

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – LAW DIVISION**

FREDERICK and PATRICIA PHILLIPS,)	VERIFIED COMPLAINT
)	
Plaintiffs,)	
)	No.
v.)	
)	
ATLAS GALLERIES, INC.,)	
)	
Defendant.)	DEMAND FOR JURY TRIAL

COMPLAINT

NOW COME the Plaintiffs, FREDERICK and PATRICIA PHILLIPS (“Mr. and Mrs. Phillips”), by and through their attorneys, Mudd Law Offices, and complain of the Defendant, ATLAS GALLERIES, INC., an Illinois Corporation (“Atlas Galleries”), upon personal information as to their own activities and upon information and belief as to the activities of others and all other matters, and state as follows:

NATURE OF ACTION

1. This is an action against Atlas Galleries for declaratory judgment, breach of contract, fraudulent misrepresentation, violation of the Illinois Consignment of Art Act, and related claims arising from a business relationship between Mr. and Mrs. Phillips and Atlas Galleries. By this action, Mr. and Mrs. Phillips seek, *inter alia*, declaratory relief, compensatory damages, punitive damages, and attorney’s fees and costs.

PARTIES

2. FREDERICK PHILLIPS is a citizen of the United Kingdom and a resident of Evanston, Illinois.

3. PATRICIA PHILLIPS is a citizen of the United Kingdom and a resident of Evanston, Illinois.

4. ATLAS GALLERIES, INC. is an Illinois corporation engaged in the sale and distribution of artwork and related services and accessories with its principal place of business in Chicago, Illinois. Atlas Galleries is authorized to and conducts business within the State of Illinois.

VENUE

5. Venue is proper pursuant to 735 ILCS 5/2-101 as Atlas Galleries' principal office was at all times relevant to this action and remains located in Cook County, Illinois. Further, most, if not all, of the business relations and disputes at issue occurred in Cook County, Illinois.

6. An actual case or controversy has arisen between the parties.

7. Mr. and Mrs. Phillips have been injured by Atlas Galleries' conduct and have suffered damages resulting therefrom.

FACTUAL BACKGROUND

Frederick Phillips the Artist

8. Frederick Phillips descends from a lineage of distinguished English artists.

9. Frederick Phillips began painting at the age of eleven and sold his first oil painting at the age of fifteen.

10. At age seventeen, Frederick Phillips won a scholarship enabling him to attend Burslem College of Fine Art, Staffordshire, England, where he studied art under the tutelage of Arthur Berry, the renowned playwright and founder of The Leopard Group of painters.

11. In 1974, Frederick Phillips graduated with an Honors Degree in Fine Art. Upon his graduation, the Pauline Norton Gallery in Birmingham, England immediately sought out

Frederick Phillips and represented him for several years.

12. In 1981, Mr. and Mrs. Phillips moved to London in order to further establish Frederick Phillips' career.

13. Frederick Phillips' work quickly drew the attention of renowned art critics (such as David Sylvester) and wealthy collectors who included journalists, writers, playwrights and members of the aristocracy (such as Lord Gainsford).

14. Frederick Phillips creates highly detailed oil paintings on canvas utilizing the techniques of the Old Masters to create a unique artistic vision. Each painting requires up to six months of careful preparation before actual painting begins. Thereafter, each painting can take between one hundred fifty (150) and five hundred (500) hours of work to complete.

15. Between 1981 and 1984, London collectors purchased almost every painting created by Frederick Phillips.

16. During this time, Bill Hopkins served as Frederick Phillips business representative who sold his paintings. From these sales, Mr. Hopkins received a commission of thirty-three percent (33%).

17. Between 1981 and 1985, several art galleries in London began to exhibit and sell Frederick Phillips' paintings. These galleries received a commission on such sales of between thirty-three percent (33%) and fifty percent (50%). Frederick Phillips received the remaining 67% and 50% of such sales respectively.

18. Between 1981 and 1986, as Frederick Phillips' artistic reputation continued to grow, articles and reviews of his work began to appear in London. Additionally, several of Frederick Phillips' images were used on the covers of books and magazines.

Frederick Phillips and Atlas Galleries Meet

19. In January 1985, Frederick Phillips exhibited and sold his paintings at the London Art Fair held in Kensington, England.

20. Mr. and Mrs. Phillips first met Harriet and Jerry Petr, then owners of Atlas Galleries, at the 1985 London Art Fair.

21. At their first meeting, Mr. Petr negotiated a reduced price for the purchase of Frederick Phillips' original paintings ("Frederick Phillips Originals"). He purchased approximately twenty (20) Frederick Phillips Originals.

22. Atlas Galleries shipped these twenty (20) Frederick Phillips Originals to the United States where it exhibited and sold most of them within three months.

23. Within weeks of their first meeting, Atlas Galleries purchased, unseen, any and all completed Frederick Phillips Originals currently in Frederick Phillips' studio.

24. In January 1986, Mr. and Mrs. Petr returned to London, England to attend the latest London Art Fair and meet with Mr. and Mrs. Phillips and Mr. Hopkins.

25. Atlas Galleries again purchased several of Frederick Phillips Originals and shipped them to the United States for resale.

26. The requests by Atlas Galleries for Frederick Phillips Originals continued to increase as sales of Frederick Phillips' work continued to grow in Chicago.

27. However, Frederick Phillips' complex painting technique and finely drafted and detailed images meant that he could rarely execute more than fifteen (15) small to medium-sized Frederick Phillips Originals per year.

28. Because the demand for Frederick Phillips Originals began to exceed the available supply, and few Frederick Phillips Originals were available for sale in London, Mr.

Hopkins proposed, in or around 1987, to Atlas Galleries that it consider publishing Frederick Phillips Originals as high-quality Limited Edition Graphics.

29. Atlas Galleries responded favorably to Mr. Hopkins' proposal.

Initial Contract Period

30. In or around 1987, an attorney for Atlas Galleries drafted an Agreement ("Initial Agreement") between Mr. and Mrs. Phillips, Atlas Galleries, and Mr. Hopkins (as Frederick Phillips' agent).

31. This Initial Agreement granted Atlas Galleries exclusive publishing rights in the United States for Limited Edition Graphics of Frederick Phillips Originals.

32. In 1987, Atlas Galleries published its first Limited Edition Graphic from a Frederick Phillips Original.

33. Between 1988 and 1989, at Atlas Galleries' request, Frederick Phillips traveled from London, England to Chicago, Illinois on several occasions to attend exhibitions of his work and to sign additional Limited Edition Graphics.

34. In 1989, Atlas Galleries proposed to Mr. and Mrs. Phillips that they apply for an immigration Visa to allow them to live and work in the United States and promote the national expansion of sales for Frederick Phillips Limited Edition Graphics.

35. Atlas Galleries subsequently arranged a meeting between Mr. and Mrs. Phillips and an immigration attorney.

36. In 1989, Atlas Galleries proceeded to have a more detailed agreement drafted to support Mr. and Mrs. Phillips' Visa application that, at Atlas Galleries' insistence, would exclude Mr. Hopkins.

37. In January 1990, the United States granted Frederick Phillips an H-1 Visa as "an

Artist of Exceptional Ability” that allowed him to live and work in the United States for an initial period of three years.

38. Subsequently, Mr. and Mrs. Phillips sold their home in England and made arrangements to move to Chicago with the understanding that a new agreement would be available for signing prior to April 1990.

39. Mr. and Mrs. Phillips were not represented by legal counsel at this time.

40. As a result of continued negotiations, the Parties did not finalize and sign a new agreement prior to Mr. and Mrs. Phillips’ arrival in the United States in April of 1990.

41. Mr. and Mrs. Phillips personally financed their move to the United States.

42. Upon arriving in Chicago, Mr. and Mrs. Phillips resided with Mr. and Mrs. Petr for approximately five or six weeks until they found a home to rent.

43. During this stay, Atlas Galleries presented Mr. and Mrs. Phillips with a new agreement.

44. Believing that their continued presence in the United States depended upon the possession of a signed and current agreement with Atlas Galleries, Mr. and Mrs. Phillips signed the new agreement in 1990 (“1990 Agreement”) without the advice of an attorney.

The 1990 Agreement

45. The 1990 Agreement granted Atlas Galleries the exclusive rights to purchase for resale all Originals created by Frederick Phillips as well as worldwide and exclusive rights to publish and distribute Frederick Phillips Originals as Limited Edition Graphics.

46. Prior to moving to the United States, Mr. and Mrs. Phillips did not know the retail prices that Atlas Galleries had asked for Frederick Phillips Originals.

47. However, after their arrival and after they signed the 1990 Agreement, Mr. and

Mrs. Phillips learned that Atlas Galleries sold Frederick Phillips Originals at prices at least six hundred percent (600%) over the purchase price paid to Frederick Phillips.

48. Furthermore, Mr. and Mrs. Phillips began to realize after they signed the 1990 Agreement that Atlas Galleries had no prior experience as a publisher and distributor of artists' Limited Edition Graphics.

49. During the next two years, Atlas Galleries' attempts to start a national wholesale program failed.

50. After more than two years with little or no progress in the further development of Frederick Phillips' career and with no viable wholesale program in place for the sale of Limited Edition Graphics, Mr. and Mrs. Phillips sought legal advice.

51. In 1993, Mr. and Mrs. Phillips retained attorney Stephen B. Timmer.

Expiration of the 1990 Agreement

52. In or around March 1994, the 1990 Agreement expired by its own terms.

53. Consequently, Mr. and Mrs. Phillips requested a meeting with Atlas Galleries to negotiate a more equitable agreement.

54. When no acceptable agreement had been reached after lengthy discussions, Mr. and Mrs. Phillips informed Atlas Galleries that Frederick Phillips intended to sign an agreement with another gallery.

55. Upon learning of Frederick Phillips' intentions, Atlas Galleries immediately and successfully sought and obtained an injunction by erroneously claiming that the 1990 Agreement had not expired. The injunction prevented Mr. and Mrs. Phillips from signing contracts with or selling paintings to any third party.

56. Because of their Visa restrictions, Mr. and Mrs. Phillips understood they could

not legally seek alternative employment in the United States.

57. Combined with Atlas Galleries' injunction, Mr. and Mrs. Phillips' understanding of these employment limitations restricted their ability to obtain income through sales of Frederick Phillips Originals and Limited Edition Graphics.

58. Because they had effectively become impoverished by Atlas Galleries, Mr. and Mrs. Phillips then filed a complaint against Atlas Galleries.

59. Between 1994 and 1995, after the 1990 Agreement had expired and renegotiation with Atlas Galleries towards a new agreement had failed, several other galleries and publishers of limited edition graphics expressed interest in representing Frederick Phillips. In fact, three publishers prepared contracts.

60. However, the interested galleries and publishers became reluctant to sign any contracts during the ongoing litigation between Mr. and Mrs. Phillips and Atlas Galleries.

61. Upon information and belief, the total retail value of Frederick Phillips Originals and Limited Edition Graphics sold by Atlas Galleries between 1985 and 1995 was between \$500,000.00 and \$1,000,000.00 per year.

Susan Petr Returns to Chicago

62. Between 1994 and 1995, Susan Petr, the eldest daughter of Mr. and Mrs. Petr, returned to Chicago.

63. Prior to 1994, Atlas Galleries had told Mr. and Mrs. Phillips that Susan Petr would eventually return to Chicago and work at Atlas Galleries with her special interest being the national expansion, promotion and sales of Frederick Phillips Limited Edition Graphics.

64. After enduring approximately fourteen months of litigation, Mr. and Mrs. Phillips became concerned about their continued legal residence in the United States because they had

received little income for more than a year.

65. In addition, Mr. and Mrs. Phillips' Green Card applications had been declined in part because of Atlas Galleries' non-cooperation with the Immigration and Naturalization Service after Atlas Galleries sought and obtained the injunction against Mr. and Mrs. Phillips in 1994.

66. Out of financial necessity, Mr. and Mrs. Phillips contacted Atlas Galleries to meet with Susan Petr to discuss negotiations towards a new and more equitable agreement.

1995 Negotiations

67. In or around March 1995, Mr. and Mrs. Phillips and Atlas Galleries engaged in meetings and negotiations in an effort to reach a new agreement.

68. Mr. and Mrs. Phillips retained and used Attorney Timmer during the negotiating and drafting of a new agreement.

69. During these business negotiations, Mr. and Mrs. Phillips informed Atlas Galleries (through Susan Petr) that Frederick Phillips' painting technique meant that it was difficult for him to create any more than twelve (12) to fifteen (15) paintings each year.

70. During these negotiations, Atlas Galleries (through Susan Petr) represented to Mr. and Mrs. Phillips that its priority would be to greatly increase the promotion, distribution and sales of Frederick Phillips Limited Edition Graphics throughout the United States as well as internationally.

71. During these negotiations, Atlas Galleries (through Susan Petr) represented to Mr. and Mrs. Phillips that the increased promotion and sale of Frederick Phillips Limited Edition Graphics would eventually result in sales of Limited Edition Graphics forming a large part of Frederick Phillips' income.

72. During these negotiations, Atlas Galleries (through Susan Petr) represented to Mr. and Mrs. Phillips that it had the knowledge to expand and promote the sales of Frederick Phillips Limited Edition Graphics nationwide.

73. During these negotiations, Atlas Galleries (through Susan Petr) represented to Mr. and Mrs. Phillips that it would not be able to pay Frederick Phillips more than twenty-five percent (25%) of the retail price of Frederick Phillips Originals because the costs associated with Atlas Galleries promised national expansion and promotion of Frederick Phillips and his work would greatly increase.

74. Mr. and Mrs. Phillips relied on the promises and representations Atlas Galleries made to them as to the expectation of additional income and increased sales of Frederick Phillips Limited Edition Graphics throughout the world.

75. By May 1995, as the result of having little income for more than one year, Mr. and Mrs. Phillips had accrued legal fees of over \$40,000.00 and had credit card debts in excess of \$35,000.00.

76. Based on Atlas Galleries' representations and their attorney's advice, on June 1, 1995, Mr. and Mrs. Phillips eventually agreed to accept twenty-five percent (25%) for each Frederick Phillips Original sold by Atlas Galleries.

77. On June 1, 1995, Mr. and Mrs. Phillips also agreed to withdraw their Complaint against Atlas Galleries based on Atlas Galleries' representations and Mr. and Mrs. Phillips' attorney's advice.

The 1995 Agreement

78. On June 1, 1995, Mr. and Mrs. Phillips, under the advisement of Attorney Timmer, signed a new agreement granting Atlas Galleries worldwide rights to represent and

promote Frederick Phillips and his Originals (“1995 Agreement”).

79. The 1995 Agreement granted Atlas Galleries the exclusive right to publish, distribute, and sell throughout the world all of the art created by Frederick Phillips including, but not limited to, Originals and Limited Edition Graphics.

80. The 1995 Agreement provided for a term of four (4) years with an optional renewal period of four (4) additional years. During the renewal term, either of the Parties had the right to terminate the Agreement with written notice.

81. The 1995 Agreement also provided that Atlas Galleries would deliver to Frederick Phillips a monthly check in the sum of \$3,000.00 as a non-refundable advance against sales of Frederick Phillips Originals.

82. Under the terms of the 1995 Agreement, Atlas Galleries is required to pay Frederick Phillips a non-refundable monthly advance against sales made by Atlas Galleries of Frederick Phillips Originals.

83. The 1995 Agreement also required Atlas Galleries to make quarterly accountings to Frederick Phillips for its sales of Frederick Phillips Originals during the preceding three months.

84. Under the terms of the 1995 Agreement, at each quarterly accounting where the money due to Frederick Phillips for sales made by Atlas Galleries of Frederick Phillips Originals exceeds the non-refundable monthly advance paid to Frederick Phillips in that quarter, Atlas Galleries is required to pay the difference to Frederick Phillips.

85. Under the terms of the 1995 Agreement, at each quarterly accounting where the money due to Frederick Phillips for sales does not exceed the non-refundable monthly advance paid to Frederick Phillips in that quarter because insufficient sales were made by Atlas Galleries,

then Atlas Galleries is required to carry forward any deficit to the next quarterly accounting period.

86. Because the 1995 Agreement provided Atlas Galleries with worldwide exclusivity for the sale of Frederick Phillips Originals, the 1995 Agreement precluded Frederick Phillips from selling his Originals through anyone other than Atlas Galleries.

87. Frederick Phillips' income from Originals is solely contingent upon Atlas Galleries selling sufficient Frederick Phillips Originals to, at the very minimum, equal the sum of the non-refundable monthly advances.

88. Under the terms of the 1995 Agreement, Frederick Phillips may elect to reduce any deficit that exceeds \$20,000.00 by either (a) transferring ownership of consigned Frederick Phillips Originals to Atlas Galleries at *fifteen percent* (15%) of their retail value; or (b) receive no further non-refundable monthly advances until such deficit has been reduced below \$20,000.00 through sales by Atlas Galleries of Frederick Phillips Originals.

89. The 1995 Agreement is structured such that Atlas Galleries benefits by delaying sales of Frederick Phillips Originals and increasing the deficit so that it can obtain Originals at fifteen percent (15%) of retail value from Frederick Phillips.

90. The 1995 Agreement provides that Atlas Galleries receives a minimum payment from Frederick Phillips of seventy-five percent (75%) of the sale price of each of Frederick Phillips Originals sold by Atlas Galleries.

91. The 1995 Agreement and its Amendments provide that Atlas Galleries receives all of the profits, minus a royalty payment of six percent (6%) or less to Frederick Phillips, from the sale of each Frederick Phillips Limited Edition Graphic sold by Atlas Galleries.

92. The 1995 Agreement precluded any sales of Frederick Phillips Originals or

Limited Edition Graphics by anyone but Atlas Galleries and their wholesale buyers.

Amendments to 1995 Agreement

93. In May 1997, Mr. and Mrs. Phillips, under the advisement of Attorney Timmer, and Atlas Galleries agreed to and signed an amendment to the 1995 Agreement (“First Amendment”).

94. The First Amendment allowed for the additional publication and sale of certain Frederick Phillips Limited Edition Graphics on canvas.

95. In January 1998, Mr. and Mrs. Phillips, under the advisement of Attorney Timmer, and Atlas Galleries agreed to and signed a second amendment concerning payment for certain small edition serigraphs (“Second Amendment”).

96. Between 1996 and 1998, at the suggestion of Atlas Galleries, Mrs. Phillips began non-compensated work on the draft of a book about the life and work of Frederick Phillips.

97. Atlas Galleries represented to Mr. and Mrs. Phillips that it would pay for the publication and distribution of the book.

98. In or around 1998, Mrs. Phillips presented Atlas Galleries with an initial draft of the text and layout for the book. This draft included personal photographs and suggestions about which paintings and other works by Frederick Phillips should be included in the final publication.

99. In 1998, after discussing the book draft with Atlas Galleries, Mrs. Phillips spent several weeks redrafting the text of the book. Atlas Galleries approved this draft, subject to editing by a professional editor and layout by a professional designer.

100. In 1998, at the request of Atlas Galleries, Mrs. Phillips also began to research suitable printing companies to prepare and print the book for publication.

101. In or around August 1998, Atlas Galleries informed Mrs. Phillips that it would no longer pay for the publication of the book unless Mr. and Mrs. Phillips agreed to assign to Atlas Galleries the unconditional right to extend the original termination date of the 1995 Agreement from 2003 to 2009.

102. In or around late 1998, Atlas Galleries and Mrs. Phillips negotiated and agreed to a third amendment dated February 1999 to the 1995 Agreement (“Third Amendment”).

103. Among other clauses, the Third Amendment promised publication of the book on Frederick Phillips’ work.

104. In addition, the Third Amendment also extended the potential term of the 1995 Agreement to 2009 through two option periods of three years each unilaterally exercisable by Atlas Galleries.

105. Atlas Galleries receives any and all profits from the book written and edited by Mrs. Phillips on Frederick Phillips and his art, including profits from the deluxe book with an enclosed Limited Edition Graphic.

106. The Third Amendment to the 1995 Agreement also removed any rights Mr. and Mrs. Phillips had to terminate the 1995 Agreement for any reason except breach of the Agreement by Atlas Galleries.

107. Neither Attorney Timmer nor any other counsel for Mr. and Mrs. Phillips was involved in the negotiations or drafting of the Third Amendment.

108. In August 1999, at the suggestion of Atlas Galleries, Atlas Galleries and Mr. and Mrs. Phillips negotiated and agreed upon a fourth amendment to the 1995 Agreement (“Fourth Amendment”) regarding the number of Frederick Phillips’ Giclee editions that Atlas Galleries must print.

109. Neither Attorney Timmer nor any other counsel for Mr. and Mrs. Phillips was involved in the negotiations or drafting of the Fourth Amendment.

110. In 2001, at the suggestion of Atlas Galleries, Atlas Galleries and Mr. and Mrs. Phillips negotiated and agreed to a fifth amendment to the 1995 Agreement (“Fifth Amendment”) regarding Atlas Galleries’ publication of Frederick Phillips’ Giclee editions.

111. Neither Attorney Timmer nor any other counsel for Mr. and Mrs. Phillips was involved in the negotiations or drafting of the Fifth Amendment.

112. Attorney Timmer, as it turns out, had significant problems in providing competent representation and has since been disbarred for unprofessional conduct.

113. At all times, Atlas Galleries was represented by legal counsel during the negotiations and drafting of the 1995 Agreement.

114. Subsequent to the Second Amendment to the 1995 Agreement, Mr. and Mrs. Phillips had no counsel representing them in negotiating the Third, Fourth and Fifth Amendments to the 1995 Agreement.

Deterioration of Relationship with Atlas Galleries

Atlas Galleries’ Refusal to Comply with the Illinois Consignment of Art Act

115. Under the terms of the 1995 Agreement, Frederick Phillips Originals consigned by Frederick Phillips to Atlas Galleries were consigned under the terms of the Illinois Consignment of Art Act.

116. Under the terms of the 1995 Agreement, Appendix B, Section 3, for each Frederick Phillips Original consigned to Atlas Galleries, the Parties have executed a “Consignment Agreement” that specifically provides, “The parties agree that this Agreement is to be governed by the Illinois Consignment Act, 815 I.L.C.S 320 *et seq.* (the “Act”) and the Act shall prevail over any conflict between the Act and this Consignment Agreement or the Artist-

Agent Agreement.”

117. On or before May 17, 1999, Frederick Phillips had consigned sixty-eight (68) paintings and fifteen (15) works on paper to Atlas Galleries in the preceding four (4) years. The unframed retail value of this consigned artwork amounted to \$1,336,400.00.

118. In or around April 1998, the number of sales made by Atlas Galleries as “layaway” sales began to increase.

119. Atlas Galleries failed to provide Frederick Phillips with any credit for “layaway” sales at each quarterly accounting.

120. In or around April 1998, Mrs. Phillips requested from Atlas Galleries full quarterly accountings for sales of Frederick Phillips Originals made by Atlas Galleries as “layaway” sales.

121. Atlas Galleries denied the request for an accounting of all “layaway” sales.

122. In or around May 1999, Mrs. Phillips observed that certain quarterly accountings which showed an excess deficit above \$20,000.00 also reported certain sales of Frederick Phillips Originals as “layaway” sales, and that no credit had been made to Frederick Phillips for such “layaway” sales.

123. In or around May 1999, because Mr. and Mrs. Phillips received no credit for “layaway” sales, this caused the deficit in quarterly accountings to exceed \$20,000.00.

124. In or around May 1999, once the deficit exceeded \$20,000.00, Atlas Galleries pressured Mr. and Mrs. Phillips to transfer ownership of consigned originals to Atlas Galleries at fifteen percent (15%) of their retail value in order to reduce the excess deficit.

125. Because Atlas Galleries continued to pressure them, Mr. and Mrs. Phillips conceded. However, Atlas Galleries applied these fifteen percent (15%) payment to the deficit.

Subsequently, Frederick Phillips received no further payments from the forced sale of these Originals.

126. At various times between 1999 and 2005, Mr. and Mrs. Phillips chose under duress and protest to exercise their option to reduce the deficit by transferring ownership of Originals to Atlas Galleries at fifteen percent (15%) of their retail value.

127. In or around May 1999, Mrs. Phillips requested a meeting with Atlas Galleries to discuss why sales of Frederick Phillips Originals had decreased causing an excess in the quarterly deficit for the first time.

128. Atlas Galleries and Mr. and Mrs. Phillips met.

129. At the meeting, Atlas Galleries suggested that the lack of sales of Frederick Phillips Originals resulted from a lack of motivation among Atlas Galleries' sales staff.

130. Atlas Galleries failed to explain how they would remedy this "lack of motivation".

131. Between May 1999 and 2003, Mrs. Phillips made repeated requests to Atlas Galleries for it to comply with the Illinois Consignment of Art Act.

132. Atlas Galleries refused to comply with the Illinois Consignment of Art Act.

133. Between May 1999 and June 2003, Frederick Phillips consigned Originals to Atlas Galleries with an unframed retail value in excess of \$881,000.00.

134. Under the 1995 Agreement, Frederick Phillips would have received twenty-five percent (25%) of the retail value of consigned Originals.

135. Under the 1995 Agreement, the amount due to Frederick Phillips after the sale of Frederick Phillips Originals by Atlas Galleries would be in excess of \$200,000.00.

136. Between May 1999 and June 2003, Atlas Galleries paid Frederick Phillips a non-

refundable monthly advance totaling approximately \$200,000.00.

137. Between 1999 and 2003, Mr. and Mrs. Phillips transferred ownership of Frederick Phillips Originals with an approximate retail value of \$350,000.00 to Atlas Galleries at fifteen percent (15%) of retail value.

138. Between 2003 and 2005, Atlas Galleries continuously demanded that Mr. and Mrs. Phillips transfer ownership of Frederick Phillips Originals to Atlas Galleries at fifteen percent (15%) of the retail value.

139. Between 2003 and 2005, Frederick Phillips transferred additional Frederick Phillips Originals to Atlas Galleries valued at \$200,000.00 to reduce the deficit.

140. Additionally, in order to further reduce the excess deficit, Mr. and Mrs. Phillips transferred full ownership to Atlas Galleries of certain Frederick Phillips Limited Edition Graphics for which Frederick Phillips would have been due payments after their sale by Atlas Galleries.

141. Mr. and Mrs. Phillips made such transfers at percentages far below those due to Frederick Phillips upon retail sale by Atlas Galleries of Limited Edition Graphics.

142. Atlas Galleries subsequently sold at full retail price, minus any usual discounts, most of the Frederick Phillips Originals that had been transferred to Atlas Galleries at fifteen percent (15%) value.

143. Frederick Phillips received no further compensation after such sales of Originals transferred to Defendant at fifteen (15%) of retail value.

Failure to Promote and Market Limited Edition Graphics

144. Despite some national sales of Limited Edition Graphics, Atlas Galleries made little progress in the promotion and expansion of the wholesale program for Frederick Phillips

Limited Edition Graphics nationally or internationally.

145. Between 1999 and 2005, Mrs. Phillips requested and attended meetings with Atlas Galleries (through Susan Petr and her sister Diane Petr) regarding the lack of sales and promotion of Frederick Phillips Limited Edition Graphics.

146. Between 1995 and 2005, wholesale national sales of Frederick Phillips Limited Edition Graphics decreased, sometimes to less than one graphic every two months, despite reasonably healthy retail sales by Atlas Galleries of the same Limited Edition Graphics, selling twenty or thirty or more Limited Edition Graphics every two months in Chicago alone.

147. Atlas Galleries (through Susan Petr and Diane Petr) made repeated excuses to Mr. and Mrs. Phillips for Atlas Galleries' failure to expand the national and international wholesale program.

148. Between 1999 and 2005, Atlas Galleries made various representations to Mr. and Mrs. Phillips concerning new ways it would attempt to expand and promote the national and international wholesale program.

149. Atlas Galleries continuously failed to expand and promote the national wholesale program.

Failure of Atlas Galleries

150. Despite Atlas Galleries profiting excessively from Frederick Phillips' talent and his abilities, Atlas Galleries has breached the 1995 Agreement, failing in its obligations to Frederick Phillips under the 1995 Agreement and its various Amendments.

151. Atlas Galleries has failed to sustain national or international promotion of Frederick Phillips and his art including, but not limited to, the national expansion of the wholesale program to market Limited Edition Graphics and the production of international sales

of Frederick Phillips' Limited Edition Graphics.

152. Atlas Galleries has failed to exert their best efforts to promote and sell Frederick Phillips Limited Edition Graphics both nationally and internationally.

153. Atlas Galleries has failed to arrange a one-man show each year.

154. Atlas Galleries has failed to comply with the Illinois Consignment of Art Act.

155. Atlas Galleries has failed to pay its portion of Mr. and Mrs. Phillips' health insurance since September 1, 2006.

156. Atlas Galleries has failed to fully consult, confer, and seek the advice and approval of Frederick Phillips at all stages of creating and proofing new Limited Edition Graphics from Frederick Phillips Originals.

157. Atlas Galleries has failed to provide Mrs. Phillips with timely and accurate updates to the Exclusive License Agreements issued to Atlas Galleries by Mrs. Phillips.

158. Atlas Galleries has failed to comply with the requirements of the Illinois Fine Print Disclosure Act.

159. Atlas Galleries has failed to provide Mrs. Phillips with accurate full-color professional transparencies of every Frederick Phillips Original consigned to Atlas Galleries.

160. Atlas Galleries has failed to provide Mrs. Phillips with all copyright documentation pertaining to copyrights of Frederick Phillips Originals previously registered with the Copyright Office by Atlas Galleries.

161. Upon information and belief, Atlas Galleries has breached the 1995 Agreement and subsequent Amendments through additional failures and wrongful conduct.

Frederick Phillips Today

162. Frederick Phillips has dedicated his life to creating beautiful art.

163. At the age of fifty-three, Frederick Phillips continues to work between seventy (70) and one hundred (100) hours each week to fulfill Atlas Galleries' demands upon him, despite being diagnosed with chronic obstructive pulmonary disease in early 2006.

164. Between 1995 and 2007, Mr. and Mrs. Phillips consigned Frederick Phillips Originals to Atlas Galleries with a total retail value in excess of \$3,000,000.00. Atlas Galleries has sold most of these consigned Originals.

165. Between 1995 and 2007, Atlas Galleries has sold over four thousand (4,000) of Frederick Phillips Limited Edition Graphics with a total value to Atlas Galleries in excess of \$5,000,000.00.

166. To date, Frederick Phillips has rarely received more than \$75,000.00 gross per year from Atlas Galleries for sales of Frederick Phillips Originals and Limited Edition Graphics.

167. The \$75,000.00 gross figure is before any payments in kind made to Atlas Galleries by Frederick Phillips to reduce any deficit resulting from Atlas Galleries' failure to sell Frederick Phillips Originals.

168. To date, Frederick Phillips' deficit with Atlas Galleries exceeds \$50,000.00.

169. To date, Mr. and Mrs. Phillips' home and studio have liens upon them because of unpaid self-employment and federal taxes in excess of \$45,000.00.

170. To date, Mr. and Mrs. Phillips have various medical and credit-card debts in excess of \$15,000.00.

COUNT ONE

AND AS FOR A FIRST CAUSE OF ACTION

DECLARATORY JUDGMENT 735 ILCS 5/2-701

(UNCONSCIONABLE CONTRACT)

171. The allegations in Paragraphs 1 through 170 above are incorporated by reference in this Count One as if fully restated herein.

172. Mr. and Mrs. Phillips seek a declaration from this Court that the 1995 Agreement and its Amendments represent an unconscionable contract.

173. The 1995 Agreement between Atlas Galleries and Mr. and Mrs. Phillips involved oppression and unfair surprise resulting from a disparity of bargaining power by Atlas Galleries.

174. Mr. and Mrs. Phillips were ignorant of the overreaching terms of the 1995 Agreement.

175. For the 1995 Agreement and its Amendments, Mr. and Mrs. Phillips either negotiated with Atlas Galleries by themselves, without counsel, or were represented by counsel who, as it turns out, had significant problems in providing competent representation.

176. Indeed, Attorney Timmer, who represented Mr. and Mrs. Phillips during the negotiations of the 1995 Agreement, First Amendment, and Second Amendment, has since been disbarred for unprofessional conduct and has faced criminal charges.

177. For the Third, Fourth, and Fifth Amendments to the 1995 Agreement, Mr. and Mrs. Phillips were without legal counsel.

178. As such, Mr. and Mrs. Phillips suffered procedurally deficient negotiations with Atlas Galleries, who were at all times represented by counsel, for the 1995 Agreement and all subsequent Amendments thereto.

179. During the contract negotiations in 1994 and 1995, Atlas Galleries exploited its unfair bargaining power by preventing Frederick Phillips from obtaining any income from the sale of his Originals.

180. Additionally, Atlas Galleries used oppression and intimidation to obtain certain amendments to the 1995 Agreement, particularly two unilateral option periods extending Atlas Galleries' control of Mr. and Mrs. Phillips until 2009.

181. In addition to the procedural deficiencies relating to the 1995 Agreement and its Amendment, the terms of the 1995 Agreement and its Amendments are substantially unconscionable.

182. Despite Frederick Phillips stature as an artist (even in 1995), the 1995 Agreement as a base provides Frederick Phillips with only twenty-five percent (25%) of any Frederick Phillips Original sold by Atlas Galleries with Atlas Galleries retaining the remaining seventy-five percent (75%).

183. Despite Frederick Phillips stature as an artist (even in 1995), the 1995 Agreement and its Amendments provide Frederick Phillips with only six percent (6%) of any Frederick Phillips Limited Edition Graphic sold by Atlas Galleries, with Atlas Galleries retaining the remaining ninety-four percent (94%) from each sale.

184. Despite Frederick Phillips stature as an artist (even in 1995), Atlas Galleries has interpreted the 1995 Agreement to force Frederick Phillips to choose between no income or sale of Frederick Phillips Original at fifteen percent (15%) of retail to reduce Atlas Galleries self-created accounting deficit.

185. The 1995 Agreement and its Amendments are unconscionable in that they provide Atlas Galleries with significantly high percentages and make Atlas Galleries the Exclusive Agent for selling any Frederick Phillips Original anywhere in the world.

186. The 1995 Agreement and its Amendments are unconscionable in that they violate the Illinois Consignment of Art Act.

187. The 1995 Agreement and its Amendments are unconscionable by and through their effective impoverishment of Frederick Phillips by requiring Frederick Phillips to produce a certain number of his Originals per year to offset the stipends received from Atlas Galleries but allowing Atlas Galleries to place any number of Frederick Phillips Originals on “layaway” and refuse to apply any “layaway” installment payments to the amounts that would otherwise offset the stipends and avoid a deficit.

188. Atlas Galleries receives any and all profits from the book written and edited by Mrs. Phillips on Frederick Phillips and his art, including profits from the deluxe book with an enclosed Limited Edition Graphic.

189. Atlas Galleries used extortion to obtain two (2) unilaterally exercisable options to renew for three (3) years each, thereby controlling Frederick Phillips until 2009.

190. WHEREFORE pursuant to 735 ILCS 5/2-701 and 810 ILCS 5/2-302, Mr. and Mrs. Phillips seek this Court to declare the 1995 Agreement and all Amendments to be unconscionable; to bar their enforcement; to award attorney’s fees and costs for injuries caused by Atlas Galleries’ unconscionable contract, and such other and further relief as this Court may deem just and proper or to which they may be entitled as a matter of law.

COUNT TWO

AND AS FOR A SECOND CAUSE OF ACTION

FRAUDULENT INDUCEMENT

191. The allegations in Paragraphs 1 through 170 above are incorporated by reference in this Count Two as if fully restated herein.

192. Atlas Galleries represented that the increased promotion, marketing and sales of Frederick Phillips' future Limited Edition Graphics by Atlas Galleries would result in greatly increased income from royalties from Graphics' sales being paid by Atlas Galleries to Frederick Phillips.

193. Atlas Galleries represented that it was important that in order to maximize the promotion, marketing and sales of Frederick Phillips' art, it needed to be granted United States and worldwide exclusive rights to sell all of Frederick Phillips Originals.

194. Atlas Galleries represented that it was important that in order to maximize the promotion, marketing and sales of Frederick Phillips' art, it needed to be granted United States and worldwide exclusive rights as publishers, distributors and wholesalers of Limited Edition Graphics created from Frederick Phillips Originals.

195. Atlas Galleries represented that it had the knowledge, skill and the ability to create a successful marketing program of Frederick Phillips Limited Edition Graphics throughout the United States and also worldwide.

196. During the negotiations of the 1995 Agreement, Atlas Galleries had unfair bargaining power as Atlas Galleries sought and obtained an injunction against Frederick Phillips that prevented him from obtaining any income from the sale of his Originals for the past year.

197. During the negotiations of the 1995 Agreement, Atlas Galleries had unfair

bargaining powers as it knew that Mr. and Mrs. Phillips' legal residence in the United States depended upon the cooperation of Atlas Galleries.

198. During the negotiations of the 1995 Agreement, Atlas Galleries made fraudulent inducements, promises and other representations to Mr. and Mrs. Phillips that encouraged them to sign the 1995 Agreement.

199. Mr. and Mrs. Phillips would not have signed the 1995 Agreement under the terms if certain inducements, promises and other representations had not been made by Atlas Galleries to them.

200. The terms of the 1995 Agreement included, but are not limited to, payment percentages for sale of Frederick Phillips Originals, payment percentages for Frederick Phillips Limited Edition Graphics, and Exclusive Representation as offered by Atlas Galleries.

201. During negotiations towards the Third Amendment to the 1995 Agreement, Atlas Galleries informed Mr. and Mrs. Phillips that it would no longer publish a previously agreed book on Frederick Phillips' art unless and until Mr. and Mrs. Phillips agreed to extend the terms of the 1995 Agreement by a further six (6) years.

202. During negotiations towards the Third Amendment to the 1995 Agreement, Atlas Galleries made further fraudulent inducements, promises and representations concerning the future expansion of the promotion and sale of Frederick Phillips Limited Edition Graphics.

203. Between 1995 and 2005, Atlas Galleries (through Susan Petr and Diane Petr) have made fraudulent misrepresentations about Atlas Galleries' plans to promote and expand Frederick Phillips' career, including, but not limited to, the development of a successful national and international sales program of Frederick Phillips Limited Edition Graphics.

204. WHEREFORE Mr. and Mrs. Phillips seek recovery of actual and compensatory

damages; punitive damages; attorney's fees; and expenses and costs for injuries caused by Atlas Galleries' fraudulent inducement.

205. WHEREFORE Mr. and Mrs. Phillips seek such other and further relief as this Court may deem just and proper or to which they may be entitled as a matter of law.

COUNT THREE

AND AS FOR A THIRD CAUSE OF ACTION

BREACH OF CONTRACT

206. The allegations in Paragraphs 1 through 170 above are incorporated by reference in this Count Three as if fully restated herein.

207. On June 1, 1995, Atlas Galleries and Mr. and Mrs. Phillips entered into the 1995 Agreement.

208. Mr. and Mrs. Phillips have performed their obligations under the 1995 Agreement and its Amendments.

209. Atlas Galleries has since breached the 1995 Agreement and its Amendments by failing to fulfill its duties and obligations to Mr. and Mrs. Phillips.

210. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to exercise its duties and obligations to Frederick Phillips as his worldwide Exclusive Representative.

211. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to develop Atlas Galleries' exclusive rights to publish, distribute and sell throughout the world Limited Edition Graphics created from Frederick Phillips Originals.

212. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to use its best efforts to promote Frederick Phillips and his art throughout the world.

213. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to comply with all applicable provisions of the Agreement.

214. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to arrange a minimum of one, one-man show each year of the Agreement.

215. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to comply with its duty to accept all of Frederick Phillips Originals on consignment, “until sold, until Termination of the Agreement, or until Artist’s Works are returned to Artist by Agent”.

216. Atlas Galleries breached the 1995 Agreement and its Amendments by failing in its duty as exclusive worldwide sales agents of Frederick Phillips Originals by failing to display on Atlas Galleries’ gallery walls all of Frederick Phillips Originals currently on consignment to Atlas Galleries.

217. Atlas Galleries breached the 1995 Agreement and its Amendments in its payments to Frederick Phillips for sales of Originals by failing to comply with the provisions of the Illinois Consignment of Art Act.

218. Atlas Galleries breached the 1995 Agreement and its Amendments by demanding that Mr. and Mrs. Phillips reduce any excess stipend deficits by transferring originals to Atlas Galleries at fifteen percent (15%) of the retail value, rather than allowing Frederick Phillips to exercise his choices under the Agreement at the time of termination of the Agreement.

219. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to pay its contracted annual payment towards the cost of health insurance for Mr. and Mrs. Phillips since September 1, 2006.

220. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to provide to Mrs. Phillips accurate and timely updates to each exclusive “License To Publish Limited Edition Giclee Prints” as issued by Mrs. Phillips to Atlas Galleries.

221. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to allow Frederick Phillips to number each Limited Edition Graphic, meaning that Frederick Phillips cannot confirm the quantity in each edition printed by Atlas Galleries.

222. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to stamp all Graphics published by it on the reverse with a Copyright notice which reads, “© Frederick Phillips (date)”.

223. Atlas Galleries breached the 1995 Agreement and its Amendments by refusing to comply with the payment requirements to Frederick Phillips for “Other Uses of Copyright” prior to the publication of the book about Frederick Phillips’ art in 1999.

224. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to provide Mrs. Phillips with all documentation relating to copyrights for Frederick Phillips Originals previously registered by Atlas Galleries in its name.

225. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to comply with the requirements of the Illinois Fine Prints Disclosure Act.

226. Atlas Galleries breached the 1995 Agreement and its Amendments by failing, if it so chose to print an entire Giclee edition, to complete printing of that edition within two years of printing and releasing the first twenty prints in each edition.

227. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to make certain bonus payments of \$500.00 to Frederick Phillips for certain Giclee editions that Atlas Galleries has determined as “sold out” within two years.

228. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to provide Mr. and Mrs. Phillips with one accurate full-color transparency of each of Frederick Phillips Originals consigned to Atlas Galleries.

229. Atlas Galleries breached the 1995 Agreement and its Amendments by failing to fully consult, confer, and seek the approval of Mr. and Mrs. Phillips regarding the proofing of new editions of Limited Edition Graphics at every stage of proofing.

230. Atlas Galleries breached the 1995 Agreement and its Amendments by choosing to disregard the advice of Frederick Phillips regarding the modification and proofing of certain Limited Edition Graphics.

231. Atlas Galleries' misrepresentations and continuous deceptive conduct toward Mr. and Mrs. Phillips proximately caused them to suffer actual damages including, but not limited to, the severe economic harm, lost profits, and loss of promotion nationally and internationally.

232. WHEREFORE Mr. and Mrs. Phillips seek recovery of actual and compensatory damages arising from Atlas Galleries' breach of the 1995 Agreement and its Amendments; attorney's fees, expenses and costs; and such other and further relief as this Court may deem just and proper or to which they may be entitled as a matter of law.

COUNT FOUR

AND AS FOR A FOURTH CAUSE OF ACTION

VIOLATION OF THE ILLINOIS CONSIGNMENT OF ART ACT

815 ILCS 320/0.01 et seq.

233. The allegations in Paragraphs 1 through 170 above are incorporated by reference in this Count Four as if fully restated herein.

234. Under the terms of the 1995 Agreement, Frederick Phillips Originals were

consigned to Atlas Galleries under the terms of the Illinois Consignment of Art Act (the “Act”).

235. Under the terms of the 1995 Agreement, Appendix B, Section 3, for each Frederick Phillips Original consigned to Atlas Galleries, the Parties have executed a “Consignment Agreement” that specifically provides, “The parties agree that this Agreement is to be governed by the Illinois Consignment Act, 815 I.L.C.S 320 *et seq.* (the “Act”) and the Act shall prevail over any conflict between the Act and this Consignment Agreement or the Artist-Agent Agreement.”

236. Atlas Galleries has failed to comply with its obligations to Frederick Phillips under the Act, 815 ILCS 320.

237. The Act provides for two exclusive options as to payment of installment funds.

238. The Act states that if the sale of the work is on installment, “the funds from the installment shall first be applied to pay any balance due to the artist on the sale, unless the parties expressly agree in writing that the proceeds on each installment shall be paid according to a percentage established by the consignment agreement.”

239. Although the Parties “Consignment Agreement” incorporates the Act, they do not identify a percentage of installments to be paid to the Artist, Frederick Phillips.

240. As such, the default provision providing all installment payments shall be first applied to balance due Artist controls.

241. Atlas Galleries has failed to comply with such provision of the Act, 815 ILCS 320/2 (4).

242. Atlas Galleries has violated the Act in that it has failed to provide the information for each Frederick Phillips Original received as required by 815 ILCS 320/5.

243. No agreement may waive any portion of the Act.

244. Atlas Galleries has failed to apply installment payments received for sales of consigned Frederick Phillips Originals to the balance due Frederick Phillips on such sales, in violation of 815 ILCS 320/2 (4).

245. On or before May 17, 1999, Frederick Phillips had consigned sixty-eight (68) paintings and fifteen (15) works on paper to Atlas Galleries in the preceding four (4) years. The unframed retail value of this consigned artwork amounted to \$1,336,400.00.

246. Frederick Phillips received no credit for “layaway” or installment sales at each quarterly accounting.

247. Between May 1999 and June 2003, Frederick Phillips consigned his Originals to Atlas Galleries with an unframed retail value in excess of \$881,000.00.

248. Because Mr. and Mrs. Phillips received no credit for installment payments or “layaway” or installment sales, this caused the deficit in quarterly accountings to exceed \$20,000.00.

249. Once the deficit in quarterly accountings exceeded \$20,000.00, Atlas Galleries pressured Mr. and Mrs. Phillips to transfer ownership of consigned originals to Atlas Galleries at fifteen percent (15%) of their retail value in order to reduce the excess deficit.

250. At various times between 1999 and 2005, Mr. and Mrs. Phillips chose under duress and protest to exercise their option to reduce the deficit by transferring ownership of Originals to Atlas Galleries at fifteen percent (15%) of their retail value.

251. Between 1999 and 2003, Mr. and Mrs. Phillips transferred ownership of Frederick Phillips Originals with an approximate retail value of \$350,000.00 to Atlas Galleries at fifteen percent (15%) of retail value.

252. Between 2003 and 2005, a further retail total of another \$200,000.00 of Frederick

Phillips Originals were also transferred to Atlas Galleries to reduce the deficit.

253. Additionally, in order to further reduce the excess deficit, Mr. and Mrs. Phillips transferred full ownership to Atlas Galleries of certain Frederick Phillips Limited Edition Graphics for which Frederick Phillips would have been due payments after sale by Atlas Galleries.

254. Such transfers were made at percentages far below those due to Frederick Phillips upon retail sale by Atlas Galleries of Frederick Phillips Limited Edition Graphics.

255. Atlas Galleries subsequently sold at full retail price, minus any usual discounts, most of Frederick Phillips Originals that had been transferred to Atlas Galleries at fifteen percent (15%) value.

256. At the same time, sales of Frederick Phillips Originals for which Frederick Phillips would receive twenty-five percent (25%) decreased or did not occur at all.

257. Frederick Phillips received no further compensation after such sales of his Originals transferred to Atlas Galleries at fifteen (15%) of retail value.

258. Pursuant to 815 ILCS 320/5(d)(3), Mr. and Mrs. Phillips request that the obligation of Frederick Phillips is voided with respect to Atlas Galleries or to its successors or assigns.

259. WHEREFORE Mr. and Mrs. Phillips seek recovery of statutory damages; actual, incidental and consequential damages; attorney's fees, expenses and costs, for injuries caused by Atlas Galleries' violation of the Illinois Consignment of Art Act, and such other and further relief as this Court may deem just and proper or to which they may be entitled as a matter of law.

GENERAL

260. Where conditions precedent are alleged, Mr. and Mrs. Phillips aver that all conditions precedent have been performed or have occurred.

261. Mr. and Mrs. Phillips demand a jury trial.

PRAYER FOR RELIEF

WHEREFORE, PLAINTIFFS FREDERICK PHILLIPS and PATRICIA PHILLIPS accordingly and respectfully demands judgment against the Atlas Galleries as follows:

1. That FREDERICK PHILLIPS and PATRICIA PHILLIPS be awarded general compensatory damages in an amount to be determined at trial;
2. That FREDERICK PHILLIPS and PATRICIA PHILLIPS be awarded statutory damages in an amount to be determined at trial;
3. That FREDERICK PHILLIPS and PATRICIA PHILLIPS be awarded punitive damages in an amount to be determined at trial;
4. That FREDERICK PHILLIPS and PATRICIA PHILLIPS be awarded their attorney's fees and costs in this action; and
5. That FREDERICK PHILLIPS and PATRICIA PHILLIPS be awarded any such other and all relief to which FREDERICK PHILLIPS and PATRICIA PHILLIPS may be entitled as a matter of law and as deemed appropriate by this Court.

Dated: Chicago, IL
April 2, 2007

PLAINTIFFS,

FREDERICK PHILLIPS and PATRICIA PHILLIPS



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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

COUNTY DEPARTMENT – LAW DIVISION

FREDERICK and PATRICIA PHILLIPS,)
)
 Plaintiffs,)
)
) No.
)
)
)
ATLAS GALLERIES, INC.,)
)
)
 Atlas Galleries.) DEMAND FOR JURY TRIAL

JURY DEMAND

Plaintiffs demand trial by jury.



Heidi I. Schmid

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – LAW DIVISION

FREDERICK and PATRICIA PHILLIPS,)

Plaintiffs,)

v.)

ATLAS GALLERIES, INC.,)

Atlas Galleries.)

VERIFIED COMPLAINT

No.

DEMAND FOR JURY TRIAL

STATE OF ILLINOIS)

COUNTY OF COOK)

SS:

FREDERICK PHILLIPS, being first duly sworn, deposes and states as follows:

That deponent is the Plaintiff; that deponent has read the foregoing Verified Complaint and knows the contents thereof; that the same is true to the deponent's own knowledge, except as to those matters therein stated to be alleged upon information and belief, and as to those matters deponent believes them to be true. The basis of said belief arises from deponent's direct involvement in those matters as alleged in the Verified Complaint.



Frederick Phillips

Sworn to before me this

2nd day of April 2007.


Notary Public

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

COUNTY DEPARTMENT – LAW DIVISION

FREDERICK and PATRICIA PHILLIPS,)	VERIFIED COMPLAINT
)	
Plaintiffs,)	
)	No.
v.)	
)	
ATLAS GALLERIES, INC.,)	
)	
Atlas Galleries.)	DEMAND FOR JURY TRIAL

STATE OF ILLINOIS)
)
 COUNTY OF COOK) SS:

PATRICIA PHILLIPS, being first duly sworn, deposes and states as follows:

That deponent is the Plaintiff; that deponent has read the foregoing Verified Complaint and knows the contents thereof; that the same is true to the deponent's own knowledge, except as to those matters therein stated to be alleged upon information and belief, and as to those matters deponent believes them to be true. The basis of said belief arises from deponent's direct involvement in those matters as alleged in the Verified Complaint.

Patricia Phillips

 Patricia Phillips

Sworn to before me this
2nd day of April 2007.

[Signature]

 Notary Public

