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TOPEKA, KANSAS

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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
DIVISION 14

STATE OF KANSAS, *ex rel.*  
CARLA J. STOVALL, Attorney General,

Plaintiff,

vs.

THOUSAND ADVENTURES OF KANSAS, INC.,  
THOUSAND ADVENTURES, INC., DAVID T.  
VOPNFORD, SR., as President,  
Thousand Adventures of Kansas, Inc.  
and President/Treasurer, Thousand  
Adventures, Inc. and Individually  
and Personally; and THOUSAND ADVENTURES,  
INC. d/b/a BLAIR ACCOUNT SYSTEMS and  
BLAIR ACCOUNT SYSTEMS.

Defendants.

Case No. 96 CV 48

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
DIVISION 7

STATE OF KANSAS, *ex rel.*  
CARLA J. STOVALL, Attorney General,

Plaintiff,

vs.

THOUSAND ADVENTURES OF KANSAS, INC.,

Defendant.

Case No. 90 CV 90

**JOURNAL ENTRY OF CONSENT JUDGMENT**  
**REGARDING THOUSAND ADVENTURES OF KANSAS, INC.**

NOW on this 7<sup>th</sup> day of June, 1999, the Motion for Approval of Journal Entry of Consent Judgment comes before the Court. pursuant to K.S.A. 50-632(b). The Plaintiff, the State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through Kristy L. Hiebert, Assistant Attorney General. Defendant, Thousand Adventures of Kansas, Inc. ("TAKI"), appears by and through Darcy Williamson, Chapter 7 Bankruptcy Trustee ("Trustee"), *In re Thousand Adventures of Kansas, Inc.*, Case No. 97-41084, pending in the United States Bankruptcy Court for the District of Kansas. Whereupon the parties advise the Court that they have stipulated and agreed to the following:

1. Thousand Adventures of Kansas, Inc. (TAKI) engaged in the business of soliciting and selling memberships for the use and enjoyment of private membership campgrounds throughout the Midwest and Eastern United States.

2. At the time the Attorney General filed her petition in January 1996 alleging violations of the Kansas Consumer Protection Act in *State of Kansas v. Thousand Adventures of Kansas, Inc. et al.* Case No. 96 CV 48 (Shawnee County District Court), TAKI owned or had an interest in five such private membership campgrounds in the State of Kansas including Crescent Lake Resort at Abilene, KS, Hendrix Acres at Perry, KS, Mid-America Resort at Arkansas City, KS, Spring Lake Resort at Halstead, KS, and Sycamore Springs at Sabetha, KS.

3. TAKI is a wholly owned subsidiary of Thousand Adventures, Inc., a Nebraska corporation.

4. TAKI have been conducting business in the State of Kansas since 1984.

5. The Attorney General's Office, Consumer Protection Division, has received complaints from consumers regarding the defendant's sales practices every year beginning with the year 1985.

6. On January 17, 1990, a Journal Entry of Consent Judgment was entered between the State of Kansas, Plaintiff, and Thousand Adventures of Kansas, Inc., Defendant. The Consent

Judgment was filed in Shawnee County District Court, Division 7, Case Number 90 CV 90. The State's action was based on allegations of violations of the Kansas Consumer Protection Act as evidenced by consumer complaints received by the Attorney General.

7. The 1990 Consent Judgment ordered Defendant TAKI to pay civil penalties, investigative fees, and to resolve valid consumer complaints with the appropriate relief, including refunds. It also included injunctive provisions enjoining TAKI from further violations of the KCPA.

8. On January 16, 1996, the Attorney General filed a Motion for Order to Show Cause in *State of Kansas et al. v. Thousand Adventures of Kansas, Inc.*, 90 CV 90. The Motion alleged that TAKI continued to make misrepresentations to consumers in violation of the 1990 Consent Judgment and failed to resolve complaints in compliance therewith.

9. On or before September, 1994, TAKI opened an office at 7223 West 95th St, Suite 350, Overland Park, KS, where they conducted sales presentations. The office closed in or about May, 1995.

10. On or before September, 1994, TAKI began actively marketing campground memberships in Kansas pursuant to a Ford Explorer giveaway through the placement of giveaway drop boxes at various retail stores and exposition events. The entry forms on the drop boxes provided TAKI with sales leads

11. Every consumer who completed an entry form was then contacted by telephone wherein the consumer was told that they have won a second or third prize and that to claim it they must attend a sales presentation wherein TAKI representatives attempted to sell to consumers a campground membership.

12. The second or third prizes were represented to include one or more of the following: Bar-B-Que grill, ribeye steaks, chicken breasts, home entertainment stereo system, television, and/or a vacation. The prizes were of substantially lower value and quality than that represented.

13. Consumers also received notices in the mail advising them of the prizes they had won and providing directions to the Overland Park office and the date of the sales appointment.

14. TAKI sold consumers memberships through membership contracts entitled Thousand Adventure Membership Contract which generally consisted of a Retail Installment Contract and Disclosure Statement, Promissory Note, Membership Contract Addendum, Understanding and Acknowledgment, and Application for Guaranteed Resale Agreement (hereinafter referred to as "membership contract"). The types of memberships included the Six-year Trial costing \$3490.00, the Ten-year Pioneer costing \$2990.00-3990.00, the Associate Centennial costing \$3990.00, and the Centennial costing \$5990.00.

15. In the sales presentation, TAKI also offered a Liberty Membership for \$6,990, which could be purchased anytime, however no significant, if any, sales have occurred of this membership.

16. In addition, the membership agreements have a provision for annual dues in the amount of approximately \$196.00-\$296.00 to be paid every year to TAKI.

17. In the past TAKI sold memberships entitled Executive, Five-Year Trial and Limited.

18. TAKI also sold Contracts for Deeds, other wise known as Undivided Interests (UDI) in the campground real estate which sold for \$7,000-\$9,000.00. The interest was generally 1/1250 to 1/1500 and was not in any particular campsite of the campground. The UDIs were sold in the Crescent Lake, Spring Lake and Sycamore Springs campgrounds. Consumers were promised they would be member/owners of an association and that the dues money would paid to the association for expenses of maintaining their particular park. If the requisite number of UDIs were not sold by TAKI, they promised to refund consumers' money. This did not happen as promised.

19. The membership contracts, to the extent owned by TAKI on the Bankruptcy Petition Date, are the sole property of TAKI, the debtor and the debtor's estate in *In re Thousand Adventures of Kansas, Inc.*, Case No. 97-41084, pending in the United States Bankruptcy Court for the District of Kansas. The annual dues arising under the membership contracts, past, present and future, to the extent owned by TAKI on the Bankruptcy Petition Date, are the sole property of TAKI, the debtor and the debtor's estate in *In re Thousand Adventures of Kansas, Inc.*, Case No. 97-41084, pending in United States Bankruptcy Court for the District of Kansas. The stipulations

in this paragraph are without prejudice to the right of Eric Lam, Chapter 7 Trustee for *In re Thousand Adventures Inc.*, Case No. 97-03618, pending in the United States Bankruptcy Court for the Southern District of Iowa, to proceed against third parties other than TAKI members.

20. As an inducement to purchase certain types of memberships, TAKI offered an incentive referred to as a Guaranteed Resale Agreement.

21. The Resale Agreement provided that if the member held the membership for typically a four-year period, TAI would sell their membership and provide the member with 85% of the current membership sales price. The Agreement stated that "one out of each thirty memberships sold by T.A.I. shall be reserved for resale."

22. Realistically, the resale program worked as follows. When a consumer's four year period was up, they were to send in their resale agreement to Thousand Adventure's home office in Blair, NE, and the consumer's name was put at the end of a nationwide resale list. They waited on the resale list (resale pool) until thirty new memberships were sold for each name on the list before them. There was no requirement that TAKI had to sell new memberships. There was a time when they did not have new membership sales at all.

23. When a consumer's membership is resold from the resale pool, the consumer received monthly payments sporadically, if at all, from TAI over a seven or eight year period until the amount plus interest was paid in full. The amount the consumer was to receive was the amount the memberships were currently being sold for less a 15% fee and any amount still owed on the membership.

24. At the time the Attorney General filed her lawsuit, the resale program had in excess of 1,000 members waiting for their memberships to be sold.

25. TAKI charged annual dues up front while a member was waiting in the resale pool.

26. TAKI did not have a policy or business practice of allowing cancellation of lifetime memberships, including lifetime dues, for any reason.

27. TAKI is a supplier within the definition of K.S.A. 50-624(i) and engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

28. TAKI, its agents and representatives, have committed deceptive acts and practices in the solicitation and sales of their campground memberships in violation of the Kansas Consumer Protection Act, K.S.A. 50-626, as set forth in the State's Petition in *State of Kansas v. Thousand Adventures of Kansas, Inc., et al.*, Case No. 96 CV 48 (Shawnee County District Court), ¶39(A)-(II), which is adopted herein as though fully set out herein. (See Petition filed in 96 CV 48 in Shawnee County District Court on January 16, 1996).

29. TAKI failed to provide a three-day right to cancellation notice for sales as required by K.S.A. 50-640.

30. TAKI, its agents and representatives, have committed unconscionable acts and practices in the solicitation and sales of their campground memberships in violation of the Kansas Consumer Protection Act, K.S.A. 50-627, as set forth in the above-cited Petition in ¶41(A)-(E) which is adopted herein as though fully set out herein. (See Petition filed in 96 CV 48 in Shawnee County District Court on January 16, 1996).

31. TAKI, its agents and representatives, have committed unconscionable acts and practices in the solicitation and sales of their campground memberships in violation of the Kansas Consumer Protection Act, K.S.A. 50-627 and K.S.A. 50-692, as set forth in the above-cited Petition in ¶42(A)-(H) which is adopted herein as though fully set out herein. (See Petition filed in 96 CV 48 in Shawnee County District Court on January 16, 1996).

32. TAKI is unable to perform the contracts and has breached said membership contracts.

33. TAKI employed fraud in inducing consumers to enter into said membership contracts, and therefore the contracts are fraudulent.

34. TAKI filed an Amendment to List of Creditors on June 6, 1997, which had attached to it an Exhibit A to Schedule E listing all TAKI Members as Accounts Receivables. The list contains the names of 7,692 members.

35. Because of the use of deception, fraud, and unconscionable acts by TAKI and its agents and representatives and because of the acts by TAKI of breaching the membership contracts, any and all TAKI members, including but not limited to the 7,692 listed as accounts

receivables, are hereby released from such membership contracts including any ongoing membership obligations, dues obligations or other payment obligations. Members holding Undivided Interests (UDI Holders) are also hereby released from any and all obligations pursuant to their UDI, including, but not limited to dues obligations or other monetary obligations, upon notice to the Trustee and the delivery of a quit claim deed to the Trustee relinquishing the UDI Holders interest in the realty described therein.

36. Silver Lake Bank, Topeka, Kansas, currently holds a sum of money plus interest, in the name of Thousand Adventures of Kansas, Inc., that was ordered by the Shawnee County District Court to be set aside as a result of a contempt hearing in *State of Kansas et al., v. Thousand Adventures of Kansas, Inc., et al.*, 96 CV 48.

37. TAKI claims an interest in the Silver Lake Bank account pursuant to 11 U.S.C. §541 as estate property. The State claims an interest in the account pursuant to the Journal Entry of Judgment regarding Plaintiff's Citation in Contempt entered April 19, 1996 and an Agreed Protective Order entered April 15, 1997. As a settlement and compromise, both parties agree to relinquish their rights to the entirety of the account and it will be distributed as follows. Upon entry of this Consent Judgment, Silver Lake Bank shall distribute \$60,000.00 to the Estate of the Debtor, TAKI, *In re Thousand Adventures of Kansas, Inc.*, 97-41084, pending in United States Bankruptcy Court for the District of Kansas, and Silver Lake Bank shall distribute the remainder of the account to the Office of the Attorney General to disburse as she deems proper. However, from the funds retained, the Attorney General will be required to mail, and pay expenses related to the cost of mailing, a copy of any Order Approving the Compromise and Settlement to the 7,692 members listed on the schedules.

38. TAKI, its officers, shareholders, directors, employees or any entity acting for or on its behalf shall be permanently enjoined from attempting to collect or collecting any payment obligation, arising from the membership contract, including the promissory note and dues, from any consumer who entered into a membership in the State of Kansas or from any UDI Holder who assigns a quit claim deed of their interest in TAKI realty to the Trustee.

39. TAKI, its officers, shareholders, directors, employees or any entity acting for or on its behalf shall be permanently enjoined from reporting any negative credit information arising from the membership contract, promissory note, or dues to any credit reporting agency for any consumer who entered into a membership in the State of Kansas.

40. The Trustee hereby provides a letter to the Attorney General upon a final order being entered in *State of Kansas et al., v. Thousand Adventures of Kansas, Inc., et al.*, 96 CV 48, which states that she is the trustee of the debtor, TAKI's estate in *In re Thousand Adventures of Kansas, Inc.*, 97-41084, and that she entered into such Court approved compromise to release members of any and all obligations pursuant to their membership contracts. Such letter will be available to consumers to present in opposition of any negative credit reports there may be. The estate will not be responsible for costs or damages arising from a negative credit report. (Letter attached hereto as Exhibit 1 and incorporated by reference herein and those fully set out herein)

41. All members who have timely filed a Proof of Claim in *In re Thousand Adventures of Kansas, Inc.*, 97-41084, and complied with the applicable Bankruptcy Code sections and Bankruptcy Rules for filing claims, and whose claim demonstrates a deposit claim will be allowed a priority claim under 11 U.S.C. 507(a)(6) in an amount not to exceed \$1,800.00. Any excess amount, if appropriate will be allowed as a general unsecured claim. The Trustee and the Attorney General's Office will cooperate in reviewing the claims to insure any criteria for adjudging the claims as deposit priority are fair and within the bounds provided by law.

42. The Trustee for TAKI will waive the attorney client privilege, if any, existing between TAKI, its officers, shareholders, agents and employees and any one of its attorneys from the period of January 1984 to the present pursuant to the Order Confirming and Approving Trustee's Motion for Authority to Compromise and Settle with Attorney General ("Order") entered on May 14, 1999, *In re Thousand Adventures of Kansas, Inc.*, 97-41084, pending in the United States Bankruptcy Court for the District of Kansas (Order attached hereto as Exhibit 2)



43. TAKI, its officers, shareholders, directors, or any entity acting for or on its behalf shall be permanently enjoined from doing business in the State of Kansas, excepting matters related to the bankruptcy action.

44. Darcy D. Williamson, Chapter 7 Bankruptcy Trustee for Debtor TAKI, has the authority to enter into this Consent Judgment on behalf of TAKI and is authorized to compromise and settle with the Attorney General pursuant to Bankruptcy Rules 2002(a) and 9019 and the Order Confirming and Approving Trustee's Motion for Authority to Compromise and Settle with Attorney General.

45. Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Consent Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations thereof.

46. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason whatsoever, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions or parts.

47. Compliance with this Consent Judgment does not relieve the Defendant of any obligation imposed by applicable federal, state, or local law, nor shall the Attorney General be precluded from taking appropriate legal action to enforce civil or criminal statutes under her jurisdiction.

48. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Attorney General of the business practices of the Defendant nor shall the Defendant represent the decree as such an approval. The parties further understand that any failure by the State of Kansas or by the Attorney General to take any action in response to any information submitted pursuant to the Consent Judgment shall not be construed as an approval of or sanction of any representations, acts or practices indicated by such information, nor shall it preclude action thereon at a later date.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court.

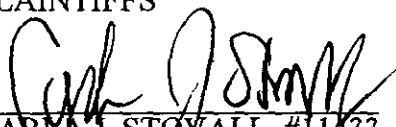
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

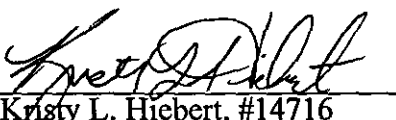
IT IS SO ORDERED.

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DISTRICT COURT JUDGE

Approved by:

PLAINTIFFS

  
CAREE J. STOVALL, #11433  
Attorney General

  
Kristy L. Hiebert, #14716  
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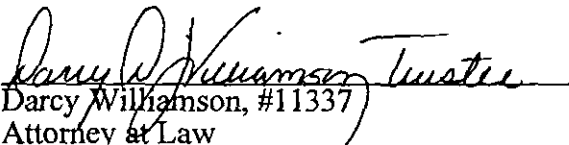
Attorneys for Plaintiff

and

DEFENDANT

THOUSAND ADVENTURES OF KANSAS, INC.

BY:

  
Darcy Williamson, #11337  
Attorney at Law  
700 Jackson, Suite 404  
Topeka, KS 66603

Chapter 7 Bankruptcy Trustee for Debtor, TAKI

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