

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF IOWA**

IN THE MATTER OF:)	Chapter 7
)	
THOUSAND ADVENTURES, INC.)	Case No. 97-03618
)	
Debtor.)	Hon. Lee M. Jackwig

MOTION TO APPROVE SETTLEMENT IN COMPROMISE OF CLAIMS

Eric W. Lam, in his sole capacity as Chapter 7 Trustee (the “Trustee”), and not individually, through his undersigned counsel, for his motion as above captioned, respectfully states:

1. Tony Ross, et al. (“the Member Class”) is a group of present or former members of the Debtor’s campground organization who have commenced a state court lawsuit against the Debtor and who received a default judgment arising out of that lawsuit. Those members assert a priority claim in this case pursuant to 11 USC §507(a)(6). The Member Class also asserts claims against various creditors of the Debtor.

2. Princeton Capital Corporation (“PrinCap”) asserts both secured and unsecured claims against the Debtor arising out of pre-petition loans made to the debtor. PrinCap is also the defendant in two lawsuits currently pending in this court as adversary proceedings, along with various other defendants.

3. The various pending actions by, between and among the Trustee, the Member Class and PrinCap have been and continue to be complicated, time consuming and expensive for all parties involved.

4. The Trustee, on behalf of the Debtor’s estate, the Member Class and PrinCap have agreed, subject to this court’s approval and approval by the Iowa District

Court for Lee County, to resolve all of the claims that each has against the other so as to resolve all pending litigation with regard to those parties. A copy of the proposed settlement agreement is attached hereto, marked as Exhibit "A", and incorporated by reference herein.

5. The Settlement Agreement contemplates releases of a broad scope and nature. The Debtor is the parent corporation and owner of 100% of the equity of the various Thousand Adventure subsidiaries. To the extent any such entities are not the subject of independent bankruptcy proceedings, the Trustee of the Debtor (as the holder of the equity of such subsidiaries) will release any claims held by those subsidiaries against PrinCap. To the extent such entities are the subject of independent bankruptcy proceedings, the Trustee intends to notice such entities (or the trustees thereof) so as to provide such entities with the forum and ability to object to the release contemplated by the Settlement Agreement of potential claims held by such subsidiaries against PrinCap.

6. Likewise, the Settlement Agreement contemplates that all claims held by members of the Member Class will be settled and released by virtue of the Settlement Agreement, which settlement and release will be the subject of separate approval by the court having jurisdiction over the Member Class Action. To the extent any member of the Member Class has a right to "opt out" under applicable law, and exercises that right of "opt out" under applicable law (the "Opt Out Members"), and the number of such Opt Out Members exceeds fifty (50), PrinCap has the option to terminate the Settlement Agreement and all parties rights and defenses will be preserved without prejudice.

7. As a result of the settlement, should it be approved, the bankruptcy estate will receive, immediately, a much needed infusion of cash that will pay a portion of the accumulated administrative expenses and will provide the estate with funds to ensure its ability to continue efforts to recover against other parties and to recover and liquidate assets of the estate.

8. In addition to the immediate cash being received as part of this settlement agreement, the bankruptcy estate will receive substantial funds on the sale of the Red River Ranch property which is, currently, subject to the first mortgage lien of PrinCap.

9. The settlement will resolve the claims of the Member Class against the estate and against PrinCap, allowing administrative priority pursuant to the provisions of 11 USC §507(a)(6). Such priority has been previously been granted to a smaller class of similarly situated members arising out of the Florida bankruptcy case of a subsidiary of the debtor. The settlement as reflected in Exhibit "A" would further provide funds for the payment of such other priority claims. A major incentive to PrinCap for settlement as outlined in Exhibit "A" is the resolution of the claim of the Member Class against PrinCap. Without the resolution of those member claims, PrinCap would not agree to settlement with the bankruptcy estate alone.

10. It is the judgment of the Trustee that this settlement is in the best interest of the bankruptcy estate, not only because it provides both immediate and near term funds which are needed by the estate for the prosecution of other pending actions, but also because it reflects a reasonable return to the estate for claims for which the estate holds against PrinCap and it also reflects a reasonable treatment of the claims of the Member Class, as evidenced by recent precedent by the Florida court.

11. If this agreement is not approved, the estate will continue to incur substantial legal fees and expenses for the prosecution of existing actions against PrinCap and will be distracted from the diligent prosecution of other pending actions.

WHEREFORE, the Trustee respectfully requests that the court, after notice and hearing, approve the settlement as set forth in Exhibit "A" attached hereto. The Trustee asks for such further or alternative relief as the court may deem just and equitable under the circumstances.

RESPECTFULLY SUBMITTED.

//s//

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