

TV-6 Investigates: Fraud, false statements part of Hillcrest Event Center's past

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ORION, Ill. (KWQC) – The owners of the Hillcrest Event Center have faced numerous legal and financial problems over the years. TV-6 Investigates is learning more about foreclosures, bankruptcies, and criminal convictions related to loans and the center's owners.

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In addition to the history, the state cited the pool Wednesday for another violation. The spokesperson for the Illinois Department of Public Health told TV-6 Investigates a pool inspector was out at the Hillcrest Event Center Wednesday. The pool failed to pass inspection again, this time for having expired drain safety covers. The pool must remain closed until it passes another inspection.

When TV-6 Investigates looked more into the owners and the history, we found fraud and prison time.

On Wednesday I asked a man working in the pump area of the pool, "Is there a sign that's supposed to be up that says pool closed?"

He replied, "Um not really, the resort isn't really open yet, the only time it's open for... we had campers up here but that's it."

The man is Hillcrest Event Center General Manager Dan Kosth. When I asked how he spelled his last name, he said K-o-s-t. It's really K-o-s-t-h. Because under that name, you find a criminal conviction for making false statements to a government agency.

The court record tells this story. Dan Kosth bought the Hillcrest Event Center back in 1992, but he didn't tell the two other co-investors that he had recently been released from federal prison for financial fraud. The court found Dan signed the deed, put his interest in the resort in his wife Terri's name, and negotiated the purchase of the property.

In 1993, severe rains damaged Hillcrest. Dan needed money for repairs and knew the Small Business Administration was offering disaster assistance loans. He applied, but didn't list himself as a manager. Remember, he hid his ownership. The Small Business Administration approved a \$190,000 loan.

This is where the court says Kosth got tripped up. Hillcrest needed to repay another bank loan, but didn't have the money to do so. Kosth used his construction company to repair Hillcrest, paid for with the disaster loan. He kept \$70,000 as profit. He gave

to repair Hillcrest, paid for with the disaster loan. He kept \$70,000 as profit. He gave that money to his wife. She gave it back to Hillcrest and used it to repay the other bank loan.

The fed's caught on. A federal jury convicted Kosth for making false statements. He was sent back to prison for 46 months and ordered to pay \$129,000 in restitution.

Now the Small Business Administration is trying to collect on the \$190,000 mortgage loan. Court records say Hillcrest defaulted back in 2008. Company President Terri Kosth said the restitution her husband paid should cover that amount. She also said she applied to the S.B.A. to ask for the loan to be forgiven. Hillcrest was damaged by storms again in 2008. Terri said business declined and banks wouldn't give Hillcrest a new mortgage. She said she put Hillcrest up for sale for three years with no buyers. Terri said she also did everything the S.B.A. asked to have the loan forgiven and claimed S.B.A. dragged its feet. The case is still ongoing.

Both Terri and Dan have filed for bankruptcy protection several times. Some of those case were related to their companies, others were for individual debt relief.

The Hillcrest Event Center filed for bankruptcy in 2012. The case was dismissed in 2013 for a reason we can't see in the court record.

The Henry County Sheriff's department is still investigating Tyler John's death.