

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS**

<b>IN RE:</b>	)	
	)	
<b>CHANCE INDUSTRIES, INC.,</b>	)	<b>Case No. 01-11698</b>
	)	<b>Chapter 11</b>
<b>Debtor.</b>	)	
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	)	
<b>CHANCE INDUSTRIES, INC.</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Adversary No. 01-5132</b>
	)	
<b>TCF LEASING, INC. and</b>	)	
<b>BANK OF BLUE VALLEY,</b>	)	
	)	
	)	
<b>Defendants.</b>	)	
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**JUDGMENT ON DECISION**

This matter comes before the Court on the Bank of Blue Valley’s motion for summary judgment and the debtor’s objection thereto and counter-motion for summary judgment. The issue before the Court is whether four leases of what is referred to as “technology equipment” and computer software are true leases or disguised security agreements. The Bank of Blue Valley (the “Bank”) contends that the leases are in fact true leases because the agreement expressly states that the transactions are leases and debtor has the opportunity to purchase the equipment at the end of the lease for fair market value. Debtor argues that the leases are in fact disguised security agreements because the lease agreements meet the requirements set forth in Kan. Stat. Ann. § 84-1-201(37) for security interests, namely that the leases are not terminable by the debtor and the debtor can purchase the equipment at the end of the lease for “nominal” consideration. After

careful review of the record, the Court concludes that the leases are in fact disguised security agreements. The plaintiff's motion for summary judgment is GRANTED and the defendant's summary judgment motion is DENIED.

IT IS SO ORDERED.

Dated this 29<sup>th</sup> day of March, 2002.

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ROBERT E. NUGENT, BANKRUPTCY JUDGE  
UNITED STATES BANKRUPTCY COURT  
DISTRICT OF KANSAS

## CERTIFICATE OF SERVICE

The undersigned certifies that copies of the **Judgment on Decision** were deposited in the United States mail, postage prepaid on this 29<sup>th</sup> day of March, 2002, to the following:

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