

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

ACE HARDWARE CORPORATION,)	
)	
Plaintiff,)	Case No. 09 CV 66
)	
v.)	
)	
CELEBRATION ACE HARDWARE, LLC,)	
SHERI DEVITO, DAVID MICALE,)	
CAROL MICALE, DEANNA BENETTI,)	
MATTHEW BENETTI and the DEVITO)	
REVOCABLE TRUST)	
)	
Defendants.)	

DECLARATION OF GORDON HAMPTON

Pursuant to 28 USC §1746, I swear under penalty of perjury that the following information is true:

1. My name is Gordon Hampton. I am over the age of twenty-one, I am competent to make this Declaration, and I have personal knowledge of the matters set forth herein.
2. I have been employed by Ace Hardware Corporation (hereafter "Ace") for over 18 years. My current title is Regional Credit Manager and I previously held the position of Senior Credit Analyst. I am responsible for overseeing the extension of credit to Ace's member stores and also collecting money that is owed to Ace by its member stores. I graduated from Illinois State University. I have attended many seminars that relate to my job over the past 18 years, including seminars on the topics of bankruptcy and credit. I have overseen the financial performance, and monitored the credit of thousands of stores since working with Ace.
3. I have reviewed the Complaint filed in this case and believe its allegations to be true and correct.



4. I am familiar with Defendant Celebration Ace Hardware LLC (“Celebration”) and the status of its account with Ace. Attached hereto as Exhibit 1 is a true and correct copy of Celebration’s current statement of account. Celebration currently owes to Ace the sum of \$206,293.87. The amount owed is for merchandise and services that Celebration Ace Hardware LLC purchased from Ace within the past 3 years, along with late charges. Celebration agreed to pay for these obligations in one its contracts with us which is called the Ace Hardware Membership Agreement. A true and correct copy of Celebration’s Ace Hardware Membership Agreement is attached to the Complaint as Exhibit A.

5. In addition, on or about February 2, 2007, Ace and Celebration entered into the Equity Match Loan Agreement and promissory note pursuant to which Ace, among other things, agreed to lend money to Celebration and Celebration executed a Promissory Note promising to repay the loan plus interest. The Equity Match Loan Agreement and Promissory Note are attached to the Complaint as Exhibit B. Celebration has failed to repay to Ace its obligations under the Equity Match Loan Agreement and promissory note and the total amount currently owed is \$271,337.80.

6. On or about February 1, 2007, Ace and Celebration entered into the Incentive Agreement under which Ace agreed, among other things, to provide \$215,000 to Celebration to purchase inventory for its operating location. A copy of the Incentive Agreement is attached to the Complaint as Exhibit C. Pursuant to the Incentive Agreement, if Celebration did not remain in good standing under the Ace Agreement for a period of 5 years, Celebration was obligated to repay to Ace the \$215,000, minus a prorated portion of that amount for the time it was in good standing. Celebration was in good standing under the Ace Agreement for less than 10% of the 5

year period and, accordingly, is obligated to repay to Ace in excess of 90% of the \$215,000 credit, or \$193,500.00 under the terms and conditions of the Incentive Agreement.

7. Ace also entered into a contract with Celebration called the Ace Brand Agreement. Under the Ace Brand Agreement, Celebration was provided a license to use certain Ace trademarks, but also agreed that it would cease using and remove all Ace trademarks, service marks, and logos upon termination of the parties' relationship. Celebration's Ace relationship terminated on or about October 13, 2008, but Celebration continued to display Ace signage on its property. I personally saw that Ace signage was still present on Celebration's operating location in early April 2009. Pursuant to the Ace Brand Agreement, Celebration is obligated to pay to Ace the sum of \$10,000 per month for its continued use of Ace's trademarks, service marks, and logos after the parties' relationship terminates. Accordingly, an additional \$60,000.00 is owed to Ace under the Ace Brand Agreement.

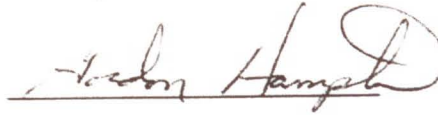
8. On or about December 19, 2007, the DeVito Revocable Trust and Ace entered into a Corporate Guaranty, a copy of which is attached to the Complaint as Exhibit E. Under the Corporate Guaranty, the DeVito Revocable Trust guaranteed to Ace the payment of Celebration's financial obligations. The DeVito Revocable Trust has not paid Ace for Celebration's obligations under the DeVito Guaranty of Credit.

9. Accordingly, the total amount of money owed to Ace from both Celebration and The DeVito Revocable Trust is \$731,131.67.

10. Celebration became entitled to receive a patronage dividend last year in the amount of \$11,176.51. To be conservative, I have offset this amount against the \$731,131.67, so the total owed is now \$719,955.16.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 17, 2009



Gordon Hampton

Subscribed and Sworn To Before Me This

17th day of April 2009.

