

# Members Committee Report

— 16 January 1997 —

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## TAI of Florida Files Chapter 11

Thousand Adventures of Florida, Inc. (TAF) filed for relief under Chapter 11 of the United States Bankruptcy Code on November 11, 1996, in the US Bankruptcy Court in Orlando. Thousand Adventures, Inc. (TAI), the parent corporation of TAF, did not file a bankruptcy petition.

Chapter 11 provides for a business to continue operating while it attempts to restructure its financial affairs; unlike Chapter 7 which provides for liquidation of a debtor's assets.

TAF has 120 days from the commencement of the case (November 11, 1996) to file a plan of reorganization (Plan). This time may be reduced or enlarged at the discretion of the Bankruptcy Judge. When a plan is proposed it will be submitted to each creditor of TAF for a vote by that creditor as to whether to accept or reject the plan.

A meeting of creditors is called by the Office of the United States Trustee at the commencement of a Chapter 11 case. That office is represented in this case by Mr. Charles Edwards. The meeting of creditors was held in two segments, the first on December 16, 1996 and the second on January 6, 1997.

TAF was represented at the December 16 meeting by Mr. David Vopnford, Sr., President of TAF and of TAI. Also present at that meeting was Mr. Kuchinshas, the Chief Financial Officer for TAI. At the January 6 meeting only Mr. Kuchinshas appeared.

Numerous questions were asked as to the assets and liabilities of TAF, and how the money of TAF was being handled. Additionally, questions were asked about the recent increase in annual dues and the new policy of charging for use of the parks. As to these latter matters, the responses were that it was necessary to impose these increases and charges for TAF to be able to operate. Whether these charges can be lawfully imposed is a matter that will have to be addressed by the Bankruptcy Court during the course of the case.

Another issue discussed was why the Members and Leasees had not been listed as creditors. TAF's position was that they are not sure that it is required, but Mr. Edwards, on behalf of the Office of the US Trustees, has taken the position that Members and leasees are creditors and are entitled to be listed and notified of

developments in the case. It may be necessary for Mr. Edwards to go before the Bankruptcy Court to have this position enforced.

Based on his position that Members and leasees are "creditors" of TAF, Mr. Edwards has appointed a Creditors' Committee (Committee) comprised of such people.

The duties of the Committee, pursuant to the provisions of the Bankruptcy Code, include:

1. investigating the financial affairs of TAF;
2. participate in the formulation of a Plan; and
3. consult with TAF concerning the administration of the case.

As the Chapter 11 process is legally complex, the Committee determined that it was in the best interest of all creditors for the Committee to retain an attorney. In order to develop financial information about TAF, and its relationship with TAI, it may also be necessary for the Committee to retain an accountant. Such professionals will be paid by TAF, when their fees are approved by the Bankruptcy Court. After interviewing several attorneys the Committee selected Mr. Samuel J. Zusmann, Jr. of the Orlando law firm of Maguire, Voorhis and Wells, P.A.

Mr. Zusmann's law practice has been devoted to bankruptcy matters for more than thirty-five years. The selection of an attorney for the Committee, and an accountant when selected, must be approved by the Bankruptcy Court, and a hearing is scheduled for January 21 as to approval of Mr. Zusmann. However, pending that approval Mr. Zusmann has undertaken to act on behalf of the Committee and has made a request of TAF's counsel for numerous documents and other information regarding the financial affairs of TAF.

Complicating the process of obtaining documents and information is the fact that TAF's attorneys (Stump, Storey and Callahan, P.A.) have filed a motion to withdraw as counsel for TAF and a hearing on that motion is scheduled for February 5, 1997.

## Frequently asked questions:

We are going to answer questions to the best of our ability, with knowledge that we have gotten from Mr. Sam Zusmann, the attorney representing the Committee and from testimony given on 6 January 1997.

1. Are my Contract and the Addendum valid? The answer generally is "Yes," but this does not fully answer the concern. First, not all Contracts and Addendums are the same. Some provide for dues to be "frozen" at a stated amount, but in the next sentence provide a method for calculating increases in the dues. The Bankruptcy Court will have to decide which provision prevails. Even if your Contract has a "frozen" provision as to dues and no provision for an increase, TAI has asserted this can be changed under the Rules and Regulations. Again, this is an issue that will have to be resolved by the Bankruptcy Court, TAF can deny members admission to the parks if the increased dues are not paid.

TAI's Chief Financial Officer did offer at the 6 January meeting of creditors to review its position as to increasing dues as to those Contracts which have a "frozen" provision. If it changes its position, then it will not be necessary for the Bankruptcy Court to decide the issue.

2. Can I stay free for 21 days as my Contract states or must I pay the \$3.00 nightly charge? Again, absent a change in position by TAF and TAI it will be necessary for the Bankruptcy Court to decide this issue. Until then, TAF can deny you admission to a park if the charge is not paid.
3. Where does the \$3.00 nightly charge made at TAF parks go? In theory, it is an asset of TAF and should be used by it for operations of TAF's parks. If the charge is made by a Thousand Adventures park in another state, it should go to the Thousand Adventures corporation of that state. However, based on testimony at the two meetings, it is questionable whether this has been done in the past. Under the provisions of the Bankruptcy Code, money paid at TAF parks should go only to TAF. However, as TAF is delinquent in filing financial reports with the Bankruptcy

Court, it is not known whether money paid at a TAF park is going to TAF. Our attorney is attempting to get this information.

Physically, money collected at TAF parks is sent to TAI in Blair, Nebraska, which is supposed to perform the necessary accounting functions as to the money received. The money is then to be deposited in a bank approved as a depository by the US Trustee's Office. Again, until additional financial information is received, it cannot be determined if this is actually being done.

4. Does any of the money collected at TAF parks go to the Vopnford family? We don't know. It was thought that TAI would charge TAF and other Thousand Adventures entities a fee for performing accounting and management functions, and that the Vopnford family and other employees of TAI would be paid from these fees, but the Chief Financial Officer testified at the 6 January meeting that there was no agreement providing for such fees. Again, until financial information is obtained, it cannot be determined where the money is going.
5. Has the Committee or anyone else filed a class action suit against TAF or TAI? NO. The Committee has not filed a class action, and as far as Mr. Zusmann can see, no one else has.
6. Do we need a lawyer? YES. This is a bankruptcy case in a federal court. There are legal issues, and legal procedures that must be followed, and the Committee cannot be effective without a lawyer.
7. What effect will the TAI/AOR relationship have on our use of TAI facilities? We don't know yet. We are trying to find out.
8. What is TAF doing now? We don't know. It is supposed to supply financial information and various documentation to their attorneys and the Committee, but so far it has done very little. The Committee, through its attorney, is attempting to determine what TAF is doing.

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## How can you help?

Become a Members Committee representative at your resort.

Help us meet the expenses (Make a donation.)

You can help by stopping rumors but passing significant information to your park Members Committee representative or Committee member.

You can help by cooperating with your park manager in these troubled times. [You can pick on them again when this is over with.]

Other suggestions as to how we can keep the members informed are welcome and should be expressed to the contact person at your resort or to any Committee member.

## Report from the Treasurer - Carl Roland

In the not too distant past, we had a funding drive that would enable the Committee to pay some of the normal out of pocket expenses that we run into while working on your behalf. We passed the hat and asked for a donation to help defray expenses. The support we received was very helpful! A few dollars here, a few more there, and we had enough to make phone calls, buy supplies, make copies, do research, travel to the various hearings, and pay expenses that we would not have been able to afford individually. Thank you very, very much!

As of 6 Jan 97 we have collected \$400 from donations and from screw sales donated by a committee member! That is an impressive show of support for us and for TAI. We have spent \$368.47, mostly on copies, postage, mileage, parking, tolls, and renting the VFW hall for our next meeting. We have a balance of \$31.53.

We are trying to keep expenses to a minimum, with many Committee members donating back to the fund. We keep all receipts, and can supply a detailed accounting of every penny if necessary.

This money will run out very soon, and we need more help. We will pass the hat again at the next meeting on January 16, 1997 at the Okeechobee VFW, 12 noon. We are asking for any donations you can make to keep this Members Committee working hard for you and for TAI. We will be making phone calls, mailings, copies, and working with our lawyer and we need you.

Please help when you can. You can send your donations to me, Carl Roland, at site 129 at the Big 'O' until 1 Jun 97, or you can give them to any Member of the Creditors Committee. Thank you for your support. - Carl

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### Proxy Committee —> Members Committee

TAI began charging members in December for services that the members believed should be free according to their contracts.

Managers meetings were held at several resorts hosted by Mr. Steve Ulmann, a VP of TAI at which members asked if their contracts were being violated. His response was that if they didn't like it, they should hire an attorney. The members held several meetings at which 150 or more people attended. They selected a committee to collect information, find answers to their concerns and if necessary to take action to enforce their contracts. They also circulated petitions requesting that the committee act as their proxy for this effort. It was expected that an attorney might be required for this purpose. Two attorneys were consulted but were not selected. This committee called themselves the Proxy Committee.

The Proxy Committee attended the Creditors meeting on December 16th, 1996 and was later appointed by the presiding official, Mr. C. Edwards as the Unsecured Creditors Committee (Members Committee) to represent the members of TAI of Florida. The members would not have been represented in the bankruptcy proceedings if this had not occurred. This new committee replaced the committee that was elected and

referred to as the Proxy Committee.

The Members Committee then selected a respected bankruptcy attorney, Mr. Sam Zusmann to represent the members in the bankruptcy proceedings. Mr. Zusmann's firm is experienced in matters of bankruptcy, insolvency, corporate reorganization and debtor/creditor law.

The firm will advise the Committee with respect to its powers and duties; assist in the Committees investigation of the acts, conduct, assets, liabilities, and financial condition of TAI of Florida, the operation of TAI of Florida's business, the transactions between TAI of Florida and related entities, and other matters relevant to the case. It will participate with the Committee in the formulation of a plan of reorganization; and perform such other legal services as may be required and are in the interest of the TAI of Florida members.

NOTE: We acknowledge that many people purchased memberships in their home state so that they could use the Florida facilities. We are trying to find out what effect this has on their standing in these proceedings. We hope to have more definitive information as this case develops.

## Sign-Up Sheets

We have been advised by our attorney, Mr. Zusmann that additional petitions are not required. We are providing the following information from the petition so that you will know what we are trying to accomplish:

1. Preserve your financial investment in your Thousand Adventures membership to the extent possible.
2. Compel Thousand Adventures to respect and honor all portions of every contract to include particular attention to the 21 day stay without charge and frozen maintenance fees and dues.
3. Work with the courts and Thousand Adventures to preserve the Thousand Adventures resorts system.

The committee members are:

Daniel W. Hopper, Chairman  
1927 Barkley Ave.  
Melbourne, FL 32935

Barbara Mozingo, Vice-Chairperson  
38 E. Owatonna St.  
Duluth, MN 55803

Michael A Mitchell, Secretary  
3590 Roundbottom Rd., Suite F-205879  
Cincinnati, OH 45244-3026

Jacqueline G. Bryant, Sgt.-at-Arms  
PO Box 25  
Alum Creek, WV 25003

Carl Roland  
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Merritt Island, FL 32952

Ray and Elaine Fassbender  
3590 Roundbottom Rd., Suite F-2200166  
Cincinnati, OH 45244-3026

The duties of the Committee, or its attorney include dealing with matters that affect the entire group. Individual problems, such as what to do with your RV if the park closes must be taken care of by the individual. Mr. Zusmann will provide a list of attorneys that can advise you if you must get your own attorney for some reason.

The Committee will attempt to notify you of significant developments in the case as they develop.

## Everyone Keeps Informed

We would like to provide information to all TAI members who visit Florida. We have come up with a plan to establish a contact person in each park who has a lease or can be reached on a regular basis.

The contact person will be provided with an initial information packet. They will have access to the Committee to enable all members to express their concerns to the Committee and to receive and distribute the latest information.

Barbara Mozingo (Committee member) will be visiting the northern resorts in Florida to establish some of these contacts. Other members will be contacting persons in the other resorts. You may contact any Committee member to let them know that you can be counted on to help.

Meetings will be held as often as new developments require it. We expect long periods of inactivity, flurries of activity, a lull, then another flurry of activity, etc. - Please be patient with us. We know that this is important to you.

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## Proofs of Claim Forms

The US Trustee, Mr. Edwards has determined that Members and Leasees should be listed as creditors of TAI of Florida. The result is that all Members and Leasees are now expected to be added to the creditor list in the Schedules filed with the Court. The Court will send information to all of those parties regarding the proof of claim procedure.

Don't be alarmed if you have not yet sent in your proofs of claim. You will be provided another opportunity to do so.

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## Contracts in Other States?

If you find out that TAI has filed Chapter 11 in your home state you need to:

1. Locate the Bankruptcy Court in the state where it was filed.
2. Attend the 1st hearing of the filing.
3. Ask the Trustee for applications to be on an Unsecured Creditor's Committee
4. After official appointment of the Committee:
  - a. Elect a Chairperson
  - b. Hire an Attorney.
5. Establish a Point of Contact for each resort in the state to disseminate information.

