

Village of Dolton

An Overview of the Current
Financial Crisis



The Village of Dolton is facing a severe and ongoing financial crisis, largely attributed to:

Litigation Filed Against the Village

- Judgments and Settlements

Financial Mismanagement by the Prior Administration

- Defaulted Payments
- Non-Payment of Taxes
- Excessive and Unauthorized Spending

LITIGATION

Currently, there are approximately 40 pending litigation cases in which the Village is involved.

Over the last 12-18 months, the Village has resolved approximately 40 cases.

There are approximately seven (7) outstanding Settlements that the Village has not yet paid, or is still in the process of paying, totaling just under

3 MILLION DOLLARS

From January 2024 to present, the Village paid in full approximately 25 settlements totaling nearly

\$1.9 MILLION DOLLARS

These settlements were paid by the Village (SIR) and Village insurance.

*As a result, the Village has had difficulty obtaining favorable insurance coverage.

Litigation Involving Members of Prior Administration

Many Cases Not Covered by Village Insurance

Members of Prior Administration invoking 5th Amendment

Defaulted Payments to AT&T

- As of November 2024, the Village was indebted \$280,391.04, plus interest, attorney fees and costs to AT&T for the telecommunication services provided by them to the Village
- A settlement and payment plan was agreed to between the Village and AT&T in December 2025 in which the Village promised to pay \$276,000.000 in monthly payments over the course of two years.

Defaulted Payments to City of Chicago

(for unpaid water bills)

- The Village is currently paying off a judgment in favor of the City of Chicago for over \$9,000,000.00 for unpaid water bills.
- The Village entered into a Consent Decree with the City of Chicago in November 2018 requiring the Village to pay millions of dollars for water usage not paid by the Village.
- The Village has historically received default notices from the City of Chicago and is currently 5 months behind in payments.

Repossession of Village Vehicles

- Between September and December of 2022, former Mayor Henyard entered into three (3) Purchase Lease Agreements with Government Lease Co. on behalf of the Village.
- The total lease price for these three vehicles combined was \$374,325.00.
- Ultimately, several of these vehicle were repossessed and/or returned to the bank with unpaid balances.

Globe Life Payroll Deductions

In June 2024, the Village became delinquent on its insurance premiums to Globe Life.

This adversely effected employees' insurance benefits and payroll.

Unpaid Property Tax Bills

Property owned by the Village should be tax exempt, however, prior administration failed to file the paperwork with the County

As a result, the Village owes approximately \$100,000.00 in unpaid property taxes.

The current Administration is working to correct this.

State Appropriations

In 2023, the Village was slated to receive an appropriation in the amount of \$5 MILLION DOLLARS for Appropriation 420-02-0971-44001122, Fund 97.

The Village never received this appropriation and other resources, grants, and appropriations.

American Rescue Plan Act (ARPA)

The Village received an allocation through the State which was appropriated into categories by the Illinois Comptroller's Officer as shown below:

Date	Amount	General Ledger Description
09/03/2021	\$ 1,519,041	American Rescue Plan deposit 1 st payment
04/14/2022	1,569	American Rescue Plan additional
09/23/2022	1,520,610	ARPA 2nd installment payment
Total	\$ 3,041,220	

*From Charles River Associates January 27, 2025 Final Report of Findings

As of the end of FY 2024, the Village had transferred \$1.3 MILLION DOLLARS of ARPA funds to the general fund to pay for expenditures categorized under “due from American Rescue Plan”

As of January 2025, the Village had approximately \$1.7 million dollars of ARPA funds remaining in their Capital Projects account.

During the Henyard Administration, the Village used \$500,000.00 of ARPA funds for improper and unrelated ARPA expenses

Dropped by Third Party Administrators (TPA)

Per Village policies, the Village is required to retain a Third-Party Administrator (TPA).

The TPA is responsible for handling Workers Compensation Claims and serves as liaison between the Village and Defense Counsel.

The TPA is also responsible for making payments on claims and settlements.

In the last 24 months two Companies (CCMSI and Charles Taylor) resigned as the Village's TPA for non-payment.

Current settlements and claims are not being handled. The Village is in the process of contracting with a third TPA, but the TPA will require significant funding to handle past, current, and future claims.

Mismanagement of Funds and Unauthorized Overspending of Taxpayers' Money

The Village recently filed a lawsuit against the Village's former bank, Fifth Third Bank, alleging Henyard misappropriated funds from the Village by signing checks without any cosigner (Village Clerk) in violation of Village policy and commercial banking standards.

It is alleged that Henyard unjustifiably signed and cashed over 251 checks totaling over

\$1.8 MILLION DOLLARS.

Henryard's Administration Spending Spree

Over \$171,000.00 was spent on travel costs.

Over \$51,000.00 at local restaurants.

Over \$100,000.00 on "Ice Skating Rink"

Hundreds of thousands of dollars on Security Detail

For more details on how and when the Village went from millions of dollars in reserves to being millions of dollars in deficit, please reference Lori Lightfoot's January 27, 2025 Final Report which can be found on the Village's website under the 'Transparency' tab.

<https://vodolton.org/transparency/>



TRANSPARENCY

We utilize the Illinois Policy Institute's transparency checklist to hold officials accountable and improve transparency throughout our community. This framework guides our efforts to ensure that our actions remain accessible to citizens and taxpayers.

The Debt Having the Most Impact on the
Financial Stability of the Village...

AJA Seats v. Village of Dolton

In August of 2022, a judgment was entered against the
Village in the amount of:

\$33.5 MILLION DOLLARS

As of February 20, 2026, this judgment will have accrued an
additional \$7.1 million dollars in interest, bringing the total
judgment to just over:

\$40.6 MILLION DOLLARS

Background on *Seats v. Dolton*

This lawsuit was originally filed in October 2016 naming the Village, former interim Police Chief Lewis Lacey, and former Officer Perez.

Police Pursuit case where the pursued vehicle crashed resulting in death of one occupant and disabling injuries to a second occupant in the vehicle.

Loevy & Loevy Law Firm

Plaintiff represented by Loevy Law Firm

A well-known law firm representing individuals with claims against Police Departments and Police Officers for wrongful conviction, excessive force, and civil rights violations

Some of the accomplishments noted on Loevy & Loevy's website include:

Loevy + Loevy is one of the largest public interest law firms in the country. Collectively, our team of lawyers have won more than a billion dollars in recoveries and damages for our clients.

At Loevy + Loevy, we've won numerous cases involving unlawful police abuse, police violence, police harassment, and police misconduct.

The Seats lawsuit arose from a police pursuit which resulted in a fatal car crash.

Plaintiff Kyles died on the scene from his injuries.

Plaintiff Dunlap suffered severe, permanent, and life altering injuries.

Order to Preserve Evidence

Just after Plaintiff's original lawsuit was filed, the Court ordered the Village of Dolton to preserve all evidence, including dash camera recordings relative to the pursuit.

Plaintiffs then served the Village with a Request to Produce these dash camera and audio recordings from the pursuit.

The Village/PD failed to preserve or produce these recordings.

Village's Request to Settle to Insurers

During the pendency of this lawsuit, the Village's Attorney made numerous demands to the Village's Insurance Carrier to settle this lawsuit within the insurance policy limits.

The Insurer Carrier, however, rejected the Village's demands to settle.

The Village's demands were timely, in writing, and made prior to trial.

ROSENTHAL, MURPHEY, COBLENTZ & DONAHUE

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Re: *Seats, et al. v. Village of Dolton, et al.*,
Case No. 2017 L 010353

Gentlemen:

I write this letter as Village Attorney for the Village of Dolton. The recent flurry of settlement demands has put our clients in an intolerable position. The Village and the officers have no authority to settle. Settlement is the decision of the insurers. The most recent proposal from Plaintiffs, that the Village and officers enter into consent judgments and then assign various claims against its insurers to Plaintiffs, is really aimed at the insurers. In addition, a consent judgment is in the nature of a settlement, and the Village has no independent settlement authority.

We are now faced with the clear prospect that a combined judgment against defendants may well exceed the limits of both of your policies. Multiple settlement efforts have failed. Accordingly, the Village of Dolton demands that your respective carriers immediately exercise their respective duties to the insureds and take any and all actions necessary to settle this case in its entirety within the combined policy limits.

The Village of Dolton is in a very precarious financial position. The Village has a dormant tax base, very few assets, and no cash reserves. The Village is currently paying off a judgment in favor of the City of Chicago for over \$9,000,000.00 for unpaid water bills. Any uninsured judgment against the Village arising out of this litigation would be devastating to the taxpayers of Dolton.

ROSENTHAL, MURPHEY, COBLENTZ & DONAHUE

LAW OFFICES

Chris Meyer
Christopher Duffy
Brendan Nelligan
October 29, 2019
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The relevant principles, recently outlined in Rogers Cartage Company v. Travelers Indemnity Company, 2018 IL App (5th) 160098, 422 Ill.Dec.372 (2018), are well-established. As insurers, you must give at least equal consideration to the insured's interests. Given the nature of the damages which will be put before the jury, there is a reasonable probability of a judgment in excess of limits. **There have been demands within policy limits. As a matter of law, you have a duty to settle within policy limits.**

Ms. Scarry, Mr. Rose and I are preparing for trial. We can no longer serve as settlement conduits. The Village demands that you work directly and immediately with Plaintiffs' attorneys to settle this case globally within policy limits.

Very truly yours,

John B. Murphey



JBM/sml

cc: Mayor and Board of Trustees, Village of Dolton
Matthew D. Rose, mrose@rmcj.com
Laura L. Scarry, lscarry@deanoscarry.com

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Re: *Seats, et al. v. Village of Dolton, et al.*,
Case No. 2017 L 010353

Gentlemen:

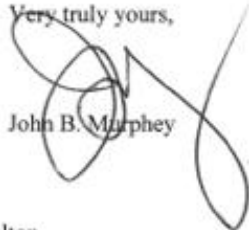
I write this letter as Village Attorney for the Village of Dolton to **renew Dolton's demand** that your respective carriers immediately exercise their respective duties to the insureds and take any and all actions necessary to **settle this case in its entirety within the combined policy limits.** The most recent e-mail demand from Plaintiff's attorney now alludes to "ruinous" repercussions to the Village of Dolton if there is a large uninsured judgment. That observation is accurate.

Attached are recent verdict/settlements in police pursuit cases. If a jury finds that the one or both of the officers failed the "balancing test," a Plaintiffs' verdict would likely exceed coverage. See attached verdicts/settlements. You must discharge your duty to the Village now before it is too late.

I am going to Jacksonville, Illinois today, and will be taking the Sorrells' deposition tomorrow. I propose that you authorize Mr. Nelligan to reach out to Plaintiffs' attorney, set up a meeting, and negotiate a settlement within policy limits.

Please confirm.

Very truly yours,


John B. Murphey

JBM/sml
Enclosures

cc: Mayor and Board of Trustees, Village of Dolton
Matthew D. Rose, mrose@rmcj.com
Laura L. Scarry, lscarry@deanoscarry.com

JURY TRIAL

The case proceeded to Trial on July 26, 2022

The Village was represented by outside counsel.

The trial issues were:

- I. Willful and Wanton Conduct of the Police Officers
- II. Negligent Spoilation of Evidence against the Village

Prior to Opening Statements Plaintiff's Offered to settle between \$6-8 million

The carriers rejected this settlement range

The jury trial concluded on
August 3, 2022

Jury found in favor of the Village on the Willful and Wanton
conduct claim.

(i.e. the police officers did not violate the law in regard to the pursuit)

Jury found the Village liable as to the
Negligent Spoilation of Evidence Claim

JUDGMENT

August 8, 2022

The Jury awarded damages in the amount of

\$33.5 MILLIONS DOLLARS

Post Judgment interest allowed under state law

The Insurers carriers refused to engage in settlement discussions with Plaintiffs subsequent to the judgment being entered as well.

POST TRIAL LITIGATION

The Village represented by the Insurance Carriers appointed law firms,
filed multiple posttrial motions and Appeals.

All Motions and Appeals were denied.

During the years of this post trial litigation, interest Continued to Accrue,
in excess of \$1.6 million dollars per year

The Village's Insurance Carriers did NOT engage in any settlement discussion during any of the Post Trial litigation

The Illinois Supreme Court DENIED the Village's last Petition/ Appeal
on

MARCH 26, 2025

Citation to Discover Assets

On October 7, 2024, Plaintiffs filed a citation to discover assets lawsuit.

Citation lawsuits allow Judgment Creditors (“Plaintiffs”) a chance to review a Judgement Debtors (“Village”) finances and assets.

The Village provided financial information, list of Village owned properties, including abandoned warehouses and vacant land, and showed these properties to Plaintiffs counsel.

- Plaintiffs have not taken any action to acquire title to any of these properties

The Village's Bad Faith Claim against Insurance Carrier for not settling the case when case could have been settled (1) before trial, (2) during trial, or (3) post trial.

- Village agrees to turn-over the Village's Bad Faith Claims to Plaintiffs in order to satisfy the judgment.
- Plaintiff's attorneys believe this cause of action could result in verdict/judgment of \$100,000,000.00.
- Specialized litigation-Plaintiff's and Village retain outside firm from Kansas City.

ADDITIONAL LITIGATION FILED

Seats, et al. v. Dolton (24 CH 329)

Mandamus case

AAIC v. Dolton (1:25-cv-3226)

Bad Faith case

Seats, et al. v. Dolton (24 CH 329)
Mandamus Case

Plaintiffs filed this action against the Village on January 18, 2024 seeking an order of mandamus compelling Dolton to take all statutorily required steps to satisfy the judgment against them.

Until just the last few weeks, this matter was handled by attorney Michael Kasper.

My office filed an appearance on February 3, 2026.

In November 2024, Plaintiff filed a Motion for Civil Contempt against the Village because the Village was being behind in preparing and filing annual audits.

NOTE: Under the current Administration, the Village has prepared and filed audits and will be in full compliance later this year.

On January 20, 2026, Plaintiff filed a motion for summary judgment in the form of a writ of mandamus directing the Village to adopt a municipal ordinance that will provide for the issuance of a municipal bond to pay Plaintiff's judgment including accrued interest.

Plaintiffs asking for the Court to Order:

The Village pass a \$40,000,000.00 Bond Issuance Ordinance directing the County Clerk to spread payments for principal and interest over ten (10) years paid by Village taxpayers-separate line item on property tax bills.

If such Court Order is entered, this will result in additional line item on everyone's property tax bill for ten (10) years

Significant increase in your property taxes – we will go over the figures shortly

This case is up in Court on Friday, February 20, 2026 at 10:30 in the Daley Center, Courtroom 2410

American Alternative Insurance Corp. v. Dolton
(1:25-cv-3226)

Bad Faith Case

AAIC filed this action against the Village, Plaintiff Seats, and Plaintiff
Wrights on
March 26, 2025

AAIC alleges that:

It owed **NO DUTY** to indemnify the Village or to pay the Judgment
Creditors with respect to the spoliation of evidence judgment.

Third Party Complaint Against AAIC and Markel Insurance

The Village and Plaintiff Seats filed a Counterclaim Complaint against
AAIC and Markel Insurance in July 2025

Lathrop GPM LLP, a Kansas City law firm, is handling this matter on
behalf of the Village.

Counterclaims Against AAIC

1. The Insurers refused to settle within policy limits despite repeated demands made by the Village.
2. That over a four (4) year period, AAIC and Markel refused to negotiate in good faith with the Village.
3. That after the 33.5-million-dollar judgment was entered, the insurers still refused to settle this case and insisted on continuing to incur additional defense costs.

The outcome of this litigation, like any litigation, is not certain.

This litigation is pending in Federal Court.

It is estimated this case will take as long as five (5) years to be resolved.

Loevy Firms remains very confident they will prevail in this case.

**Potential Option
to Help Alleviate Some
of the Village's Debt**

Petition Requesting Establishment of a Financial Planning and Supervision Commission

The General Assembly has enacted the Local Government Financial Planning and Supervision Act, 50 ILCS 320/1, et seq. (the “Act”), for the purpose of providing State oversight to a unit of local government that is experiencing a “fiscal emergency” and to provide guidance to the unit of local government with respect to its financial accounting procedures in furtherance of the Act and to protect the public health, safety, and welfare.

The intent in enacting the Act was to establish fiscal integrity of all units of local government so that they may provide for the public health, safety and welfare of their citizens, pay principal and interest on their debt obligations when due and meet financial obligations to their employees, vendors, and suppliers.....the failure of a unit of local government to so act is determined to affect adversely the health and safety of not only the people of the unit of local government, but also of the people of the State of Illinois.

To Receive Assistance Under this Act

If Members of a governing body of a local unit of government believe that a fiscal emergency exists or will exist, the governing body is required to petition the Governor for the establishment of a

FINANCIAL PLANNING AND SUPERVISION COMMISSION

Under this Act, a fiscal emergency exists if any one or more of the following conditions exist:

1. The existence of a continuing default in the payment of principal and interest on any debt obligation for more than 180 days;
2. The failure to make payments of over 20% of all payroll to employees of the unit of local government in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued for more than 30 days after such time for payment, unless at least 2/3 of the employees affected by such failure to pay, acting individually or by their duly authorized representative, consent in writing to an extension; or
3. The insolvency of the unit of local government, being in a financial condition such that the unit is (A) generally not paying its debts as they come due unless they are subject of a bona fide dispute or (B) unable to pay its debts as they become due.

Determination That a Fiscal Emergency Exists

Should the Governor determine that a fiscal emergency exists, all debts of public bodies, including the State of Illinois, are **STAYED** – 50 ILCS 320/7

The Stay begins immediately upon the Governor's determination that a fiscal emergency exists – 50 ILCS 320/7

The Stay last TWO (2) YEARS unless overturned by a Court or upon dissolution of the Commission – 50 ILCS 320/7

The Village may also be able to apply the Commission, which, by the affirmative action, may stay judgments of private parties – 50 ILCS 320/7

Petition Process

Resolution by the Board of Trustees authorizing OMFIM, Ltd. to prepare and submit the Petition to the Governor – 50 ILCS 320/4

Submit a Petition to Governor JB Pritzker to pursue relief under this Act for the establishment of a Financial Planning and Supervision Commission.

The Governor's determination of a fiscal emergency shall be entered not less than 60 days after filing of the Petition.

Financial Planning and Supervision Commission

The Commission will consist of 11 members which shall include:

- Governor
- Comptroller
- Director of Revenue
- Director of the Office of Management and Budget (OMB)
 - Treasurer
 - Executive Director of the Finance Authority
- Director of Commerce and Economic Opportunity
 - Mayor
 - Chairperson**

****The Governor shall appoint the Chairperson of the Commission from among the 8 members previously listed.**

Three Additional Members Nominated and Appointed

The Board of Trustees and the Mayor shall submit in writing to the Chairperson of the Commission, the nomination of FIVE (5) persons agreed to by them and meeting the qualifications**

Qualifications of the Three Appointed Memebtrs

1. Possesses knowledge and experience in financial matters or business organization/operations, including experience in the private sector of management of business or financial enterprise, or in management consulting, public accounting, or other professional activity.
2. Has NOT held any elected public office at any time during the two years preceding their appointment.
3. To the extent possible, the members shall have residency, office, or principal place of business within Dolton.
4. Shall NOT become a candidate for elected public office while serving as a member of the Commission.

If the Chairperson believes for any reason that at least three (3) of the nominees are **not qualified**, he/she will notify the Board and Mayor, who will be required to submit in writing, within five (5) days, additional nominees not exceeding three (3).

Of these nominees, the Chairperson shall then appoint three (3) additional members to serve on the Commission.

Meetings of the Commission

The Chairperson shall call the FIRST MEETING of the Commission immediately after appointment of three public members.

The Commission takes formal action by the affirmative vote of SIX MEMBERS and may retain a financial advisor**

**Financial Advisor must be a *Certified Public Accountant*

Powers and Duties of the Commission

Review all Budgets

Tax Levy Ordinances

Bond and Note Ordinances

Appropriation Ordinances and Inspection of Documents Related Thereto

Determine whether a balanced budget will be achieved

Consult With and Assist With Negotiations with Creditors

Revise Financial Report

Financial Report

Within 120 days after the first meeting of the Commission, the Mayor shall submit a detailed Financial Report, approved by the Board of Trustees, to the Commission.

The Financial Report shall include a plan to:

Eliminate all fiscal emergency conditions

Satisfy existing judgments, past due accounts, and payroll issues

Eliminate deficits in Village funds

Restore funds to other deficient accounts

Balance Budgets

Avoid fiscal emergency conditions

Restore the Village's ability to issue general obligation bonds

****The Report shall also include a time period for implementation of the above plans****

Termination of the Commission

The Commission may be terminated when:

The Village has planned and is in the process of implementing an effective financial accounting and reporting system, which is expected to be completed within two (2) years.

The Commission will determine if these conditions have been met.

The General Assembly and the Board of Trustees shall certify that the termination is warranted.

The Governor shall monitor the progress of the Village's implementation of a satisfactory accounting and reporting systems for TWO (2) years following termination.

Options for Resolving Seats Judgement

BONDS

Agree to Plaintiff's Offer

- * Bond Issued for \$40 million-paid over 10 years
 - * Interest stops accruing
- * Bad Faith litigation proceeds split, after Plaintiff has been paid in full, including attorney fees and costs
 - or,
 - *Village makes Counteroffer to Plaintiffs
 - or,
 - *Let the Court Rule

Bonds – Calculations of Impacts

Divide the Annual Levy of the Bond by the Village's Estimated Assessed

Value2025 Levy = 1,000,000

Village 2024 EAV = 200,000,000

Estimated rate = 0.5000%

Then Calculate the EAV of a Sample Property

Market Value: 200,000

Assessed Value (10% Residential): 20,000

2024 Equalizer: 3.0355

Initial EAV: 60,710

Homeowner Exemption: 10,000

Taxable EAV: 50,710

**Then Apply the Estimated Rate to the Sample Property
(multiply that taxable EAV by the Rate of the Bond Levy)**

The median home value in Dolton is roughly \$140,500

Below is a 10-year total impact to a homeowner with a home value of \$150k

Bond Scenario	Aggregate Bond Levy 10 Years at 6.00%	Tax Rate Levy / 2024 EAV	Taxable EAV	10-Year Impact on Homeowner
\$1M	\$1,310,000.00	0.004519113	\$35,532.50	\$160.58
\$5M	\$6,550,000.00	0.022595563	\$35,532.50	\$802.88
\$10M	\$13,100,000.00	0.045191126	\$35,532.50	\$1,605.75
\$15M	\$19,650,000.00	0.067786689	\$35,532.50	\$2,408.63
\$20M	\$26,200,000.00	0.090382252	\$35,532.50	\$3,211.51
\$25M	\$32,750,000.00	0.112977815	\$35,532.50	\$4,014.38
\$33.5M + AI	\$51,185,000.00	0.176573114	\$35,532.50	\$6,274.08
\$40.8M	\$53,488,000.00	0.184517783	\$35,532.50	\$6,556.38

Sample Property Tax Increase on home valued at \$140K

\$1 million bond would add \$160 over 10 years-\$16 dollars a year

\$5 million bond would add \$802 over 10 years-\$80 dollars a year

\$40 million bond would add \$6556 over 10 years-\$655 dollars a year

**** If house value more than \$140K, tax increase would be larger****

Questions on any of the above?

Required Action Tonight

1. Vote to approve/reject/counter Plaintiff's Offer to Settle