

**IN THE CIRCUIT COURT OF
CHEROKEE COUNTY, ALABAMA**

STATE OF ALABAMA, ex rel.,)
BILL PRYOR, ATTORNEY GENERAL)
on behalf of various individuals,)

Plaintiffs,)

Case No. CV 98- 32

v.)

TRAVEL AMERICA, INC.)
THOUSAND ADVENTURES, INC.)
THOUSAND ADVENTURES)
OF ALABAMA, INC., DBV, INC.,)
RV HOLDINGS, INC.,)
RAYMOND G. NOVELLI,)
STEVE ALLEMAN, JOHN T. CLOUD)
and fictitious defendants "X," "Y")
and "Z," whose identities are currently)
unknown, but will be added by)
amendment when ascertained,)

Defendants.)

COMPLAINT

THE STATE OF ALABAMA on relation of Attorney General Bill Pryor and on behalf of various consumers files its complaint seeking injunctive relief, damages, civil penalties and attorney's fees as a result of violations of *Ala Code* §8-19-1 et seq., otherwise known as the Alabama Deceptive Trade Practices Act.

JURISDICTION AND VENUE

This action is brought by the State through its Attorney General pursuant to *Ala Code* § 36-15-12 and § 8-19-1 et seq. (1975) on behalf of those natural persons who have purchased

campground membership from the defendants. Jurisdiction is conferred upon this Court by *Ala Code* § 8-19-1 et seq. and § 12-11-30 (1) (1975). Venue is proper in Cherokee and Chambers counties pursuant to *Ala Code* § 6-3-7 (1975), as the defendants conducted business through their agents in said counties.

PARTIES

1. The Plaintiff, State of Alabama, is acting on relation of the Attorney General pursuant to Ala Code §§ 36-15-12 and 8-19-1 et seq. (1975).

2. Upon information and belief, Defendant Travel America, Inc. (TA) is a California Corporation, with its principal place of business at 17672-B Cowan, Irvine, California 92614. Travel America owns some or all of the stock of Thousand Adventures Inc, Thousand Adventures of Alabama Inc., and DBV, Inc. Travel America is purportedly engaged in the management and sale of private campground memberships in Alabama.

3. Defendant Thousand Adventures, Inc. (TAI) is a Nebraska corporation with its principal place of business at 1347 Washington Street, Blair, Nebraska, 68008. TAI is the parent company of and owns all the stock in defendants Thousand Adventures of Alabama, Inc., Alabama Queen Resort, Inc., and DBV, Inc. TAI is engaged in the operation, management, and sale of private memberships.

4. Defendant Thousand Adventures of Alabama, Inc., (TAAL), is an Alabama corporation and a wholly owned subsidiary of defendant TAI. It was incorporated on July 27, 1990, with its principal place of business at 1133 County Road 294 Lanett, AL 36863 and its business address at 1347 Washington Street, Blair, Nebraska, 68008-0301.

5. Defendant RV Holdings, Inc. is, upon information and belief, a Texas corporation with its principal place of business at 3200 S. W. Freeway, Suite 2220, Houston, TX 77027. RV Holdings owns, or owned, 100% of the stock of Thousand Adventures, Inc.

6. Defendant DBV, Inc., a wholly owned subsidiary of defendant TAI, is an Alabama corporation which was incorporated on June 13, 1991, with its principal place of business at Old Highway 22, Rt 2 Box 135A Centre, AL 35960, and with its business address at 1347 Washington Street, Blair, Nebraska 68008-0301.

7. Defendant Raymond G. Novelli currently serves as President of Thousand Adventures of Alabama and is a shareholder in Travel America. Defendant Steve Alleman currently serves as Vice-President of Thousand Adventures of Alabama. Defendant John T. Cloud is the sole shareholder/director of RV Holdings, Inc.

8. Defendants X, Y, and Z are persons, corporations or other entities, whose true identities are unknown at this time, but will be added by amendment to this Complaint when ascertained, who are affiliated in any way with Travel America, Thousand Adventures Inc., Thousand Adventures of Alabama, Inc., DBV Inc., in the sale or the offer to sell campground memberships in the State of Alabama.

STATEMENTS OF FACT

9. Beginning in 1989, Defendants TAAL and DBV purchased, or leased, property at two locations in Alabama and began operation of separate overnight, or extended stay, campground facilities under the names of Pine Cove Shoals and Alabama Queen, respectively. Alabama Queen is located on Weiss Lake in Cherokee County and Pine Cove Shoals (formerly West Point

Landing) is located partially in Chambers County, AL near West Point Lake. Both TAAL and DBV are subsidiaries or franchises of Defendant TAI. During the eight years that these companies have operated campgrounds in Alabama, TAI, TAAL and/or DBV, or certain fictitious defendants, by and through their employees, agents and representatives utilized various marketing techniques to entice persons to purchase campground memberships at the referenced locations. Among these methods was a sweepstakes promotion featuring a vehicle; such as a Chevrolet Blazer, \$25,000.00 in cash or other “valuable goods.” As a part of this promotion, a flyer was mailed to numerous Alabama residents identifying the various prizes they could win by participating in the contest. However, in order to receive their free gift and to be eligible for the giveaway, those individuals were required to schedule an appointment for a tour of the facilities and undergo a sales presentation about the particular campground facilities and benefits of membership. (A copy of the notification letter is attached hereto as Exhibit 1 to this Complaint and is incorporated by reference herein).

11. At the sales presentations, the defendants or their representatives, employees, or agents engaged in false, misleading or deceptive statements in order to complete the sale of the campground memberships. For example, Lincoln and Aline Barnard were led to believe at a TAI orientation that the defendants owned a resort located at Barley Lake in Kentucky, when they signed up for a membership. Further, John and Jean Greising were told by a salesman that a TAI membership would entitle them to rent condos, furnished trailers, cabins and motels in ski areas and other desirable locations. In fact, the defendants do not own, operate or manage any campground at the noted location in Kentucky and have not produced the names or locations of

vacation or resort facilities available for use by their members of the type represented.

12. According to written complaints of other consumers to the Attorney General's Office, the defendants employed high-pressure sales techniques to successfully complete the sale of new memberships. For example, the defendants represented to certain consumers that the tour and presentation of its facilities would take approximately 90 minutes. However, in some cases the meeting lasted several hours during which the consumers were cajoled, berated and even belittled into purchasing a membership costing, on average, \$5,000.00.

13. Upon purchasing, or leasing, the Alabama campgrounds, TAI, TAAL and/or DBV also obtained the right to collect the proceeds of all existing memberships sold and financed by the previous owners of the campgrounds; as well as, all future annual membership dues. The defendants made their initial contact with the existing campground members through a letter sent to each member informing them that TAI had purchased their campground and inviting them to meet with TAI representatives to learn "how this change will affect your membership." The letter gave a telephone number and requested the owner call the number to set up an appointment. The letter did not indicate to the owners that the real purpose of the meeting was to persuade the member to "transfer" their membership to TAI, TAAL or DBV at an additional cost. (A copy of this letter is attached to this complaint as Exhibit 2 and is incorporated herein by reference).

14. Throughout their operation of the campgrounds, the defendants sold various types of memberships described as "Centennial, Executive, Five-Year Trial and Limited." As an inducement to purchase these memberships, the defendants offered an incentive referred to as a

Guaranteed Resale Agreement, which was supposedly included as a part of the Centennial membership. (A copy of a Resale Agreement is attached hereto as Exhibit 3 and incorporated by reference). The defendants led consumers to believe that the corporation would buy back the memberships at the end of four years and that the member would receive 85% of the current membership sales price. The Agreement states that “one out of each thirty memberships sold by TAI shall be reserved for resale.”

15. Consumers were not told the resale would not actually take place exactly at the expiration of four years and that there would be a waiting period before attempting to resale the membership after the four year period. In addition, consumers were not told during the sales presentation that if the resale took place, the member would only receive payments of the repurchase price in installments spread over seven years.

16. According to pleadings filed in a similar legal action by another state attorney general against some, or all, of these defendants, during 1989 to 1993 there were approximately forty-seven memberships sold nationwide from the resale pool each year. The average wait in the resale pool was twenty-six months. However, the defendants continued to charge annual dues while members awaited the sale of their memberships through the resale program. Members were told by defendants that TAI, TAAL or DBV did not have a policy or business practice of canceling lifetime memberships, including the requirement of paying annual dues, for any reason.

17. Apparently, sometime in early 1997 TAAL's leasehold interest in the campground property in Chambers County, doing business as Pine Cove Shoals Resort, was foreclosed by the owner, Burnt Village, Inc. Though TAAL attempted to file a Chapter 11 Bankruptcy petition

during this period, the U. S. Bankruptcy Court for the Middle District of Alabama dismissed the case for failure to timely file a reorganization plan and the debtor's lack of assets which could reasonably support a reorganization. (A copy of the Court's Order is attached hereto as Exhibit 4). Furthermore, the defendants failed to provide notice to its members of this foreclosure, nor that their memberships would be unilaterally transferred to Alabama Queen, approximately 100 miles from Pine Cove Shoals. Upon purchase of their memberships, consumers selected Pine Cove Shoals as their home resort, based on its proximity and accessibility. Upon the loss of that property and the automatic transfer of their memberships, the members of that campground have received little or no benefit from their investment. The defendants have offered no compensation or set-off to the membership of Pine Cove Shoals for the loss of the use of the property. In fact, TAAL and/or TAI continue to demand payment on the membership contracts that were financed; as well as, the continued payment of annual maintenance dues. The only option given the members was the "opportunity" to utilize another campground over two hours driving time away.

18. During the Pine Cove Shoals foreclosure, Alabama Queen members Jesse and Mary Johnson received letters in July and again in August of 1997 bearing the corporate identity of Defendant Travel America indicating its mailing address to be a post office box in Blair, Nebraska. This letter advised the Johnsons their account with Alabama Queen was "seriously past due" and a payment should be made immediately to Travel America. (Copies of two of these letters are attached hereto as Exhibit 5 to the Complaint).

19. On August 20, 1997, further correspondence was delivered to the Johnsons, as well as other TAI members, notifying them of an “exciting arrangement” between Thousand Adventures and several other entities; i.e., All Seasons, First Nationwide Resorts and Fiesta or Cutty’s, which resulted in the formation of a new resort system operating under the name of Travel America. (A copy of this letter is attached hereto as Exhibit 6 to the Complaint). (Also attached hereto as Exhibit 7 is a copy of an announcement published by TA and sent to the existing TAI members to announce the formation of the new resort system). The recipient of the letter was informed that as a member of TAI, they were automatically enrolled in this new system with no additional cost or payment of dues. Interestingly, the return address of this letter indicated a different post office box for Travel America in Irvine, California. Moreover, an invoice statement attached to this letter indicated the payment should be returned to **Thousand Adventures** by way of a separate post office box also located in Irvine, CA. Thus, within a period of thirty (30) days the Johnsons received correspondence from Travel America bearing two different addresses, one of which was very similar to the original address of TAI and which included an invoice indicating that payments for their membership dues should be sent to TAI but at the address of Travel America. These letters clearly indicate that the defendants are engaged in a corporate “shell game” whereby Travel America simply has stepped into the shoes of TAI or TAAL and/or DBV after TAAL’s failed attempt to seek protection from the bankruptcy court and the filing of a class action lawsuit against TAI in Iowa in June or July of 1997. (A copy of a default judgment entered in that case is attached hereto as Exhibit 8).

20. Despite the representations above in Exhibit 7 that TAI members will be able to enjoy the benefits of Travel America with “No Additional Purchase Required Ever,” Travel America has

solicited existing members of TAI to execute new contracts with TA by “rewriting” their Thousand Adventures contract into a TA contract and begin making payments to another entity called T.A.I. Collections in Weeping Water, Nebraska. (A copy of a letter soliciting this conversion is attached hereto as Exhibit 9). Also, TA has persuaded other members to enter into new and separate contracts with Travel America even though the member has an existing contract with TAI/TAAL. (A copy of one such contract and promissory note is attached hereto as Exhibit 10).

21. Also, other complaints received by the Attorney General from TAI members indicate that during this same time period several members received harassing and threatening telephone calls and demand notices from collection companies concerning the member’s failure to make payments on the contracts assumed or sold by TAI. Among the companies making these demands are North American Service Corp. d/b/a North American Finance located in Addison, TX. This company has advised the members that they have purchased their membership contract from TA and intend to enforce compliance with its terms regardless of the status or condition of the campground. The calls also have included threats to make unfavorable reports to credit reporting agencies.

22. The State has learned from the testimony of Defendant Alleman at the “341” Meeting of Creditors convened as part of TAAL’s second petition for relief in the U.S. Bankruptcy Court for the Northern District of Alabama that Defendants Novelli, Alleman and/or Cloud, through the corporate entities, Travel America and/or RV Holdings, have acquired an ownership interest in the campground and facilities at Alabama Queen.

23. Despite the claims and promises of Travel America to operate the former TAI campgrounds throughout the United States, since December 1997 Alabama Queen campground has been closed and unavailable for use by its members. As of the date of this complaint, the campground remains closed. Accordingly, the members of both Pine Cove Shoals and Alabama Queen now owned and/or operated by Travel America are currently receiving no benefit from the memberships for which they paid thousands of dollars in membership purchase costs and maintenance. Further, TA, TAI continues to demand payment from the membership under the fraudulently induced and totally unfulfilled contracts.

STATEMENT OF CLAIM AND PRAYER FOR RELIEF

24. Plaintiffs hereby restate and reallege paragraphs 1-2 of the Complaint as if set out fully herein. Based on the foregoing statements, Defendants TA, RV Holdings, TAI, TAAL, DBV and/or those fictitious parties described herein have violated the Deceptive Trade Practices Act, *Ala Code* §8-19-5(23) in that they engaged in unconscionable, false misleading and deceptive practices in the solicitation, sale and maintenance of campground memberships. Further, Defendants TA, RV Holdings and their individual officers and shareholders have engaged in fraudulent and deceptive acts by soliciting and coercing members of TAI's Alabama campgrounds to enter into additional contracts for services that they were already entitled to receive through their original contract with TAI, TAAL or DBV and by failing to provide the services and benefits contracted for by all members of Alabama Queen due to closing of that campground.

25. WHEREFORE, Plaintiffs seek the following relief:

A. Enjoin the defendants and their agents, employees, and persons acting in concert with them, from soliciting, selling or entering into any campground memberships in Alabama;

B. Award damages to the individual consumers in an amount equal to all funds received by defendants pursuant to the membership agreements whether in the form of initial membership costs, annual dues, maintenance fees or other related charges;

C. Order that the defendants immediately delete or correct any negative information which was submitted to the credit reports of the individual plaintiffs as a result of these transactions;

D. Order all interest, or late fees, imposed by the defendant's forfeited;

E. Order the full purchase price of all memberships currently maintained in the resale program refunded to the members;

F. Order the defendants to pay to the Attorney General's Office civil penalties in the amount of \$2,000 for each violation of *Ala Code* §8-19-5(1975) and a reasonable attorney's fee;

G. Any and all other such relief as the Court deems equitable and just.

Respectfully submitted,

BILL PRYOR
ATTORNEY GENERAL
BY:

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APR 23 1998

Caroline M. Stewart
CIRCUIT CLERK
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