016 but agreed that individuals who cheered at The Cheer Spot for the 2015-16 season cheered for Titanium Twist in 2016-17. She said many other coaches left The Cheer Spot to go to Titanium Twist.

¶ 64 Laurie did not dispute that Steven received five pages of financial information from The Cheer Spot before loaning it $120,000. She intended for The Cheer Spot to buy Cheer Time with the assets she supplied, which The Cheer Spot did. She agreed the promissory note did not list defendants individually as borrowers. She said Steven directed their attorney, Benkendorf, to draft the promissory note. She said the purpose of the promissory note was "to either get repaid back by The Cheer Spot or to become 50 percent shareholders." She agreed that she never asked The Cheer Spot to supply collateral in addition to 100 shares of The Cheer Spot.

¶ 65 Laurie testified that defendants never did anything to make her believe The Cheer Spot owned the underlying real estate. In an e-mail from defendants' accountant, Packard told her that the maximum value of Cheer Time was $86,740, but that its value as a "going-concern" was "$0.00."She testified that she still loaned The Cheer Spot $120,000 to buy Cheer Time.

¶ 66 Laurie assumed that The Cheer Spot owned the equipment in its gym because "that's what businesses do." She admitted that defendants never told them The Cheer Spot owned the equipment. Defendants also never said they owned the equipment individually. She testified that her success was in cheerleading coaching. Titanium Force, which she and her husband own, has been in business for 10 years.

¶ 67 F. Trial Court Ruling

¶ 68 The trial judge verbally issued his ruling in court on September 19, 2025. The court determined that plaintiffs proved the first prong of the test to pierce the corporate veil. In doing so, the court analyzed the relevant factors and found that (1) The Cheer Spot was inadequately capitalized, (2) The Cheer Spot was insolvent, (3) defendants failed to maintain an arm's length relationship among themselves and The Cheer Spot, (4) The Cheer Spot failed to observe corporate formalities, (5) defendants diverted assets of the corporation, (6) there was an absence of corporate records, (7) defendants and The Cheer Spot commingled funds, (8) defendants did not function as officers, and (9) The Cheer Spot did not pay dividends.

¶ 69 With respect to the second prong, the trial court stated that it had to determine whether it was necessary to pierce the corporate veil "to prevent injustice or inequitable consequences." In discussing this standard, the court stated: "[H]ow could the Court possibly consider between the range of more than your financial loss and something just short of actual fraud? Clearly, fraud at some level is being considered." The court also noted that "[t]he higher courts, in assisting the trial court, has [*sic*] further found it's something less than actual fraud, but more than mere financial loss."

¶ 70 The trial court then considered the evidence related to intent and determined it was not defendants' intent to defraud plaintiffs. In fact, it was plaintiffs who approached defendants

about purchasing Cheer Time. The court stated that The Cheer Spot was "a small family business that [was] run more akin to a Kool Aid stand than General Motors."

¶ 71 In comparing the situations of plaintiffs and defendants, the trial court stated: "I don't see this as some situation where the defendant comes out ahead or rewarded in any way by adhering to the corporate fiction." In considering public policy, the court concluded that this was "a well-intended, but unfortunate business failing." Therefore, the court ruled plaintiffs failed to establish the second prong necessary to pierce the corporate veil of The Cheer Spot.

¶ 72 Plaintiffs filed a motion to reconsider, arguing that the trial court (1) used an incorrect legal standard in its second-prong veil-piercing analysis by considering the consequences instead of the circumstances related to the parties involved, (2) improperly required a finding of fraud, and (3) improperly applied Illinois law. Following a hearing, the court denied the motion in a written decision. In that decision, the court found that "[t]he cases that were cited to be analogous, [*Steiner Electric Co. v. Maniscalco*, 2016 IL App (1st) 132023, *Fontana v. TLD Builders, Inc.*, 362 Ill. App. 3d 491 (2005), and *Gallagher v. Reconco Builders, Inc.*, 91 Ill. App. 3d 999 (1980)], to this matter are clearly distinguishable." The court concluded: "It is a two prong analysis of first 'can' the Court pierce the veil and second should it. The Court believes it was correct in finding that the Defendants['] business did not meet the requirements of a corporation but that the equities did not support its piercing."

¶ 73 This appeal followed.

¶ 74 II. ANALYSIS

¶ 75 A. Piercing the Corporate Veil

¶ 76 "Piercing the corporate veil is not a cause of action but, rather, a means of imposing liability in an underlying cause of action." *Buckley v. Abuzir*, 2014 IL App (1st) 130469, ¶ 9. "A

corporation is an entity separate and distinct from its shareholders, directors, and officers." *Buckley*, 2014 IL App (1st) 130469, ¶ 12. "[T]he primary purpose of corporations is to insulate stockholders from unlimited liability." *Buckley*, 2014 IL App (1st) 130469, ¶ 12. However, courts may pierce the corporate veil where the corporation is "so organized and controlled by another entity that maintaining the fiction of separate identities would sanction a fraud or promote injustice." *Buckley*, 2014 IL App (1st) 130469, ¶ 12. "A party seeking to pierce the corporate veil must make a substantial showing that one corporation is a dummy or sham for another" person or entity. *Buckley*, 2014 IL App (1st) 130469, ¶ 12.

¶ 77 There is a two-part test for piercing the corporate veil.

> "Illinois courts will pierce the corporate veil 'where: (1) there is such a unity of interest and ownership that the separate personalities of the corporation and the parties who compose it no longer exist, and (2) circumstances are such that adherence to the fiction of a separate corporation would promote injustice or inequitable circumstances.' " *Buckley*, 2014 IL App (1st) 130469, ¶ 13 (quoting *Tower Investors, LLC v. 111 East Chestnut Consultants, Inc.*, 371 Ill. App. 3d 1019, 1033-34 (2007)).

A party seeking to pierce the corporate veil must adequately establish facts to satisfy both prongs. See *Buckley*, 2014 IL App (1st) 130469, ¶ 13.

¶ 78 In deciding if the first prong is satisfied,

> "courts will examine many factors, including '(1) inadequate capitalization; (2) failure to issue stock; (3) failure to observe corporate formalities; (4) nonpayment of dividends; (5) insolvency of the debtor corporation; (6) nonfunctioning of the other officers or directors; (7) absence of corporate

records; (8) commingling of funds; (9) diversion of assets from the corporation by or to a stockholder or other person or entity to the detriment of creditors; (10) failure to maintain arm's-length relationships among related entities; and (11) whether, in fact, the corporation is a mere façade for the operation of the dominant stockholders.' " *Buckley*, 2014 IL App (1st) 130469, ¶ 15 (quoting *Gass v. Anna Hospital Corp.*, 392 Ill. App. 3d 179, 186 (2009), citing *Fontana*, 362 Ill. App. 3d at 503).

"The second prong of the test used to determine if piercing a corporate veil is appropriate is that circumstances must exist such that adherence to the fiction of a separate corporate existence would sanction a fraud, promote injustice, or promote inequitable consequences." *Fontana*, 362 Ill. App. 3d at 507. "The second prong has been described further as '[s]ome element of unfairness, something akin to fraud or deception, or the existence of a compelling public interest.' " *Fontana*, 362 Ill. App. 3d at 507 (quoting *Berlinger's, Inc. v. Beef's Finest, Inc.*, 57 Ill. App. 3d 319, 324 (1978)). Actual fraud is not required. *Fontana*, 362 Ill. App. 3d at 507.

¶ 79 On review, we will reverse the finding of the trial court regarding piercing the corporate veil only if it is against the manifest weight of the evidence. *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 49. "A decision is against the manifest weight of the evidence when an opposite conclusion is apparent or when the findings appear to be unreasonable, arbitrary or not based on the evidence." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 49. "This court will not overturn a trial court's judgment as long as there is evidence to support it." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 49.

¶ 80 Here, the trial court found, and neither party disputes, that plaintiffs satisfied the first prong of the veil-piercing test. We agree. The question then is whether the second prong was

met. Plaintiffs contend that we can use the same factors in prong one to determine if they satisfied prong two. The trial court disagreed, finding no reason to have a second prong if the same factors can be used for both. The Seventh Circuit considered what was required for proof of the second prong and found that it had to be more than merely denying a party satisfaction, because "if an unsatisfied judgment is enough for the 'promote justice' feature of the test, then *every* plaintiff will pass on that score" and the two-part veil-piercing test "collapses into a one-step 'unity of interest and ownership' test." (Emphasis in original.) *Sea-Land Services, Inc. v. Pepper Source*, 941 F. 2d 519, 522-23 (7th Cir. 1991). Generalizing from cases, the Seventh Circuit found that courts that have pierced the corporate veil to avoid " 'promoting injustice' " have done so only if some " 'wrong' " beyond a creditor's inability to collect would result. *Sea-Land Services, Inc.*, 941 F. 2d at 524.

¶ 81 In this case, the trial court found that denying plaintiffs' request to pierce the corporate veil would result in no wrong beyond plaintiffs' inability to collect. The evidence at trial supports that conclusion. Plaintiffs were represented by counsel throughout the transaction. It was plaintiffs' idea that The Cheer Spot purchase Cheer Time and The Cheer Spot sign a promissory note, which plaintiffs' attorney drafted. The promissory note identified only The Cheer Spot as the borrower. It contained no personal guarantees from defendants and referenced corporate stock as collateral for the transaction. The evidence showed that plaintiffs anticipated becoming owners of The Cheer Spot or a successor entity with defendants. The promissory note contemplated a transfer of stock, and its 30-day term suggested that the note was part of a larger proposed business arrangement, rather than a conventional loan. The only reason the transfer of stock and business partnership did not happen was because plaintiffs decided not to go through with it.

¶ 82 The trial court was entitled to consider the outcome of the parties' relationship in

examining the equities. The evidence showed that plaintiffs eventually chose not to pursue an ownership interest in The Cheer Spot and instead became a competitor. While The Cheer Spot failed and ended up in bankruptcy, plaintiffs' business, Titanium Force, has been in existence for 10 years.

¶ 83 Here, all that plaintiffs proved was an unpaid judgment against The Cheer Spot. As the trial court found, this was a failed business venture. However, that does not establish something akin to fraud, injustice, or inequitable consequences. An unpaid judgment alone does not satisfy the second prong. See *Sea-Land Services, Inc.*, 941 F.2d at 522-23. Plaintiffs had to establish " '[s]ome element of unfairness, something akin to fraud or deception, or the existence of a compelling public interest.' " *Fontana*, 362 Ill. App. 3d at 507 (quoting *Berlinger's, Inc.*, 57 Ill. App. 3d at 324). Here, they failed to do so.

¶ 84 Plaintiffs contend that the trial court applied an improper standard in determining not to pierce the corporate veil because the court made a reference to "fraud." However, here, the court used the proper standard, indicating that "[i]n prong 2 I'm trying to determine whether it's necessary to pierce the corporate veil to prevent injustice or inequitable consequences." That is the very standard to be used for prong two. See *Fontana*, 362 Ill. App. 3d at 507. The court also acknowledged that "[t]he higher courts, in assisting the trial court, ha[ve] further found it's something less than actual fraud, but more than mere financial loss." Thus, while the court mentioned fraud, it clearly never said that fraud was required to pierce the corporate veil. The court's mere mention of fraud does not mean that it applied an incorrect standard. In fact, in describing the second prong, courts have used the word fraud, stating, "The second prong has been described further as '[s]ome element of unfairness, something akin to *fraud* or deception, or the existence of a compelling public interest.' " (Emphasis added.) *Fontana*, 362 Ill. App. 3d at 507

(quoting *Berlinger's, Inc.*, 57 Ill. App. 3d at 324). We reject plaintiffs' contention that the court applied an improper standard, requiring plaintiffs to prove fraud, when the court's statements do not support such a contention.

¶ 85 Here, the trial court mentioned fraud in the context of intent, finding that defendants had no intent to defraud. This is clear from the record. The idea to purchase The Cheer Spot did not come from defendants but from plaintiffs. As they testified to during trial, defendants never thought they would have to pay the promissory note because it was supposed to be a mere placeholder until plaintiffs could become co-owners of The Cheer Spot, which all parties intended. Unfortunately, that never happened.

¶ 86 Plaintiffs cite a number of cases, asserting they support their position in this case. One of those cases is *Steiner Electric Co.* In *Steiner Electric Co.*, the appellate court found that fraud or deception would be perpetrated and injustice promoted by not allowing veil-piercing. *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 67. The court further found that not holding the defendants liable for the judgment in that case "would sanction a fraud or deception." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 69. In that case, the court found that the defendants engaged in "corporate malfeasance," and a financial expert testified that the defendants' scheme "was entered into for tax evasion purposes and was a fraudulent and deceptive practice." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶¶ 68-69. That makes *Steiner Electric Co.* distinguishable from this case, where this matter arose from a failed business venture, not an attempt to perpetuate a fraud or deception.

¶ 87 *Fontana* is similarly distinguishable. In that case, the appellate court found that the trial court could reasonably conclude that the defendant caused an entity to be incorporated and placed nominal ownership and control solely in the hands of another "for the purpose of shielding

himself personally from the liabilities to which his general contracting activities might expose him." *Fontana*, 362 Ill. App. 3d at 508. Additionally, once a lawsuit was filed, the defendant began selling off the company's assets to the detriment of potential judgment creditors. *Fontana*, 362 Ill. App. 3d at 508. Unlike the defendant in *Fontana*, the trial court here never found that defendants engaged in wrongdoing, like selling off assets to avoid judgment creditors, making this case distinguishable.

¶ 88 *Gallagher* is also distinguishable. In that case, the defendants obtained funds by submitting false affidavits. *Gallagher*, 91 Ill. App. 3d at 1000, 1007. As such, the appellate court found that "[t]here can be no doubt that 'some element of unfairness, something akin to fraud or deception' was present." *Gallagher*, 91 Ill. App. 3d at 1007 (quoting *Berlinger's, Inc.*, 57 Ill. App. 3d at 324). Here, there was no evidence that defendants were falsifying documents, and the trial court found no element of unfairness, something akin to fraud, or deception existed. Thus, this case is distinguishable from *Gallagher*.

¶ 89 *Stap v. Chicago Aces Tennis Team, Inc.*, 63 Ill. App. 3d 23 (1978), is procedurally distinguishable because the court in that case did not hold a trial and pierce the corporate veil but merely reviewed the dismissal of a complaint and held that the plaintiff had alleged sufficient facts to state a cause of action for veil-piercing. In finding that sufficient facts had been alleged, the court noted that the plaintiff's pleadings alleged "that the observance of the fiction of separate corporate existence would sanction a fraud and permit injustice against [the] plaintiff." *Stap*, 63 Ill. App. 3d at 29. Here, we are not dealing with the sufficiency of a complaint alleging piercing the corporate veil. This case has already gone to trial, and the trial court found that the second prong was not proven, so *Stap* is distinguishable.

¶ 90 Finally, *Buckley* is likewise distinguishable on procedural grounds. In that case, the

appellate court reversed the trial court's dismissal of the plaintiffs' complaint, finding that the plaintiffs alleged sufficient facts to survive dismissal of their veil-piercing action against the defendant where they alleged that the defendant created a sham corporation to obtain the plaintiffs' recipes and customer lists. *Buckley*, 2014 IL App (1st) 130469, ¶ 8. The issue in that case was whether liability could be imposed on the defendant where he was not the corporation's shareholder, officer, director, or employee. *Buckley*, 2014 IL App (1st) 130469, ¶ 17. The court concluded the lack of status as a shareholder, officer, director, or employee did not preclude veil-piercing. *Buckley*, 2014 IL App (1st) 130469, ¶ 29. Thus, the court found that the plaintiffs alleged sufficient facts to satisfy the first veil-piercing prong. *Buckley*, 2014 IL App (1st) 130469, ¶ 32. With respect to the second prong of the veil-piercing analysis, the court found that the majority of the plaintiffs' allegations were insufficient because they were conclusory. *Buckley*, 2014 IL App (1st) 130469, ¶ 39. However, the court found that one of the allegations sufficiently alleged a violation of the Illinois Trade Secrets Act (765 ILCS 1065/2 (West 2010)). *Buckley*, 2014 IL App (1st) 130469, ¶ 40. Therefore, the court found that one allegation was sufficient for the plaintiffs' veil-piercing action to survive dismissal, particularly since the court had to view "the facts alleged in the complaint in the light most favorable to the plaintiff and accept all well-pleaded facts—as well as reasonable inferences drawn from those facts—as true." *Buckley*, 2014 IL App (1st) 130469, ¶ 41. Here, where plaintiffs' veil-piercing claim went to trial, *Buckley* is clearly distinguishable and does not provide support for plaintiffs' position because that case focused only on what must be alleged to survive dismissal of a complaint, not what must be proven at trial to pierce the corporate veil.

¶ 91 None of plaintiffs' cases support their contention that the trial court erred in this case. Instead, we find the case of *Cosgrove Distributors, Inc. v. Haff*, 343 Ill. App. 3d 426 (2003),

instructive. In that case, the appellate court concluded that piercing the corporate veil was not warranted, stating that "[c]ourts are reluctant to pierce the corporate veil." *Cosgrove Distributors, Inc.*, 343 Ill. App. 3d at 429. The court rejected the plaintiff's argument "that to allow the defendants the protection of the corporation would be to sanction a fraud and allow inequitable consequences." *Cosgrove Distributors, Inc.*, 343 Ill. App. 3d at 429. The court stated: "[T]here is absolutely no indication that the defendants engaged in any fraud." *Cosgrove Distributors, Inc.*, 343 Ill. App. 3d at 429. Thus, the court concluded that "the test for piercing the corporate veil has not been met, and the trial court's finding otherwise was against the manifest weight of the evidence. *Cosgrove Distributors, Inc.*, 343 Ill. App. 3d at 429-30. Just as in *Cosgrove*, the test for piercing the corporate in this case was not met because there was no action by defendants that would "sanction a fraud and allow inequitable consequences." *Cosgrove Distributors, Inc.*, 343 Ill. App. 3d at 429.

¶ 92 Plaintiffs further allege that the trial court improperly failed to consider the first-prong factors when considering if the second prong was met. We find no error. The piercing-the-corporate-veil test consists of two separate and distinct prongs. See *Buckley*, 2014 IL App (1st) 130469, ¶¶ 12-13. The court did not err in finding that the first prong was met, after analyzing those factors, but that the second prong was not met because a different standard applies.

¶ 93 Here, the trial court had the task of determining whether it was necessary "to pierce the corporate veil to prevent injustice or inequitable consequences." The court ultimately determined that piercing the corporate veil was not necessary, finding that it was never defendants' intent to defraud plaintiffs, defendants ended up in a worse financial position than plaintiffs, and it would not be in the public interest to punish a party involved in a "well-intended, but unfortunate business failing." Under the circumstances, we do not find that the court's finding was against the

manifest weight of the evidence.

¶ 94 B. Attorney Fees

¶ 95 "In Illinois, the prevailing party will generally bear the costs of litigation unless otherwise provided for in a statute or by agreement between the parties." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 75. "There must be specific language in the contract for a court to award attorney fees as a matter of contractual construction." *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 75. Where the trial court determined the question of attorney fees as a matter of law, the issue on appeal is a question of law that we review *de novo*. *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 75.

¶ 96 Here, the promissory note contains the following language: "If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Note, Borrower agrees to pay Lender's attorney fees and collection costs."

¶ 97 By its very terms, attorney fees could be collected from the "Borrower" for assisting in collecting any amount due or enforcing any right or remedy under the promissory note. In this case, the "Borrower" of the note was The Cheer Spot. Thus, based on the unambiguous language of the note, plaintiffs could recover attorney fees only from The Cheer Spot, not defendants, who were not parties to the promissory note.

¶ 98 Plaintiffs rely on two cases to support their contention that they should be allowed to collect attorney fees from defendants: *Steiner Electric Co.*, 2016 IL App (1st) 132023, ¶ 89, and *Fontana*, 362 Ill. App. 3d at 510-11. In those cases, the defendants were required to pay attorney fees in collecting on a note, but only after the court pierced the corporate veil. Here, where the trial court did not pierce the corporate veil, there is no basis to hold defendants liable for attorney fees. Thus, the court properly struck the request for attorney fees from plaintiffs' complaint.

¶ 99 C. Motion to Reconsider

¶ 100 "The intended purpose of a motion to reconsider is to bring to the court's attention newly discovered evidence, changes in the law, or errors in the court's previous application of existing law." *Landeros v. Equity Property & Development*, 321 Ill. App. 3d 57, 65 (2001). It is not meant to allow a party to merely reiterate its earlier arguments before the court. See *Farley Metals, Inc. v. Barber Colman Co.*, 269 Ill. App. 3d 104, 116 (1994). The decision to grant or deny a motion to reconsider lies within the sound discretion of the trial court and will not be reversed absent an abuse of that discretion. *Landeros*, 321 Ill. App. 3d at 65.

¶ 101 Here, plaintiffs' motion to reconsider merely reiterated its earlier arguments before the trial court. It did not bring newly discovered evidence to the court's attention, indicate a change in the law, or illustrate that the judge misapplied the law. Thus, the court did not abuse its discretion in denying the motion.

¶ 102 III. CONCLUSION

¶ 103 For the reasons stated, we affirm the trial court's judgment.

¶ 104 Affirmed.