

IN THE CIRCUIT COURT OF JACKSON COUNTY
STATE OF MISSOURI

STATE OF MISSOURI, ex rel.)
 Attorney General Eric S. Schmitt,)
)
 Plaintiff,) Case No.
)
 v.) Division:
)
 VINELANDERS COMMUNITY)
 LAND TRUST, INC.)
)
 Serve registered agent:)
 Alice Lee Goodlow)
 1301 Oak St.)
 Kansas City, MO 64127)
)
 ALICE LEE GOODLOW)
)
 Serve at:)
 5808 NE 42nd St.)
 Kansas City, MO 64117)
)
 Defendant.)

**PETITION FOR PRELIMINARY AND PERMANENT INJUNCTION,
RESTITUTION, CIVIL PENALTIES, AND OTHER RELIEF**

Plaintiff the State of Missouri, ex rel. Eric S. Schmitt Attorney General (“Plaintiff”) brings this Petition for Preliminary and Permanent Injunction, Restitution, Civil Penalties, and Other Relief against Vinelanders Community Land Trust, Inc. (“Vinelanders Trust”) and Alice Lee Goodlow (“Alice Goodlow” or “Defendant Goodlow”) (Collectively “Defendants”). Upon information and belief Plaintiff states as follows:

PARTIES

1. Eric S. Schmitt is the Attorney General of the State of Missouri and brings this action in his official capacity pursuant to Chapter 407, RSMo.

2. Vinelanders Trust was formally incorporated as a Missouri nonprofit corporation on March 1, 2010.

3. Vinelanders Trust's principal place of business is located at 7431 Broadway, Kansas City, Missouri 64114.

4. Alice Goodlow resides at 5808 NE 42nd St., Kansas City, Missouri 64117.

5. Defendant Goodlow advertised, solicited, and sold Vinelanders Trust memberships, controlled Vinelanders Trust, and is Vinelanders Trust's registered agent.

6. At all times relevant to the facts alleged in this petition, Defendant Goodlow maintained control of Vinelanders Trust and engaged, or directed her agents to engage, in the unlawful practices alleged herein.

7. Any acts, practices, methods, uses, solicitations or conduct of the Defendants alleged in this Petition include the acts, practices, methods, uses, solicitations or conduct of the Defendants' employees, agents, or other representatives acting under Defendants' direction, control, or authority.

JURISDICTION

8. This Court has subject matter jurisdiction pursuant to Article V, § 14 of the Missouri Constitution and personal jurisdiction over Defendants because: (1) Defendants conduct or conducted business in and from the State of Missouri, (2) Defendant Goodlow resides in the State of Missouri, and (3) Defendant Vinelanders Trust’s principal place of business was in Missouri.

9. This court has authority over this action pursuant to § 407.100, which allows the Attorney General to seek injunctive relief, restitution, penalties, and other relief in circuit court against persons who violate § 407.020, RSMo.

VENUE

10. Venue is proper in this Court pursuant to § 407.100.7, RSMo, which provides that “any action under this section may be brought in the county in which the defendant resides, in which the violation alleged to have been committed occurred, or in which the defendant has his principal place of business.”

11. Defendants have engaged in the acts, practices, methods, uses, solicitation and conduct described below that violate § 407.020, RSMo, in and from Jackson County, Missouri, and thus venue is proper in this Court.

MERCHANDISING PRACTICES ACT

12. Section 407.020, RSMo provides in pertinent part:

The act, use or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, unfair practice or the concealment, suppression, or omission of any material fact in connection with the sale or advertisement of any merchandise in trade or commerce or the solicitation of any funds for any charitable purpose, as defined in section 407.453, in or from the state of Missouri, is declared to be an unlawful practice... Any act, use or employment declared unlawful by this subsection violates this subsection whether committed before, during or after the sale, advertisement, or solicitation.

13. Section 407.100.1, RSMo states:

Whenever it appears to the attorney general that a person has engaged in, is engaging in, or is about to engage in any method, act, use, practice or solicitation, or any combination thereof, declared to be unlawful by this chapter, the attorney general may seek and obtain, in an action in a circuit court, an injunction prohibiting such person from continuing such methods, acts, uses, practices, or solicitations, or any combination thereof, or engaging therein, or doing anything in furtherance thereof.

14. "Person" is defined as "any natural person or his legal representative, partnership, firm, for-profit or not-for-profit corporation, whether domestic or foreign, company, foundation, trust, business entity or association, and any agent, employee, salesman, partner, officer, director, member, stockholder, associate, trustee or cestui que trust thereof."

§ 407.010(5), RSMo.

15. "Merchandise" is defined as "any objects, wares, goods, commodities, intangibles, real estate, or services." § 407.010(4), RSMo.

16. "Trade" or "commerce" is defined as "the advertising, offering for sale, sale, or distribution, or any combination thereof, of any services and any

property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated. The terms “trade” and “commerce” include any trade or commerce directly or indirectly affecting the people of this state.” § 407.010(7), RSMo.

17. Defendants have advertised, marketed, and sold merchandise in trade or commerce within the meaning of § 407.010, RSMo.

18. Pursuant to § 407.145, RSMo, the Attorney General has promulgated rules explaining and defining terms in §§ 407.010-407.145 of the Merchandising Practices Act. The rules relevant to the Merchandising Practices Act allegations herein include the provisions of 15 CSR 60-8.010 to 15 CSR 60-9.110.

19. From those regulations, and pertinent to this petition, a false promise is defined as “any statement or representation which is false or misleading as to the maker’s intention or ability to perform a promise, or likelihood the promise will be performed.” 15 CSR 60-9.060. An omission of material fact is defined as “any failure by a person to disclose material facts known to him/her, or upon reasonable inquiry would be known to him/her.” 15 CSR 60-9.110.

ALLEGATIONS OF FACT

20. Plaintiff incorporates all allegations as stated above.

21. Beginning in at least March 2010, Defendant Goodlow operated

Vinelanders Trust as a nonprofit corporation and marketed, advertised, offered to sell and sold memberships in the Vinelanders Community Land Trust to Missouri consumers.

22. Defendants solicited consumers to attend meetings and purchase memberships in addition to paying monthly dues.

23. Defendants also requested members to provide funds for the purchase of appliances and other fixtures for to-be-completed homes.

24. Defendants told consumers that the proceeds were to be pooled until enough funds were available to construct or purchase a home.

25. Homes acquired with trust funds were to then be distributed to members on the chronological basis of their enrollment dates.

26. Since Vinelanders Trust's incorporation in 2010, Defendants solicited thousands of Missouri consumers to purchase memberships and pay dues on the pretense the consumers would later receive homes.

27. Defendants also solicit charitable funds through their website at: <http://www.vinelanders.org/first.html>. The website also promises to assist families with homeownership.

28. However, Defendant Goodlow admitted the Defendants never constructed or otherwise provided the promised homes to any of the members.

29. Additionally, Defendant Goodlow admitted that none of the

solicited funds were ever used or invested towards providing a home to any of the members.

30. Instead, Defendant Goodlow admitted that the solicited funds were exclusively used to cover the operating expenses of the Vinelanders Trust.

Consumer Example

31. The following, by way of example only and not to be construed as an exhaustive list, is an account of one Missouri couple's experience with Defendants. This account is illustrative of Defendants' common scheme.

32. Elbert and Jane Nance are Missouri residents.

33. The Nance's were members of the Vinelanders Trust from approximately 2010 until 2018.

34. On or about 2010, the Nances attended a meeting organized by Defendant Goodlow designed to pitch the Vinelanders Trust membership to attendees.

35. At this meeting, Defendant Goodlow told the Nances that they would pay a one-time fee in addition to dues ranging from \$10 to \$20 per month, and, in exchange, Vinelanders Trust would build a home for them.

36. The Nance's agreed to the arrangement.

37. Defendant Goodlow assigned the Nance's approximately 53rd priority among members in receiving a home, meaning that Vinelanders

would build homes for 52 people before building a home for the Nances.

38. Over the years, Defendant Goodlow requested the Nances to participate in fundraisers, purchase gift cards for the benefit of Vinelanders Trust, and attend yearly meetings. Defendant Goodlow threatened that if the Nances did not participate in full, they would not receive a home.

39. The Nances, from fear of being removed from the list, did as Defendant Goodlow requested.

40. When the Nances asked Defendant Goodlow how fundraiser money, member-purchased gift cards, and member dues were being used, Defendant Goodlow would simply say that members were not allowed to inquire into the operations.

41. Finally, after participating in the Vinelanders Trust for approximately eight years and still not having received their promised home, the Nances terminated their membership.

42. Ultimately, the Nances paid approximately \$2,500 to Defendants on the pretense of receiving a home. Instead, the Nance's received nothing.

43. The Missouri Attorney General's Office has received 3 complaints similar to the Nances' complaint. These consumers paid a total of approximately \$3,700 for homes they never received.

44. Defendants' have admitted having approximately 2500 "members" since opening. In September 2018, Defendants stated that they

have 50 current members, each of whom are paying approximately \$20 per month for homes they will never receive.

45. Additional consumers may be discovered throughout the course of this litigation.

46. In summary, Defendants solicited Missouri consumers to purchase Vinelanders Trust memberships, collected membership dues, and requested additional member-funded purchases all under the guise of procuring homes for members.

47. Those funds were not used for their solicited purpose, and Defendants failed to provide homes as promised to any members of Vinelanders Trust.

VIOLATIONS OF LAW

COUNT I – FALSE PROMISES

48. Plaintiff incorporates all allegations stated above.

49. Defendants violated § 407.020, by falsely promising to consumers that Defendants would provide homes to Missouri consumers in exchange for purchasing memberships and participating in the Vinelanders Trust.

COUNT II – OMISSIONS OF MATERIAL FACT

50. Plaintiff incorporates all allegations stated above.

51. Defendants violated § 407.020 by, in connection with the sale of memberships, omitting material facts by failing to disclose that:

- a. No member had received a home;
- b. None of the funds solicited from consumers were used to obtain a home; AND
- c. Funds solicited from consumers instead were exclusively used for Vinelanders Trust's operating expenses.

COUNTS III- DECEPTION

52. Plaintiff incorporates all allegations stated above.

53. Defendants violated § 407.020 by, in connection with the solicitation of funds for charitable purposes, falsely suggesting that donations would be used to provide family with houses.

RELIEF

WHEREFORE, Plaintiff prays this Court enter judgment:

1. Finding that the Defendants violated the provisions of § 407.020.
2. Issuing any injunctive relief pursuant to § 407.100, RSMo., necessary to prevent violations of § 407.020, RSMo., up to and including prohibiting and enjoining Defendants and their agents, servants, employees, representatives, and other individuals acting at their discretion or on their behalf from owning or operating organizations that sell or manage real estate that solicit upfront payments for goods or services, or that solicit charitable contributions.

3. Requiring the Defendants to provide full restitution to all consumers who suffered any ascertainable loss per § 407.100.4.
4. Requiring the Defendants to pay to the State an amount of money equal to 10% of the total restitution ordered against the Defendants per § 407.140.3.
5. Requiring the Defendants to pay the State of Missouri a civil penalty of \$1,000 per violation of Chapter 407 that the Court finds to have occurred per § 407.100.6.
6. Requiring the Defendants to pay all court, investigative, and prosecution costs of this case per § 407.130.
7. Granting any further relief that this Court deems proper in the premise.

Respectfully submitted,

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