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2009 MAY 22 AM 10:35

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

CIRCUIT CLERK OF COOK COUNTY
DOROTHY BROWN CLERK

THOMAS J. McWALTERS, JR., on behalf of himself)
and on behalf of GLP, Incorporated,)
)
Plaintiff,)
)
v.)
)
GARY L. LEE, and GLP, INCORPORATED)
)
Defendants.)

No. 09CF12108
Judge

COMPLAINT

Plaintiff Thomas J. McWalters ("McWalters") brings this Complaint asserting claims on his own behalf against Defendants Gary L. Lee ("Lee") and GLP Incorporated ("GLP") and, in addition, derivatively on behalf of GLP, asserts claims against Defendant Lee. In support of his complaint, Plaintiff states as follows:

NATURE OF THE CASE

1. As majority shareholder and president of GLP, for the past several years, Lee has continuously abused his position of control over GLP to advance his own personal interests to the detriment of GLP and its minority shareholder, McWalters. Without regard for the impact on the value of the shares of GLP, Lee has systematically looted the company by diverting and wasting GLP assets for his own personal purposes and to advance the interests and careers of persons with whom Lee has a personal relationship and who have no connection with GLP.

2. Lee's activities continued notwithstanding the objection and protest by McWalters. As a result, McWalters' employment was terminated and McWalters tendered his shares to be repurchased by GLP. According to the shareholders agreement, GLP or Lee were to repurchase McWalters' shares according to a straightforward formula set forth in the agreement. Lee and GLP, however, attempted to deprive McWalters of the contractual value of his shares through bogus and impermissible accounting trickery. The valuation methodology proposed by Lee and GLP was contrary to the formula set forth in the agreement and was completely different from the valuation methodology used to determine the price when McWalters purchased his shares in GLP from GLP and, recently, from Lee.

3. McWalters has been injured by Lee's and GLP's actions in three ways: First, in breach of the shareholders agreement, he has been deprived of the contractual value of his shares in GLP. Second, due to Lee's abuses in breach of his fiduciary duties to both GLP and McWalters, even the full contractual value of his GLP shares is dramatically less than it would have been in the absence of Lee's breaches. Finally, McWalters was fraudulently induced into purchasing his shares of GLP by relying on Lee's false representations that those shares would be redeemed by GLP or Lee through the same methodology used to determine the purchase price. Lee never intended to repurchase, or to cause GLP to repurchase, McWalters shares at anything close to their actual value.

4. Accordingly, McWalters brings claims against GLP and Lee for breach of the shareholders agreement and seeks the full contractual value for his shares. McWalters on his own behalf and on behalf of GLP brings claims against Lee for breach of fiduciary duty and seeks (i) damages in the amount of the assets Lee has diverted or wasted over the years, (ii) disgorgement of all compensation paid to Lee during the period of breach, and (iii) punitive

damages for Lee's willful breaches of his fiduciary duty. McWalters, on his own behalf, also brings a claim of fraud against Lee in connection with his purchase of shares in GLP and seeks damages in the amount of the full contractual value of his shares and punitive damages.

5. McWalters seeks, on his own behalf, actual damages in an amount to proven at trial but in excess of \$1.5 million and punitive damages in excess of \$3 million. On behalf of GLP, McWalters seeks recovery of amounts misappropriated and wasted by Lee, disgorgement of all compensation paid to Lee during his period of breach, and punitive damages for Lee's intentional, willful and wanton, and reckless disregard of the interests of GLP and its minority shareholder, McWalters.

PARTIES

6. Plaintiff McWalters is a licensed architect licensed in the State of Illinois, among other states. He has been an employee of GLP since 1995 and since January 1, 2002, has been a minority shareholder and director of GLP.

7. Defendant Lee is a nationally recognized designer, who has been a shareholder in GLP since 1993 and the majority controlling shareholder of GLP since prior to January 1, 2002. Lee is the President and a director of GLP.

8. GLP is an Illinois corporation with its principal place of business at 360 W. Superior, Chicago, Illinois. GLP, using the trade name Gary Lee Partners, is in the business of providing high end architectural and professional design services primarily to legal and financial firms and corporations. In 2008, GLP employed approximately 40 full-time professionals and had billings of over \$6 million.

JURISDICTION AND VENUE

9. Jurisdiction is proper in Illinois because both Lee and GLP are residents of, and domiciled in, Illinois, the contract at issue was made in and performed in Illinois, and the breach of fiduciary duty occurred in Illinois.

10. Venue is proper in Cook County, Illinois pursuant to 735 ILCS §5/2-101 because, among other things, the Defendants are residents of Cook County, Illinois and because the contract at issue was made in and performed in Illinois, and the breach of fiduciary duty occurred in Illinois.

STATEMENT OF FACTS

A. The Ownership Of GLP

11. An employee since 1995, in 2003, McWalters was offered the opportunity to become a minority shareholder in GLP. At that time, Lee was the sole shareholder in GLP.

12. On July 1, 2003, McWalters, Lee and GLP entered into a shareholder agreement ("Shareholder Agreement") pursuant to which McWalters became a minority shareholder in GLP (effective as of January 1, 2002). A true and correct copy of the Shareholder Agreement is attached hereto as **Exhibit 1**.

13. Lee owned 100 shares of GLP. After his initial purchase and the exercise of two stock options, by 2004, McWalters owned 30 shares of GLP at a total purchase price of \$431,880. In all three share purchase transactions, the purchase price of these shares was determined by a formula set forth in the Shareholders Agreement (the "Valuation Formula"). (Ex. 1, Settlement Agreement, §8 and Ex. A thereto.)

14. In May 2008, because Lee was experiencing financial difficulties, McWalters purchased 22 of Lee's 100 shares. Lee also agreed to have GLP to loan McWalters

part of the purchase price for the 22 shares. The price for these shares also was determined by the Valuation Formula to be \$131,670.

15. McWalters' purchase was partially financed by GLP and the \$100,000 loan was recorded as a receivable from McWalters in that amount. The \$100,000 cash from the loan and the additional \$31,670 from McWalters was paid to Lee. The loan to McWalters was in accordance with the Shareholder Agreement because approval by all of the shareholders (i.e., Lee) had been obtained.

16. As of December 31, 2008, McWalter owned 52 shares of GLP for which he had paid \$563,550. Lee still had 78 shares and remained the majority shareholder.

B. Lee's Supervision And Control Of GLP Operations

17. During the period McWalters was a shareholder in GLP, Lee was the President of the company. As President, Lee was the chief administrative officer of the corporation and supervised and controlled all of the operations of the corporation.

18. The Shareholder Agreement provided a list of actions that required the approval of all of the shareholders. (Ex.1, Shareholder Agreement, §1.4.) As President, Lee had responsibility for, and control over, all other actions taken by GLP.

19. As set forth herein, during 2006, 2007 and 2008, Lee abused his authority as President of GLP and systematically looted the company by diverting and wasting GLP assets for his own personal purposes and to advance the interests and careers of persons with whom Lee has a personal relationship and who have no connection with GLP.

20. McWalters objected to Lee's abuses and has requested on numerous occasions that Lee refrain from diverting and wasting GLP assets, giving personal favors, and violating normal business practices, to the detriment of GLP and McWalters. Lee has refused to do so.

21. The extreme difference of opinion over the management and operation of GLP resulted in the termination of McWalters' employment at GLP on February 19, 2009.

C. GLP And Lee's Failure To Repurchase McWalters' Shares Of GLP

22. No longer employed by GLP, McWalters, sought to have his shares in GLP re-purchased by GLP or Lee as provided for in the Shareholders Agreement.

1. The Shareholder Agreement Requires That Either GLP Or Lee Must Repurchase McWalters' Shares Of GLP At A Price Determined By The Valuation Formula

23. The Shareholder Agreement provides that upon McWalters' tender of his shares, or the termination of his employment, either GLP or Lee must repurchase his shares at a price determined by the same Valuation Formula that was used to determine his purchase price.

24. Pursuant to the Shareholder Agreement, when a shareholder wishes to sell his shares, upon notice, GLP has 30 days to exercise an option to purchase all of the shares at the purchase price set forth in the Shareholder Agreement. (Ex. 1, Shareholder Agreement §§ 2.1, 2.2.) If GLP does not exercise its option within 30 days of receipt of the notice, the remaining shareholder *must* purchase the all of shares at the purchase price set forth in the Shareholder Agreement within 90 days. (*Id.*, § 2.3.)

25. Similarly, in the event that McWalters' employment with GLP is terminated, GLP has 30 days to exercise an option to purchase all of the shares at the Purchase Price set forth in the Shareholder Agreement. (Ex. 1, Shareholder Agreement § 5.1.) If GLP does not exercise its option within 30 days of receipt of the notice, the remaining shareholder is required to purchase the shares at the purchase price set forth in the Shareholder Agreement. (*Id.*, § 5.2.) Closing must take place within 10 days after the expiration of GLP's 30 day option period. (*Id.*, § 10.2.)

26. The Shareholder Agreement requires the purchase price of all shares of GLP which are purchased to be determined by the Valuation Formula set forth in the Shareholder Agreement. (Ex. 1, Shareholder Agreement § 5.1.)

8. PURCHASE PRICE. The purchase price of Shares purchased under this Agreement shall be determined in accordance with the provisions of Exhibit A hereto.

(Ex. 1, Shareholder Agreement § 8.)

27. The formula which shall determine the purchase price for all shares purchased under the Shareholder Agreement (the "Purchase Price") is as follows:

EXHIBIT A

DETERMINATION OF THE PURCHASE PRICE

1. The price of Shares to be purchased under the Agreement shall equal:

$2.5 \times P \times \text{Net Income of the Corporation}$

Where P equals the percentage which the Shares to be sold represent of all of the outstanding Shares of the Corporation as of the Valuation Date; and

Net Income of the Corporation equals the equals the [sic] average accrual basis annual net income of the Corporation plus all Shareholders' gross salaries (less \$400,000 per calendar year) over the three calendar years immediately preceding the Valuation Date, as disclosed on the Corporations books regularly maintained in accordance with generally accepted accounting principles.

2. The Valuation Date, as used herein, shall be the date on which notice is given of the exercise of an option to purchase in the case of a purchase under Section 2, Section 4, or Section 5, and shall be the date of death in the case of a purchase under Section 6 of this Agreement.

(Ex. 1, Shareholder Agreement, Exhibit A.)

28. On March 20, 2009, GLP exercised its option to repurchase McWalters' shares. Accordingly, the "Valuation Date" for the repurchase of the McWalters shares was March 20, 2009.

29. The "three calendar years immediately preceding the Valuation Date" were 2008, 2007, 2006. In March of 2009, the "books regularly maintained in accordance with generally accepted accounting principles" for 2006 and 2007 were long closed. Similarly, the books for 2008 were closed as well. As of February 18, 2009, GLP's outside accountant, Mr. John Kopczyk, had closed GLP's books for 2008 and had made his year-end adjustments. Accordingly, the calculation of the purchase price for the McWalters shares was a straightforward mathematical exercise.

30. In view of the repurchase of McWalters' shares, GLP's independent outside accountant made a calculation of the proper price per share of GLP stock based upon the December 31, 2008 financial statements and the Valuation Formula (the "12/31/08 Purchase Price Calculation Report"). Kopczyk calculated the Purchase Price according to the Shareholder Agreement to be \$12,924 per share, or \$672,048 for the 52 shares owned by McWalters. A true and correct copy of the 12/31/08 Purchase Price Calculation Report is attached hereto as Exhibit 2. This calculation was made in the same manner as GLP's accountant had calculated the purchase price when McWalters purchased GLP shares. The 12/31/08 Purchase Price Calculation Report was circulated to McWalters, Lee and GLP on February 18, 2009.

31. In accordance with the Shareholder Agreement, McWalters is entitled to \$672,048 for his shares. After deducting the amount of loans McWalters owed to GLP, at this time \$93,230, McWalters sought a total purchase price for a net amount of \$578,818. This net

amount, based on GLP's independent accountants report was provided to GLP and Lee on March 23, 2009, a week before the Closing Date by which GLP was to repurchase McWalters' shares.

3. GLP And Lee Fail To Follow The Shareholder Agreement Formula In An Effort To Avoid Paying McWalters Fair Value For His Shares

32. Despite constant attempts to communicate with GLP and Lee, McWalters received no substantive response until the afternoon of the Closing Date. By letter, counsel for GLP and Lee purported to have determined that the price per share was not \$12,924 as calculated by GLP's outside accountant, but either \$124, or alternatively \$1,666. According to GLP and Lee, McWalters' shares were worth either \$6,442.79 or \$86,637.64. After subtracting the \$93,230 of loans owed by McWalters to GLP, GLP and Lee concluded that McWalters *owed* GLP, either \$6,592.85 or \$86,787.70.

33. The determination of the value of McWalters' shares were *not* based upon the Valuation Formula set forth in the Shareholder Agreement. Instead, the valuation was deliberately and improperly designed to deny McWalters the contractual value for his shares and even to deny him any realistic value at all. In order to avoid paying McWalters anything at all, GLP and Lee cooked the books.

34. In order to reach its egregiously low-ball result, GLP and Lee purported to write-off an *additional* \$1,996,763 in accounting write-offs in the years 2006, 2007 and 2008. This was done in bad faith in order to adjust the "net income amount" used for the Valuation Formula dramatically downward, long after the financial statements from these years had been finalized. These improperly adjusted net income amounts, in turn, reduced the proposed value of McWalters' shares nearly worthless.

35. The purported additional write-offs were improper and contrary to the Valuation Formula as well as generally accepted accounting principles. The purported additional

write-offs were in addition to the \$1,465,266 in aggregate accounting write-offs that had *already* been taken in 2006, 2007 and 2008 and had been reflected in the net income for those years.

36. In addition, with no proper basis whatsoever, GLP and Lee purported to write off the amount of \$1,008,124 attributable to VENU, Ltd., a furniture design company started in 2003 by Lee and McWalters ("VENU"). VENU is a joint-venture by Lee and McWalters separate and apart from GLP. VENU is owned 51% by Lee and 49% by McWalters and GLP has no interest in VENU at all. VENU, moreover, is a going concern that is controlled by Lee. There is no legal or accounting basis for writing off any receivable from VENU nor is there any legal or contractual basis for including such expense in the calculation of the purchase price for GLP's shares.

37. GLP and Lee's creation of write-offs and then restating them to prior years is impermissible, and is indicative of their bad faith in depriving McWalters of the true value of his shares. GLP's counter-proposal was made in bad faith and constitutes a refusal to pay McWalters the value of his shares in accordance with the Shareholder Agreement. Such refusal by GLP constitutes a breach of the Shareholder Agreement.

38. In the event that GLP is unable or unwilling to purchase McWalters' shares, the Shareholder Agreement requires Lee to purchase McWalters' shares according to Valuation Formula set forth therein. In complicity with GLP, and in bad faith, Lee has refused to do so. Such refusal by Lee constitutes a breach of the Shareholder Agreement.

D. Lee's Prior Misappropriation And Waste Of GLP Assets Adversely Affected The Value Of McWalters' GLP Shares

39. The value of McWalters shares in GLP is not only affected by GLP's and Lee's bad faith accounting trickery to artificially reduce that value, but also by Lee's unrestrained breaches of his fiduciary duty to both GLP and his minority shareholder,

McWalters. During the three relevant years for determining the value of McWalters' shares, 2006, 2007, and 2008, Lee systematically looted GLP by diverting cash and other GLP assets to himself for his own personal use, and by wasting GLP assets for the benefit of his personal friends.

40. Lee's defalcation and waste had a direct impact on the net income of GLP in 2006, 2007, and 2008. Had his misconduct not occurred, GLP's net income would have been appreciably higher, and so too would have been the value of McWalters' shares.

1. Lee Improperly Wrote Off Substantial Amounts Owed To GLP By Winston & Strawn In Order To Benefit And Further The Career Of A Personal Friend, Paul Hensel

41. One of GLP's major clients is the law firm of Winston & Strawn, LLP ("Winston"). Lee maintains exclusive control over the Winston & Strawn account.

42. For several years, Lee has had a close personal relationship with Paul Hensel ("Hensel"), the chief administrative partner in Winston's Chicago office. Among other duties, Hensel is the chairman of the firm's Building Committee and handles the relocation and modernization of the firm's various domestic offices, and has previously managed site selection, space planning, design, and construction of more than 1.5 million square feet of new space. Accordingly, Hensel is responsible for the administration and purchase of architectural and design services for Winston & Strawn's offices worldwide.

43. Because of his close personal relationship with Hensel, Lee has adopted unusual business practices in order to allow Hensel to further his career at Winston. Unlike other clients of GLP and contrary to customary and proper business practices, Lee does not require contracts for the projects and services that GLP performs for Winston & Strawn to be in writing or to be signed by Hensel, even though the work is substantial in scope and dollar amount. As a result, Lee does not require, nor does Winston & Strawn provide to GLP, a budget within which

GLP must provide its services or a written commitment to pay for services provided by GLP. GLP receives instructions from Hensel primarily through discussions between Lee and Hensel.

44. Lee's unusual business structure permits Hensel to have GLP provide architectural and design services that would otherwise exceed Hensel's budget (which was not shared with GLP) and then claim that GLP should write off the excess amounts from their bill. In this manner, Hensel's professional reputation and career at Winston is enhanced by completing the modernization of Winston's offices at a substantially reduced cost. Lee is aware of Hensel's business practice and condones and supports it—all to GLP's detriment.

45. Over the last three years, GLP has completed several architectural and design services for Winston based upon oral instructions from Hensel. After the projects have been concluded, Hensel has requested substantial amounts due to GLP to be written off. Lee has always agreed to do so.

46. In 2007 and 2008, for example, Lee caused GLP to write-off almost \$770,000 of receivables from Winston. This amount represents over 30% of Winston's total invoices in those two years of \$2,522,245. In GLP and Lee's valuation counterproposal, they seek to write off an additional \$405,102 or 16%. In all, Lee claims that almost half the work done for his friend Hensel is uncollectible.

47. No legitimate business reason exists for write-offs in this amount. GLP provided the services in a professional and competent manner and no complaint about the quality of work exists. Lee has allowed substantial GLP services to be performed for free solely to accommodate the interests of a personal friend, Hensel. Lee's actions in condoning Hensel's business practices, and agreeing to the write-offs, constitutes waste of GLP's assets and a breach

of Lee's fiduciary duties to both GLP and McWalters. If not for Lee's misconduct, GLP's net income for 2006, 2007 and 2008, would have been substantially higher.

2. Lee Improperly Caused GLP To Pay Him A Full-Time Salary But Did Not Do Any Work To Earn That Salary

48. While Lee has caused GLP to pay him a substantial full-time salary during the years 2006, 2007 and 2008, he has failed to devote the time and attention to GLP necessary to earn or justify that salary. Accordingly, he has taken GLP assets has not returned appropriate value. Further, in paying himself a full-time salary, Lee had no intent to perform the requisite work to justify that salary.

49. In 2006, 2007 and 2008, Lee's salary from GLP totaled \$393,066; \$335,424; and \$447,365, respectively. In a typical month during this period, Lee has spent minimal time attending to his GLP obligations and duties as President and Director—a small fraction of the time that is required and expected.

50. Lee's reason for failing to do any work for GLP and his need for the excessive cash he pays himself are explained by his intimate relationship with Lewis Matheney ("Matheney"). During this period, Lee has maintained residences in Stockton, New Jersey and New York City with his life-partner Matheney.

51. On or around 2006, Lee and Matheney started a publishing company entitled GLM Publishing in an attempt to bolster Matheney's career as a cartoonist. Upon information and belief, Lee and Matheney are the only principals of the company. Instead of working for GLP, Lee has devoted a significant amount time (and has poured a significant amount of the funds he has paid himself from GLP) into the start-up of GLM Publishing.

52. In addition during this period, Lee has made major renovations to the residences he shares with Matheney in New Jersey and New York. In connection with the

renovation projects, and instead of working for GLP, Lee has devoted a substantial amount of time and money to those projects.

53. Lee has paid himself an exorbitant salary in order to fund his personal renovation project, his publishing venture, and his other personal indulgences all the while knowing that he would not be able to devote much if any time to GLP. No legitimate business reason exists for Lee's inattention to GLP and his taking an excessive salary constitutes waste and misappropriation of GLP assets and a breach of Lee's fiduciary duties to both GLP and McWalters. If not for Lee's misconduct, GLP's net income for 2006, 2007 and 2008, would have been substantially higher.

3. **Lee Improperly Diverted GLP Funds To Be Used In An Unrelated Publishing Business Venture**

54. In addition to causing GLP to pay him an excessive salary, during 2006, 2007 and 2008, Lee has diverted hundreds of thousands of dollars in cash from GLP for use in his own personal projects and expenses. When Lee determined that his salary and other investments would not adequately pay for the renovations, the GLM start-up, and his other personal expenses, Lee began taking funds out of GLP to help pay for his lifestyle.

55. Lee has taken GLP funds and converted them to his own use. Lee has not "borrowed" these funds. Lee has not documented his misappropriations with a promissory note, has not received McWalters' written permission for any loans as required by the Shareholder Agreement, has not paid interest or principal on misappropriated amounts, and has not offered to repay any part of substantial amounts of GLP funds he has diverted.

56. McWalters repeatedly objected to Lee continuing to take cash out of GLP without his permission, and has objected to Lee's failure to return the money Lee has

misappropriated. However, Lee has simply ignored McWalters requests and continued to help himself to GLP cash.

57. In addition, GLP's outside accountant, Mr. John Kopczyk, warned McWalters and Lee that the GLP funds Lee had diverted were excessive for a company of GLP's size and that, in the event of an IRS audit, the IRS would not look favorably on the significant amount of money diverted by Lee and would likely challenge these amounts as funds improperly funneled from the company. Lee has ignored these warnings as well.

58. As of December 31, 2007, Lee had taken out \$188,012 of GLP funds. By December 31, 2008, the amount Lee Misappropriated had ballooned to \$343,363. Lee does not intend, nor has he ever intended, to return any of the funds he has misappropriated from GLP. Because he knew that he did not intend to return the misappropriated funds, Lee also knew that any corresponding receivable "due from owner" on GLP's books was uncollectable and fraudulent.

59. Lee's defalcation and misappropriation of GLP's fund while in a fiduciary capacity constitutes a breach of Lee's fiduciary duties to both GLP and McWalters. If not for Lee's misconduct, GLP's net income for 2006, 2007 and 2008, would have been substantially higher.

4. Lee Improperly Diverted GLP Funds And Other Assets To The Remodeling Of His Personal Residences

60. In addition to his excessive salary and conversion of GLP funds, Lee also directed GLP to provide design and architectural services and materials free of charge to Lee for the renovations Lee made to the personal residences in New Jersey and New York he shared with Matheney.

61. During the period 2006, 2007 and 2008, Lee directed GLP to provide to him free of charge over \$120,000 worth of free services for his New Jersey residence. Additional funds were spent to remodel an apartment within the GLP's New York City office space that was used exclusively by Lee and Matheney.

62. No legitimate business reason exists for Lee's diversion of GLP resources to his own personal use. Such diversion constitutes a waste of GLP assets and a breach of Lee's fiduciary duties to both GLP and McWalters. If not for Lee's misconduct, GLP's net income for 2006, 2007 and 2008, would have been substantially higher.

5. Lee Improperly Diverted GLP Funds To Pay His Personal Travel, Condo Rent, And Other Personal Expenses

63. Also throughout 2006, 2007 and 2008, Lee used GLP resources to pay for own considerable personal expenses.

64. Lee maintains residences in New Jersey, New York and in Chicago, Illinois. As set forth herein, during this period, Lee was spending a substantial amount of time in New Jersey with his life-partner Matheney. While directing his New Jersey renovation and starting up his New Jersey publishing company, Lee would periodically return to Chicago for a brief period, then fly back to New Jersey. Even though no legitimate GLP business reason exists for Lee's excessive travel, Lee nevertheless submits expense reports for this travel and other personal expenses and directs that GLP reimburse him for these expenses.

65. Over the last couple of years, moreover, Lee has caused GLP to subsidize his Chicago condominium by paying to Lee "rent" of \$3600 each month. As set forth below, Lee has caused GLP to lease office space in New York City which contains an apartment that is exclusively used by Lee and Matheney.

66. There is no legitimate business reason for these expenses. These payments are yet additional improper diversions of GLP assets to Lee's own personal use and constitutes a breach of Lee's fiduciary duties to both GLP and McWalters.

6. **Lee Improperly Caused GLP To Maintain Office Space In New York City Without Attempting To Develop Work To Justify Or Support That Expense**

67. Lee also wasted substantial GLP assets in causing GLP to open and maintain an office in New York City and then failing to devote the time and effort to use that office to GLP's advantage.

68. In or around 2005, Lee directed GLP to open an office in New York City, purportedly so that Lee could develop new clients in the New York City area. As justification to open the office and incurring the related expenses, Lee agreed to be responsible for developing business in New York. At Lee's direction, GLP entered into a lease for office space at 417 Lafayette Street, New York, NY 10003 which cost GLP approximately \$112,000 per year in lease payments.

69. In 2007, at Lee's direction, GLP renewed for another two years, and, accordingly, in 2006, 2007 and 2008, GLP incurred \$336,000 in lease payments for the New York Office. This was in addition to \$112,000 in lease payments for the first year, the initial remodeling expense of \$150,000, and additional expense when the apartment was again remodeled to accommodate Matheney. All in all, almost \$600,000 of GLP assets have been expended.

70. During this period, however, due to Lee's inattention to GLP and his pre-occupation with his New Jersey remodeling project, his publishing venture and other aspects of his personal lifestyle, Lee failed to devote the time or energy required to develop new clients in the New York City area. In 2009, after six years of renting space in New York City, GLP had

only three new clients in the New York area. None of these clients came to GLP as a result of any business development efforts by Lee.

71. Lee's continued maintenance of a New York office and apartment, combined with his unfulfilled promise to use the office to develop business, constitutes yet another waste of GLP assets. There was no legitimate business reason for Lee's failure to even try to develop business in New York and his deliberate failure constitutes a breach of Lee's fiduciary duties to both GLP and McWalters.

7. Lee Improperly Caused GLP To Lease Office Space At No Charge To Benefit A Personal Friend, John Wolf

72. In addition to using GLP assets to benefit and further the career of Hensel, Lee has also used GLP assets to benefit Hensel's friend, John Wolf ("Wolf").

73. Wolf is owner of CHW Properties, Inc. ("CHW"), a small general contracting and construction company. Lee has caused GLP to allow Wolf and his company CHW to sublet and occupy free of charge approximately 3,000 square feet in the lower level of the building located at 360 W. Superior, Chicago, Illinois (the "360 W. Superior Building") for approximately the last four years.

74. While Lee owns the 360 W. Superior Building, he has leased the entire building to GLP. Accordingly, GLP pays annual rent payments to Lee in the amount of approximately \$360,000 per year for that lease. The space that is occupied by Wolf and CHW is GLP leased space. The estimated fair market value of the annual rent for the space occupied by Wolfe and CHW is approximately \$30,000.

75. There is no legitimate business reason for Lee to cause GLP to sublease office space to Wolf and CHW for free. Again, Lee has allowed substantial GLP assets to be squandered solely to accommodate the interests of his personal friend, Hensel and his friend

Wolf. Lee's actions in failing to have GLP require fair market rent payments from Wolf and CHW constitutes waste of GLP's assets and a breach of Lee's fiduciary duties to both GLP and McWalters. If not for Lee's misconduct, GLP's net income for 2006, 2007 and 2008, would have been substantially higher.

E. Lee Fraudulently Induced McWalters Into Purchasing Shares Of GGP Using The Formula In The Shareholders Agreement With The Intent Of Redeeming Those Shares At A Much Lower Value, If At All

76. In 2008, Lee was experiencing financial difficulties. McWalters offered to purchase additional shares of stock owned by Lee directly from Lee. In need of cash, Lee developed a scheme to defraud McWalters into purchasing 22 of Lee's 100 shares of GLP.

77. In support of McWalters' purchase of Lee's shares, Lee directed a valuation be prepared by GLP's outside accountant, Mr. John Kopczyk. Pursuant to Lee's direction, Mr. Kopczyk made a calculation of the proper price per share of GLP stock based upon the December 31, 2007 financial statements pursuant to the Valuation Formula. (the "12/31/07 Purchase Price Calculation Report"). Kopczyk calculated the purchase according to the Shareholder Agreement to be \$5,985 per share, or \$131,670 for the 22 shares Lee proposed to sell to McWalters.

78. At the time Lee proposed to sell 22 shares of GLP pursuant to the Valuation Formula, McWalters reasonably believed, based upon Lee's representations, prior dealings, and the 12/31/07 Purchase Price Calculation Report, that \$5,985 per share represented fair value for the shares. McWalters further reasonably believed, based upon Lee's representations and the 12/31/07 Purchase Price Calculation Report, that, were any of these shares of GLP to be redeemed by McWalters, GLP and Lee would use the same Valuation Formula to determine the repurchase price.

79. Lee intended McWalters to rely on the representation that the Valuation Formula as applied by Mr. Kopczyk to determine the price at which Lee would sell his shares, would be the same methodology used to determine the price at which GLP would repurchase any shares from McWalters. Despite this representation, Lee never intended on repurchasing, or causing GLP to repurchase McWalters' shares at anywhere near the price determined by the Valuation Formula.

80. Lee used the Valuation Formula to his advantage when selling his shares, but never intended on using the Valuation Formula when he or GLP were required to repurchase those shares.

81. In reliance on Lee's misrepresentation regarding the Valuation Formula, McWalters purchased Lee's 22 shares at \$5,985 per share, for a total of \$131,670. Had he known Lee's true intent, or that less than a year later Lee would claim the shares were virtually worthless, he would never have made that purchase.

82. In connection with the 2008 purchase of GLP shares, Lee approved a loan from GLP to McWalters in the amount of \$100,000 to help finance the shares. Lee however, received the proceeds from the loan together with \$31,670 out of McWalters' pocket.

**ALLEGATIONS REGARDING
SHAREHOLDER CLAIMS AND
SHAREHOLDER DERIVATIVE CLAIMS**

83. Lee, who is in control of GLP, is acting in a manner that is illegal, oppressive and fraudulent with respect to the minority shareholder, McWalters.

84. GLP's assets are being misapplied and wasted by Lee.

85. Pursuant to Section 12.56 of the Illinois Business Corporations Act, McWalters seeks remedies permitted by that section, including an accounting, and the award of damages. 805 ILCS 5/12.56.

86. GLP's board of directors consists of Lee, McWalters and an employee of GLP. As President, Lee did not require and did not seek board approval for any of the actions constituting the misconduct complained about. As set forth herein, Lee's actions had no legitimate business purpose and, therefore, are not protected by the business judgment rule. Because two thirds of the GLP's board consist of Lee, who is neither independent nor disinterested and an employee of GLP who is not independent, demand on GLP's board would have been futile.

87. Any effort to cause GLP to bring the claims asserted here on its behalf is not likely to succeed and would be futile because GLP is controlled by Lee who responsible for the misconduct alleged herein.

88. McWalters also brings claims derivatively and on behalf of GLP against Lee pursuant to Section 7.80 of the Illinois Business Corporations Act. 805 ILCS 5/7.80.

McWALTERS' CAUSES OF ACTION

**COUNT I
BREACH OF CONTRACT
(against Lee and GLP)**

89. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

90. By their failure to repurchase McWalters shares in accordance with the terms of the Shareholder Agreement, Lee and GLP have breached that agreement.

91. McWalters has been damaged by that breach.

**COUNT II
BREACH OF FIDUCIARY DUTY
(against Lee)**

92. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

93. By the conduct alleged herein, Lee has breached his fiduciary duty as President and majority shareholder of GLP owed to McWalters, the minority shareholder.

94. McWalters has been damaged by Lee's breach in that Lee's defalcation, conversion and waste of GLP assets has caused the value of his shares of GLP to be lower than if Lee's misconduct had not occurred.

95. Lee's breaches of his fiduciary were intentional, willful and wanton, in reckless disregard of the interests of GLP and its minority shareholder, McWalters. McWalters is entitled to punitive damages for those breaches.

**COUNT III
FRAUD
(against Lee)**

96. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

97. With the intent to deceive McWalters into purchasing 22 of Lee's GLP shares, Lee misrepresented the manner in which the Valuation Formula in the Shareholders Agreement would be applied by himself and GLP.

98. McWalters reasonably relied upon Lee's misrepresentation in purchasing Lee's shares.

99. McWalters has been damaged by Lee's misrepresentation. He is also entitled to punitive damages as a result of Lee's intentional misconduct.

**COUNT IV
UNJUST ENRICHMENT
(against Lee and GLP)**

100. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

101. McWalters has paid \$563,550 for 52 shares of GLP that, according to the valuation advanced by GLP and Lee, are claimed to be worthless.

102. If GLP and Lee's valuation methodology is somehow found to be valid, then GLP and Lee have been unjustly enriched by applying one methodology to sell shares to McWalters and a different methodology when repurchasing them from McWalters.

103. In the event GLP and Lee's valuation methodology is somehow found to be valid, then in the alternative, McWalters seeks (i) an accounting, (ii) a recalculation and adjustment of the purchase price for all 52 of his shares, and (iii) restitution by GLP and Lee of the difference by which they have been unjustly enriched.

**COUNT V
RESCISSION
(against Lee and GLP)**

104. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

105. McWalters has paid \$563,550 for 52 shares of GLP that, according to the valuation advanced by GLP and Lee, are claimed to be worthless.

106. If GLP and Lee's valuation methodology is somehow found to be valid, then GLP and Lee have intentionally misled McWalters by applying one methodology to sell shares to McWalters, while intending to use a different methodology when repurchasing them from McWalters.

107. If GLP and Lee's valuation methodology is somehow found to be valid, the by presenting McWalters with valuation reports prepared by GLP's accountant in accordance with the Shareholder Agreement, GLP and Lee misrepresented their intent to use a different methodology to calculate what they believe to be the "true" value of GLP shares.

108. GLP and Lee intended McWalters to rely upon that misrepresentation in purchasing his 52 shares. McWalters did so rely and would not have purchased any shares if he had been aware of GLP and Lee's true intent.

109. Accordingly, because McWalters purchase of 52 GLP shares was procured by fraud, McWalters is entitled to rescission and the return by GLP and Lee of his \$563,550 purchase price.

McWALTERS' PRAYER FOR RELIEF

WHEREFORE, Plaintiff Thomas J. McWalters, on his own behalf, respectfully requests that the Court:

(a) enter judgment in his favor and against defendants Gary L. Lee and GLP Incorporated on Count I of this Complaint and award as damages: (i) the full contractual value of his GLP shares and (ii) such other and further relief as the Court deems necessary under the circumstances;

(b) enter judgment in his favor and against defendant Gary L. Lee on Counts II and III of this Complaint and award: (i) compensatory damages in the amount shown to be caused by defendant's misconduct; (ii) punitive damages in an amount not less than three times the amount of the compensatory damage award and (iii) such other and further relief as the Court deems necessary under the circumstances;

(c) in the alternative, in the event GLP and Lee's valuation methodology is somehow found to be valid, that the Court enter judgment in his favor and against defendants Gary L. Lee and GLP Incorporated on Count IV of this Complaint and order (i) an accounting, (ii) a recalculation and adjustment of the purchase price for

all 52 of Plaintiff's shares, and (iii) restitution by GLP and Lee of the difference by which they have been unjustly enriched; and

(d) in the alternative, in the event GLP and Lee's valuation methodology is somehow found to be valid, that the Court enter judgment in his favor and against defendants Gary L. Lee and GLP Incorporated on Count V of this Complaint and order rescission of Plaintiff's purchases of GLP shares and return of his \$563,550 purchase price.

**McWALTERS' DERIVATIVE
CAUSES OF ACTION ON BEHALF OF GLP**

**COUNT VI
Derivative Claim For
BREACH OF FIDUCIARY DUTY
(on behalf of GLP against Lee)**

110. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

111. By the conduct alleged herein, Lee has breached his fiduciary duties owed to GLP.

112. GLP has been damaged by Lee's breach in that Lee's defalcation, conversion and waste of GLP assets have depleted its assets, damaged its share price, and has jeopardized its ability to continue in business.

113. Lee's breaches of his fiduciary were intentional, willful and wanton, and in reckless disregard of the interests of GLP and its minority shareholder, McWalters. GLP is entitled to punitive damages for those breaches.

114. Because Lee was the perpetrator of the breaches of fiduciary duty, he should not share in any of the recovery obtained by McWalters on behalf of GLP.

COUNT VII
Derivative Claim For
CONVERSION
(on behalf of GLP against Lee)

115. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

116. By taking funds from GLP and using them for his own personal benefit with no intent to repay, Lee has intentionally and unlawfully converted those funds.

117. GLP has been damaged in the amount of the funds unlawfully converted by Lee.

118. GLP is entitled to punitive damages due to Lee's intentional misconduct.

119. Because Lee was the perpetrator of the conversion, he should not share in any of the recovery obtained by McWalters on behalf of GLP.

COUNT VIII
Derivative Claim For
DISGORGEMENT
(on behalf of GLP against Lee)

120. Plaintiff realleges and incorporates by referenced the allegations contained in Paragraphs 1 through ____.

121. As alleged herein, Lee has breached his fiduciary duties to GLP and GLP has been damaged thereby.

122. By reason of his breach of fiduciary duty, Lee has forfeited the right to retain any and all compensation paid to him during the period of such breach.

123. Because Lee was the perpetrator of the breaches of fiduciary duty, he should not share in any of the recovery obtained by McWalters on behalf of GLP.

**McWALTERS' DERIVATIVE
PRAYER FOR RELIEF ON BEHALF OF GLP**

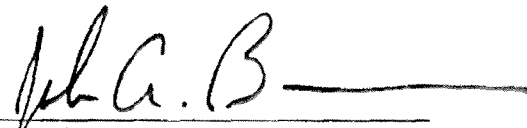
WHEREFORE, Plaintiff Thomas J. McWalters derivatively on behalf of GLP respectfully requests that the Court:

(a) enter judgment in favor of GLP and against defendant Gary L. Lee on Counts VI, VII, and VIII, of this Complaint and: (i) award GLP its compensatory damages in the amount shown to be caused by defendant's misconduct; (ii) award GLP punitive damages in an amount not less than three times the amount of the compensatory damage award and (iii) require defendant Lee to disgorge and return to GLP any and all compensation paid to him during the period of his breach; and (iv) such other and further relief as the Court deems necessary under the circumstances;

(b) further orders that defendant Lee shall not share, directly or indirectly, in any of the compensatory, disgorgement, or punitive award.

Dated: May 22, 2009

Respectfully submitted,



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