

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
CIVIL DIVISION / 12TH

LEWIS BISHOP and
SHARON BISHOP

PLAINTIFFS

v.

NO. 60CV 2012-2226

RENEWAL RANCH; LARRY PILLOW,
Individually and as Chairman of the Board
of Renewal Ranch; and MARSHA RAWLS,
DAVID STOBAUGH, TRAVIS PARSLEY,
KIM HOGUE, CHRIS ALLEN, JERRY JAMES,
and AL MAJOR, each Individually as a
Member of the Board of Renewal Ranch

DEFENDANTS

SECOND AMENDED AND SUBSTITUTED ANSWER TO COMPLAINT

Come the Defendants, RENEWAL RANCH; LARRY PILLOW, Individually
and as Chairman of the Board of Renewal Ranch; and MARSHA RAWLS, DAVID
STOBAUGH, TRAVIS PARSLEY, KIM HOGUE, CHRIS ALLEN, JERRY JAMES,
and AL MAJOR, each Individually as a Member of the Board of Renewal Ranch, and
for their Second Amended and Substituted Answer to Complaint, state:

1. They admit LEWIS BISHOP and SHARON BISHOP are residents of
Perry County, Arkansas.
2. They admit RENEWAL RANCH is a nonprofit corporation with its
principal place of business in Perry County, Arkansas.

3. They deny that individual Defendants are residents of Perry County, Arkansas. Pleading further, they state one Defendant resides in Pulaski County, Arkansas, but all other Defendants reside in Faulkner County, Arkansas.

4. They deny jurisdiction or venue are proper.

5. They generally admit LARRY PILLOW made contact with LEWIS BISHOP in the summer of 2009 regarding involvement in either the Fresh Start or RENEWAL RANCH Ministries. They further admit the development of a plan by LEWIS BISHOP to purchase what has become known as the upper house and 40 acres for \$400,000.00 and to lease such to RENEWAL RANCH for half the going interest rate with plans to donate such to RENEWAL RANCH upon the death of LEWIS BISHOP. They further admit SHARON BISHOP agreed to purchase the lower house and five acres for \$200,000.00 based upon a similar plan to lease such for use by Fresh Start Ministries.

6. After the appearance of LEWIS BISHOP before the Board of RENEWAL RANCH during which BISHOP pledged to purchase the land as referred to in the above Paragraph, RENEWAL RANCH Board Member, Brian Poppe, announced the Plaintiffs' offer at a Christmas celebration which was reported by the Arkansas Democrat-Gazette on 27 December 2009. To the extent Paragraphs 5, 6, 7 and 8 of the Complaint allege or attempt to allege RENEWAL RANCH backed out of such agreement, however, those Paragraphs are denied. Pleading further, and in

the affirmative, they state SHARON BISHOP and LEWIS BISHOP withdrew their offer.

Eventually, Rapert made a final offer to sell both homes and approximately 100 acres for the total sum of \$726,000.00 which represented a reduction of approximately \$235,000.00 from the first offer to sell all of the property to RENEWAL RANCH. The seller further made clear his desire to negotiate only with LARRY PILLOW. Subsequent to that occurrence, negotiations were commenced between the owner of the land, Jason Rapert, and various members of the Board of RENEWAL RANCH with RENEWAL RANCH agreeing to purchase the upper house and approximately 40 acres for \$505,000.00 with 54 acres being donated by Rapert. LEWIS BISHOP agreed to purchase the lower house and several acres for \$221,000.00.

7. RENEWAL RANCH developed a program entitled, "BAA" ("Buy an Acre-Bless an Addict"). The suggested donation for an acre was \$5,200.00 with LARRY PILLOW and MARSHA RAWLS being among the first to commit to purchasing acreage. Eventually, a total of approximately 20 people, including AL MAJOR, CHRIS ALLEN, and James Loy contributed to the fund. Plaintiff, LEWIS BISHOP, agreed to donate \$100,000.00 which would purchase approximately 20 acres. The eventual donation, however, was approximately \$92,000.00.

8. Prior to the decision of LEWIS BISHOP and SHARON BISHOP to purchase the lower house and acreage, they were provided ample opportunity to secure an appraisal to obtain a bank loan or to otherwise make a decision with regard to their contribution. Their purchase was independent of that conducted by RENEWAL RANCH which did not know or otherwise represent to the Plaintiffs the exact value of the property. To the extent Paragraph 7 of the Complaint alleges or attempts to allege any improper act or omission by any of the Defendants with regard to ownership, evaluation or purchase of the property, that Paragraph is denied.

9. They generally admit Paragraphs 8 and 9 of the Complaint to the extent they set forth the construction of buildings but deny those portions of the Paragraphs which allege or attempt to allege there was any undue influence or attempt to coerce or otherwise pressure LEWIS BISHOP or SHARON BISHOP into assisting with the construction of the buildings.

10. Representatives of RENEWAL RANCH discussed the need for the "wedge land" with LEWIS BISHOP and approached that individual about obtaining the land through donation, purchase, or as part of some type of swap of land or services. After lengthy discussions, the parties eventually agreed upon a swap. In an attempt to work that out, RENEWAL RANCH took the dollar value of the land RENEWAL RANCH was securing and the dollar value of the land Plaintiffs were obtaining and came up with the idea of an "even swap" based upon dollar value of

acres swapped in each parcel.

In the first “land swap,” which eventually occurred before deeds were signed, Plaintiffs were given 9.34 acres of bottom land for 3.89 acres of “wedge land” on the upper half of the property. In the second “land swap,” Plaintiffs were given 6.99 acres of land and RENEWAL RANCH was given 1.75 acres. At no time was pressure put on Plaintiffs to make the swap. RENEWAL RANCH specifically denies it proposed or otherwise agreed to the swap of land for enrichment as is alleged in the Complaint.

11. Defendants entered into an agreement with Plaintiffs to build a “multi purpose building” on the “wedge land” referred to in the Complaint based upon Plaintiff, LEWIS BISHOP, completing his promised donation of \$70,000.00. Unfortunately, Plaintiff has not made such donation in accordance with the agreement between the parties.

12. They generally admit Paragraph 10 of the Complaint with the exception they would deny that portion which alleges LEWIS BISHOP was appointed Chairman of the Multi-Purpose Building Team. Initially, BISHOP was made Chairman of the Bunkhouse Building Team and was not appointed Chairman of the Multi-Purpose Building Team until some nine months later in January 2011.

13. They deny Paragraph 11 of the Complaint to the extent it alleges or attempts to allege any improper act or omission by the Defendants and specifically

deny LARRY PILLOW represented that major donors would step forth as claimed in that Paragraph. Pleading further, and in the affirmative, they state PILLOW commented that bunkhouse construction would spur more donations which has proven to be correct. They further state Mark Williams oversaw bunkhouse construction and advised PILLOW and the RENEWAL RANCH Board that a loan of \$150,000.00 would be sufficient to cover the cost of the bunkhouse and multi purpose building. That representation, however, was made clear to be an estimate and upon which RENEWAL RANCH based the decision to proceed with construction. That decision was also based upon a deadline to secure a grant from Home Depot.

With regard to the allegations concerning matching funds, Defendants deny that Plaintiffs stated a binding condition that qualifying donations must be in small amounts of \$300.00 or less.

14. They deny Paragraph 12 of the Complaint to the extent it alleges or attempts to allege any improper act or omission by these Defendants. Pleading further, and in the affirmative, they state LEWIS BISHOP agreed to divide matching gifts into four \$20,000.00 increments. Two matching gifts were for one-time donations and two matching gifts were for monthly pledges which would have had to have been new pledges.

The “matching gift” plans were made after a meeting between LARRY

PILLOW, LEWIS BISHOP and SHARON BISHOP. At all times relevant to the events set forth in the Complaint, PILLOW, James Loy, and other RENEWAL RANCH volunteers worked diligently and effectively in securing donations to be matched by BISHOP. After doing so, however, RENEWAL RANCH learned that LEWIS BISHOP would not proceed with the second \$20,000.00 matching gift as had been promised. In response to BISHOP refusing to make the second \$20,000.00 matching donation, LARRY PILLOW contacted Plaintiff and met with him for several hours to discuss various concerns. At no point during such discussion did BISHOP mention his belief that he thought he gave the first \$20,000.00 for construction of a multi purpose building. Rather, the concerns raised by BISHOP were over how money was being raised as opposed to the manner in which funds were being spent.

Following the meeting between BISHOP and PILLOW, the RENEWAL RANCH Marketing Team met to address some of the concerns voiced by BISHOP. At that point, the "I am-I give" campaign was instituted with pledge options of \$30.00, \$50.00, and \$100.00 or more in order to try to accommodate the stated wish of LEWIS BISHOP for smaller donations. Some success was had with the "I am-I give" campaign which increased the amount of monthly donations based primarily upon the promise that such gifts would be matched by BISHOP. When BISHOP did not keep his word about the matching gifts, the campaign eventually failed which

ultimately resulted in the inability of the Board to follow through on the plan to build the multi purpose building upon completion of the bunkhouse. Nevertheless, in the subsequent meeting with BISHOP on 27 October 2011, PILLOW inquired as to whether LEWIS BISHOP was satisfied with RENEWAL RANCH's use of his and SHARON's \$90,000.00 donation for down payment of the land. BISHOP answered in the affirmative. When asked whether he was satisfied with the use of his \$20,000.00 donation, BISHOP responded in the negative and PILLOW asked if a refund was requested. BISHOP declined the offer.

15. They deny Paragraph 13 of the Complaint to the extent it alleges or attempts to allege any improper act or omission by these Defendants. They specifically deny that portion of the Paragraph which accuses RENEWAL RANCH of "adding many elements to the construction which departed substantially from the originally planned Spartan approach." In the affirmative, they state LEWIS BISHOP was Chairman of the Bunkhouse Building Team and thus had major input into what went into the bunkhouse.

16. In January 2011, BISHOP was appointed Chairman of the Multi-Purpose Building Team which was comprised of AL MAJOR, James Loy, Jimmy Barrett, Gary Matheney, and LARRY PILLOW. That Team was charged with the responsibility of planning and pricing a multi-purpose building acceptable to both BISHOP and RENEWAL RANCH which was then to be presented to the

RENEWAL RANCH Board of Directors for approval. The effort was yet another example of RENEWAL RANCH attempting to accommodate the plan of a multi-purpose building to be used jointly by BISHOP and RENEWAL RANCH provided that Plaintiff was willing to keep his pledge of \$70,000.00 donation which, by that time, had become a pledge of \$80,000.00 in matching funds. BISHOP agreed to the role and began researching work to plan the building. He subsequently refused to convene the Team while continuing to plan and research but had several meetings with two prospective donors who had said they would donate \$50,000.00 provided rooms for graduates would be included in the building plans. Repeated requests over a period of approximately three months for BISHOP to convene the Multi-Purpose Building Team meeting by team members AL MAJOR and LARRY PILLOW were similarly dismissed by BISHOP. Upon insistence by PILLOW that BISHOP convene the meeting, Plaintiff eventually and reluctantly agreed to do so. That meeting was held at the home of AL MAJOR with BISHOP, PILLOW, AL MAJOR and Gary Matheney present. At the meeting, BISHOP presented his plans for the multi-purpose building with an estimated cost of \$250,000.00. After lengthy discussions, several assignments were made to Team Members with a plan to reconvene when assignments were completed.

BISHOP was given the assignment to secure an estimate, as accurate as possible, for the cost of constructing a "shell" of the proposed building plan to get the

building in the dry with the hope to use funds from the BISHOPs and the prospective donors for completion. Instead of doing the agreed assignment, however, BISHOP chose to meet with the prospective donors and discuss other building plans. The outcome of the meeting was that the donors shared what kind of building in which they wanted to invest. At the same meeting, BISHOP suggested to those donors that if a decision was not made in five business days, they could and should give their \$50,000.00 donation to some other organization.

Subsequent to making the representation to the prospective donors, PILLOW and BISHOP met. At that meeting, BISHOP discussed his desire for a heated floor, metal studs, and other expensive preferences but totally ignored problems caused by his statements to the donors. Upon the realization that BISHOP was not willing to follow instructions, would not comply with the desires and recommendations of the Board, and was essentially following his own agenda, PILLOW advised BISHOP that he could no longer work with him on the project and would recommend to the Board that it abandon such. As a compromise, it was further suggested that PILLOW would recommend that the Board build BISHOP a storage/shop building on his land and a similar building on the RENEWAL RANCH land. In part, that representation was made upon BISHOP's stated belief that he had a spot on his land suitable for constructing such a building.

At a subsequent Board Meeting, PILLOW reviewed what had happened with

BISHOP and made recommendations for separate plans for the shop/storage buildings. The Board accepted PILLOW's recommendation and a letter was sent to BISHOP. That letter was included as an Appendix to a lawsuit filed by Plaintiffs.

17. They deny Paragraphs 14, 15, 16 and 17 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. Pleading further, and in the affirmative, they state Plaintiff was promised and given an opportunity to be heavily involved with the ministry. During the first few months of operation, BISHOP was given daily opportunity to interact with participants in the ministry and to be of assistance to Director James Loy. BISHOP took residents to medical and legal appointments and otherwise helped with routine chores. Although he expressed pleasure and thankfulness for being allowed to assist, both Plaintiffs consistently complained about LEWIS BISHOP being overworked and underutilized in his profession as an Engineer. In a further attempt to work with both Plaintiffs, Director Loy met with them to try to ascertain what changes would or could be made to better utilize LEWIS BISHOP. Several opportunities were provided to BISHOP but apparently none were satisfactory or fell within the plans that BISHOP held for himself. Eventually, Plaintiff requested a written job description with proposed salary and also asked that he be placed on the Board of Directors. Because of Plaintiff's past dissatisfaction with the manner with which RENEWAL RANCH was proceeding, he was not selected for membership to the

Board.

18. To the extent Paragraph 18 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

19. They deny Paragraphs 19, 20, 21 and 22 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny application of the Deceptive Trade Practices Act to the events set forth in the Complaint and further deny that they violated any portion or provision of such Act.

20. To the extent Paragraph 23 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

21. They deny Paragraphs 24, 25, 26 and 27 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny any and all allegations of breach of contract set forth in the Complaint. Pleading further, they deny that a contract existed to the extent or in the manner alleged in the Complaint.

22. To the extent Paragraph 28 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

23. They deny Paragraphs 29 and 30 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny any breach of implied covenant of good faith or fair dealing and, in

the affirmative, state that Plaintiffs were consistently treated with dignity and respect and were provided with opportunities to involve themselves in the ministry at RENEWAL RANCH.

24. To the extent Paragraph 31 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

25. They deny Paragraphs 32 and 33 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny the allegations of promissory estoppel and, in the affirmative, state the Complaint fails to set forth facts sufficient for the application of such doctrine.

26. To the extent Paragraph 34 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

27. They deny Paragraphs 35 and 36 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny any and all allegations of unjust enrichment set forth in those Paragraphs.

28. To the extent Paragraph 37 of the Complaint incorporates allegations previously denied, such Paragraph is denied in its entirety.

29. They deny Paragraphs 38, 39, 40, 41 and 42 of the Complaint to the extent they allege or attempt to allege any improper act or omission by these Defendants. They specifically deny all allegations of defamation set forth in those

Paragraphs and, in the affirmative, state the Complaint fails to set forth facts sufficient to form a cause of action for defamation.

30. They deny all material allegations and all causes of action set forth in the Complaint which have not been specifically admitted to in this Answer including any allegation concerning negligence; negligence per se; willful, wanton or intentional conduct; promissory estoppel; unjust enrichment; breach of contract; breach of implied covenant of good faith and fair dealing; violation of the Deceptive Trade Practices Act; damages or injuries. Pleading further, and in the affirmative, they state:

- (a) At all times relevant to the events set forth in the Complaint, the Defendants have acted in good faith and in a reasonable manner;
- (b) The Complaint fails to set forth facts sufficient to form a cause of action for violation of the Deceptive Trade Practices Act;
- (c) The Deceptive Trade Practices Act does not apply to the events or situations set forth in the Complaint;
- (d) Plaintiffs allege breach of contract but have failed to attach a copy of such writing in accordance with the laws of the State of Arkansas;
- (e) Plaintiffs have engaged in conduct which acts to estop them from making or otherwise asserting some or all of the claims or causes of action set forth in the Complaint;

- (f) Plaintiffs have waived some or all of the causes of action or damages alleged in the Complaint;
- (g) Plaintiffs' conduct is such as to have "unclean hands" and Defendants raise that as a defense to some or all of the claims set forth in the Complaint;
- (h) Defendants plead laches as a defense to some or all of the claims set forth in the Complaint;
- (i) Some or all of the claims alleged in the Complaint are barred or are otherwise inapplicable to the individual Defendants who acted in their capacity as Directors;
- (j) Some or all of the individuals named in the Complaint are named in their official capacity and, as such, are not proper parties to this litigation;
- (k) At all times relevant to the events set forth in the Complaint, the individual Defendant, RENEWAL RANCH, was a nonprofit entity as defined by the laws of the State of Arkansas, is immune from suit, and is an improper party to this litigation;
- (l) The individual Defendants have acted in conformity with their positions as Directors of a nonprofit entity and are therefore immune from suit or otherwise protected from suit pursuant to the laws of the State of

Arkansas including those laws which concern suits against nonprofit entities and Directors of such entities;

- (m) They reserve and otherwise plead affirmative defenses set forth in Rules 8 and 12 of Arkansas Rules of Civil Procedure regarding improper venue, improper jurisdiction, and failure to state facts upon which relief can be granted with regard to some or all of the causes of action alleged in the Complaint;
- (n) Process was inadequate or insufficient with regard to some or all of the Defendants;
- (o) Service of process of inadequate or insufficient with regard to some or all of the Defendants; and
- (p) Jurisdiction and venue are improper in Pulaski County in that only one individual Defendant is a resident of that county, neither Plaintiff resides in such county, the physical property made subject of the litigation is in Perry County, and the corporate Defendant's principal place of business is in Perry County.

31. They request trial by jury.

WHEREFORE, Defendants pray for dismissal of Complaint, for costs, and for all other just and proper relief.

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By:



RICHARD N. WATTS (82174)

CERTIFICATE OF SERVICE

I, Richard N. Watts, hereby certify that a copy of the above and foregoing pleading was mailed to all attorneys of record as listed below this 10 day of July, 2012.

Steven Napper
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RICHARD N. WATTS