

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

SINDESMOS HELLINIKES-KINOTITOS of  
CHICAGO, a/k/a HOLY TRINITY HELLENIC  
ORTHODOX CHURCH, a/k/a HOLY TRINITY  
ORTHODOX CHURCH of CHICAGO, an  
Illinois religious corporation,

Plaintiff.

vs.

HELLENIC-AMERICAN ACADEMY  
FOUNDATION, NFP and DEMETRIOS  
G. LOGOTHETIS,

Defendants.

Case No. 2018L010437

VERIFIED COMPLAINT FOR EXONERATION, REIMBURSEMENT  
AND BREACH OF FIDUCIARY DUTY

NOW COMES the Plaintiff, SINDESMOS HELLINIKES-KINOTITOS of CHICAGO, a/k/a HOLY TRINITY HELLENIC ORTHODOX CHURCH, a/k/a HOLY TRINITY ORTHODOX CHURCH of CHICAGO, an Illinois religious corporation ("Plaintiff" or "Holy Trinity") and for its Complaint For Exoneration, Reimbursement, and Breach of Fiduciary Duty against the Defendants, HELLENIC-AMERICAN ACADEMY FOUNDATION, NFP ("Academy"), and DEMETRIOS G. LOGOTHETIS ("Logothetis") states as follows:

The Parties

1. The Plaintiff is an Illinois religious corporation having its principal offices in Cook County, Illinois
2. The Defendant, Academy, is an Illinois not-for-profit corporation having its principal offices in Cook County, Illinois.
3. Defendant Demetrios G. Logothetis is a resident of Lake County Illinois. Defendant, at all pertinent times was the President of the Parish Council of Holy Trinity as well as the Chairman of the Academy and the activities which give rise to this lawsuit occurred either entirely or, in the main, in Cook County, Illinois. Defendant is a licensed certified public accountant and a partner



in the accounting firm of Ernst & Young.

#### Background

4. For more than 100 years, Holy Trinity operated a Greek Orthodox Church located at 6041 W. Diversey Avenue in Chicago, Illinois (the "Chicago Property"). In addition to conducting religious services and parish activities at the Chicago Property, the Plaintiff also historically operated a school, known as the Socrates Greek-American Elementary School (the "Socrates School"), since at least in 1907 or 1908.

5. In 2004, Holy Trinity purchased property at 1085 N. Lake Cook Rd., Deerfield, Illinois (the "Deerfield Property") as part of a broader plan that began with relocating the Socrates School to the Deerfield Property. This broader plan also contemplated relocating the Church and religious services to the Deerfield Property in the future. However, such a plan to move the Church was never presented to the Plaintiff's general membership body for their approval and therefore any theoretical plan to relocate the Church to Deerfield never came into fruition.

6. In or about 2004 or 2005, the Academy was formed by various members of the Holy Trinity parish as well as the broader Greek community to take over the operation of the Socrates School.

7. On or about June 15, 2006, the General Assembly of the Plaintiff and the Board of Trustees of the Academy adopted a certain Joint Resolution pursuant to which the Plaintiff transferred ownership and control of the Socrates School to the Academy, beginning with the 2006-2007 academic year.

8. In order to allow the Academy an opportunity to establish itself at the new location and to maintain operations in the future, the Joint Resolution provided the Academy with the right to use the Deerfield Property rent free for a period of ten years.

9. In 2006, the Academy assumed ownership and control of the Socrates School and, in connection therewith, the exclusive use of the Deerfield Property until June 15, 2016.

#### The Bank Loan and Mortgages



10. On June 1, 2007, in order to pay for the costs of renovating and improving the Deerfield Property, the Plaintiff obtained a loan (the "Loan") in the original principal amount of \$12,191,000. The Plaintiff, as borrower, Illinois Finance Authority (the "IFA"), as issuer, and MB Financial Bank, NA ("MB Financial") as purchaser, entered into a Bond and Loan Agreement dated as of June 1, 2007 (the "Original BLA"); pursuant to the Original BLA, the IFA issued an Illinois Finance Authority Educational Facility Revenue Bond (Hellenic American Academy Project), Series 2007 in the principal amount of \$12,191,000 (the "Original Bond") and loaned the proceeds thereof to the Plaintiff; MB Financial was the sole purchaser of the Original Bond; and to secure the Plaintiff's obligations under the Original Bond and the Original BLA, the Plaintiff granted: (a) a Mortgage, Assignment of Leases and Rents, and Security Agreement on the Chicago Property, dated as of June 8, 2007, in favor of MB Financial, and (b) a Mortgage, Assignment of Leases and Rents and Security Agreement on the Deerfield Property, dated as of June 8, 2007, in favor of MB Financial. The Loan was guaranteed by the Academy. (Exhibits "A", "B" and "C", respectively)

11. On February 25, 2010, the IFA, the Plaintiff, the Academy and MB Financial entered into a First Amendment to the BLA (the "BLA Amendment"). Under the BLA Amendment, the Plaintiff assigned all of its right, title and interest under the Original BLA to the Academy and the Academy assumed and agreed to perform all of the Plaintiff's obligations under the Original BLA. Pursuant to the BLA Amendment, the Academy became the "Borrower" as of February 25, 2010, the outstanding principal amount of the Original Bond was \$6,910,466; pursuant to the BLA Amendment, the IFA issued an Illinois Finance Authority Educational Facility Revenue Bond (Hellenic American Academy Project), Series 2007 in the principal amount of \$6,910,466 (the "New Bond"); MB Financial is the sole owner and holder of the New Bond; the Plaintiff executed a Guaranty (the "Guaranty"), dated as of February 25, 2010, where under the Plaintiff guaranteed to MB Financial all obligations of the Academy to MB Financial under the New Bond and the Original BLA, as amended by the BLA Amendment; and to secure the Plaintiff's obligations under the Guaranty, the Plaintiff executed: (a) a Modification of Mortgage, Assignment of Leases and Rents



and Security Agreement for the Chicago Property, dated as of February 25, 2010; and (b) a Modification of Mortgage, Assignment of Leases and Rents and Security Agreement for the Deerfield Property, dated as of February 25, 2010. (Exhibits "D", "E" and "F", respectively).

12. At the time that Plaintiff obtained the Original Bond, Defendant Logothetis was the President of the Plaintiff's Parish Council. The renovation and improvement of the Deerfield Property into an educational facility was solely for the use and benefit of the Academy which, under the Joint Resolution dated June 15, 2006 was to use the Deerfield Property rent free for a 10 year period. Logothetis at the same time was also the Chairman of the Academy and in that capacity was directing the Academy's operation and financial affairs.

13. Logothetis provided all financial information to MB Financial, including without limitation, financial projects, historical financial data, as well as other financial information to secure the issuance of the Original Bond and provide MB Financial with the necessary documentation so that MB Financial could appropriately evaluate the financial ability of Holy Trinity to make payments on the Original Bond. This was particularly true because the principal amount of the Original Bond far exceeded the value of the assets held by Holy Trinity. Logothetis, to secure the payment of the Original Bond pledged Holy Trinity's assets because the Academy owned little or no assets.

14. At the time that the New Bond was issued, Logothetis remained at the President of Holy Trinity's Parish Council as well as the Chairman of the Academy. Despite the fact that the New Bond significantly reduced the indebtedness of the new Borrower, the Academy, from \$12,191,000 to \$6,910,466, the Academy was operating at a financial deficit each year, had little or no assets, and no significant collateral which could be utilized to secure the payments of the New Bond. Of the \$6,910,466 of remaining debt under the New Bond, approximately \$1,000,000 of loan proceeds which heretofore had not been utilized for the renovations of the Deerfield Property were deposited into an Academy account at MB Financial.

15. Although Holy Trinity was no longer the Borrower under the New Bond and lacked



the financial resources to fund the monthly loan payments, the Plaintiff, at the direction of Logothetis, frequently loaned or gifted monies to the Academy so that the Academy could meet its monthly payment obligations under the New Bond. In addition, the Academy utilized a substantial portion of the approximately \$1,000,000 in loan proceeds in its account at MB Financial to make monthly interest payments under the New Bond. Finally, to secure the payment of the New Bond, despite the fact that Holy Trinity was no longer the Borrower, Logothetis, as the President of the Parish Council, pledged Holy Trinity's assets, to wit: the Chicago Property and Deerfield Property to collateralize the Academy's financial obligations under the New Bond.

16. In 2013, after the Academy had exhausted the entire \$1,000,000 of loan proceeds in its MB Financial account, it made no further loan payments under the New Bond and the BLA, as amended, went into default. As a result, MB Financial filed a foreclosure action against the Chicago Property in the Circuit Court of Cook County and styled as Case No. 15 CH 07231. This case is presently pending and default interest with respect to the New Bond, continues to accrue.

#### **COUNT I - EXONERATION**

17. Plaintiff re-alleges as set forth in full herein, all of the allegations contained in Paragraphs 1-16 as its Paragraph 17.

18. Pursuant to the New Bond, the Academy is the principal debtor of the indebtedness due to MB Financial, and Holy Trinity is the Guarantor of that indebtedness. Between the two parties, the Academy is the party which ought to pay the New Bond and Holy Trinity is the party that can be compelled to pay the New Bond.

19. Because of the continuing default by the Academy in payment of the New Bond, Plaintiff is entitled to a decree compelling the Academy to pay all amounts due and owing to MB Financial and therefore to be exonerated from liability.

WHEREFORE, Plaintiff prays that the Court enter a decree of exoneration and judgment compelling the Academy to pay all monies due and owing to MB Financial on the New Bond and for such other and further relief that is just and appropriate.



## **COUNT II - REIMBURSEMENT**

20. Plaintiff re-alleges as set forth in full herein, all of the allegations contained in Paragraphs 1-18 as its Paragraph 20.

21. To date, the Plaintiff has paid in excess of \$218,000 on the New Bond on behalf of the Academy and will potentially pay in excess of \$3,000,000 to MB Financial from the proceeds of a any sale of the Deerfield Property.

22. Because the Academy is the Borrower and therefore the principal debtor on the New Bond, the Plaintiff is entitled to reimbursement of all monies paid on behalf of the Academy to MB Financial.

WHEREFORE, the Plaintiff prays for a Judgment against the Academy for all monies paid on behalf of the Academy on the New Bond and for such other and further relief that is just and appropriate.

## **COUNT III - BREACH OF FIDUCIARY DUTY**

23. Plaintiff re-alleges as set forth in full herein, all of the allegations contained in Paragraphs 1-16 as its Paragraph 23.

24. Defendant Logothetis, as the President of the Parish Council, at all pertinent times herein, owed a fiduciary duty of loyalty to the Plaintiff. At the same time that Logothetis served as Chairman of the Parish Council and was instrumental in making financial as well as numerous other business decisions on behalf of Holy Trinity, Logothetis was also serving as Chairman of the Board of the Academy and was instrumental in making financial and business decisions which best served the Academy. As a result, Logothetis, violated the ancient percept of serving two masters. Logothetis in his role as President of the Parish Council, had the fiduciary duty to protect the resources and assets of the Plaintiff and not to use the financial resources of Holy Trinity to advance the interests of the Academy to the financial detriment of the Plaintiff.

24. In violation of his duty of loyalty to Holy Trinity, Logothetis, pledged and otherwise used the financial resources and assets of Holy Trinity to acquire the Deerfield Property, renovate



the property as a school facility, and authorize the distribution of loan proceeds to and for the benefit of the Academy. The activities of Logothetis have entirely depleted the available cash assets of Holy Trinity. Significantly, the activities of Logothetis in collateralizing the Academy's debt under the New Bond with the Plaintiff's principle assets namely, the Chicago Property and the Deerfield Property, has left the Plaintiff with little or no assets to continue to operate as a viable religious institution. Because the value of both the Chicago and Deerfield Property is less than the amounts currently owed to MB Financial under the New Bond, the Plaintiff is threatened with the loss of all of its principle assets.

25. On or about the same time that Logothetis obligated the Plaintiff to incur an indebtedness of \$12,191,000 under the terms of the Original BLA, Logothetis, knew or had reason to know that Holy Trinity was operating at a deficit for the twelve (12) months ending on June 30, 2007. Moreover, Logothetis provided misleading financial information and unrealistic projects to MB Financial to secure the approval of the Original BLA. Despite that fact, Logothetis, in violation of his fiduciary duty, obligated the Plaintiff under the Original Bond to monthly interest only loan payments from July 2007 through June, 2009 of \$55,062.68 and thereafter principal and interest payments of \$74,282.10 until the debt was paid in full. Yet, Logothetis's own financial projections indicated that for the year period after issuance of the Original BLA, Holy Trinity, without accounting for any payments to MB Financial under the Original BLA, would operate at a deficit of \$25,000. Accordingly, Logothetis in order to advance the renovation and development of the Deerfield Property for the sole and exclusive use of the Academy to operate the Socrates School, violated his duty of loyalty to Holy Trinity by obligating the Plaintiff to a loan far in excess of its ability to pay under the terms of the Original BLA.

26. As the proximate cause of Logothetis breach of his fiduciary duty of loyalty to Holy Trinity, the Plaintiff has been injured or is about to be injured in an amount in excess of \$8,500,000.

WHEREFORE, the Plaintiff prays as follows:

A. A judgment against the Defendant, DEMETRIOS G. LOGOTHETIS, for compensatory



damages in an amount of not less than \$8,500,000;

B. A judgment against the Defendant, DEMETRIOS G. LOGOTHETIS, in an amount of not less than \$10,000,000 as punitive damages;

C. A judgment against the Defendant, DEMETRIOS G. LOGOTHETIS for Plaintiff's attorney's fees and costs;

D. For such other and further relief which is just and equitable.

Respectfully submitted,

Sindesmos Hellinikes-Kinotitios of Chicago  
a/k/a Holy Trinity Hellenic Orthodox Church

By:   
One of Its Attorneys

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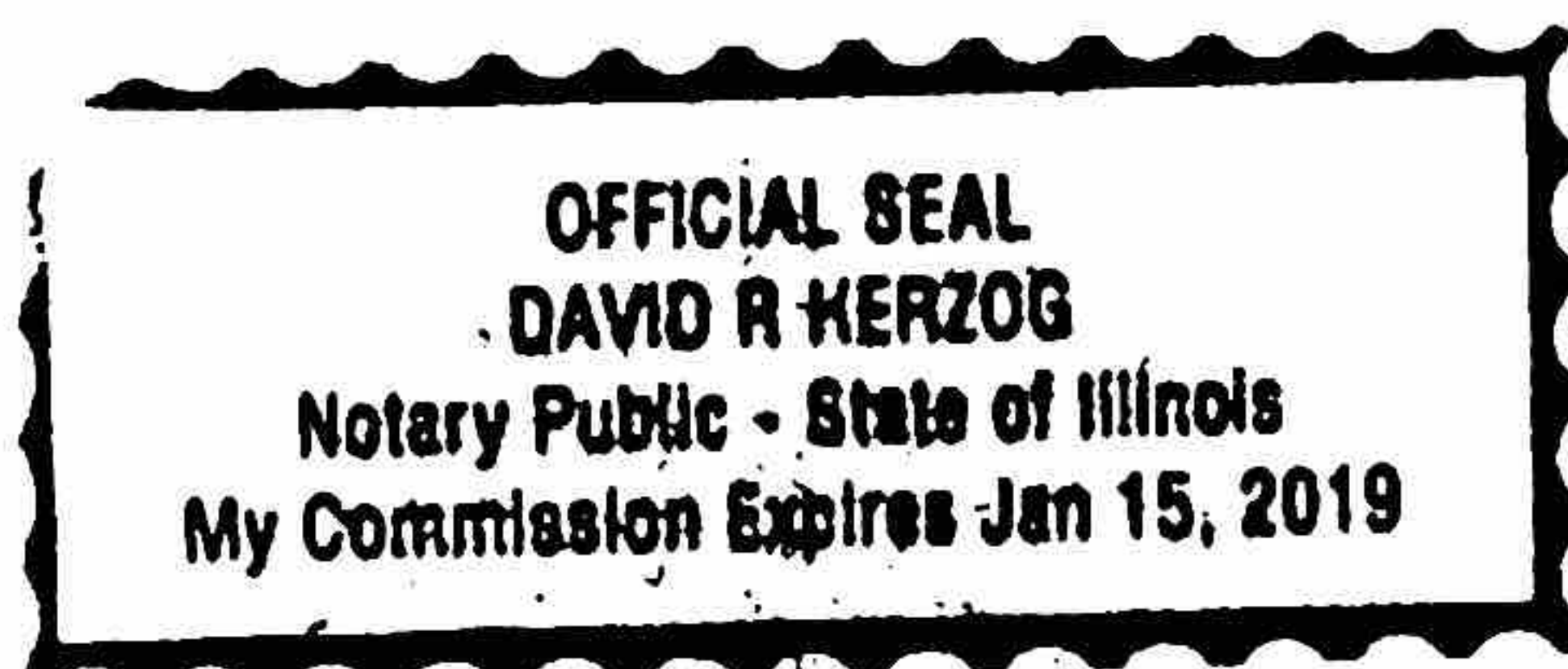
**VERIFICATION BY CERTIFICATION**

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned states that he is a representative of the Plaintiff herein, and certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

*Stanley Andreakis*

Subscribed and sworn before me this  
21<sup>st</sup> day of September, 2018.

  
NOTARY



David R. Herzog  
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