

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 31<sup>st</sup> day of  
March, 2008.

Director of the Manufactured Housing and )  
Modular Units Program of the Missouri )  
Public Service Commission, )  
 )  
Complainant, )  
 )  
v. )  
 )  
Amega Sales, Inc., d/b/a )  
Quality Preowned Homes, )  
Columbia Discount Homes, )  
Mark Twain Mobile Home Sales, )  
Chateau Homes, and )  
Amega Sales, Inc., )  
 )  
Respondent. )

**Case No. MC-2008-0071**

**ORDER REJECTING STIPULATION AND AGREEMENT AND  
DIRECTING PARTIES TO PROPOSE A NEW HEARING DATE**

Issue Date: March 31, 2008

Effective Date: March 31, 2008

On September 7, 2007, the Director of the Manufactured Housing and Modular Units Program of the Missouri Public Service Commission filed a complaint against Amega Sales, Inc., d/b/a Quality Preowned Homes, Columbia Discount Homes, Mark Twain Mobile Home Sales, Chateau Homes, and Amega Sales, Inc. Amega currently holds a separate Certificate of Dealer Registration under each of the five names under which it is doing business.

Staff's complaint alleges seven counts, involving three manufactured homes sold by Amega through one of the entities by which it does business. Counts I and II concern a

manufactured home sold to a customer named Nelson, which the Director alleges was damaged in transit or at Amega's sales lot. Because of the damage, the manufactured home did not comply with the applicable HUD Code, but the Director alleges Amega sold the home to its customer as a new home without disclosing the damage or the failure of the home to comply with Code. Count I requests authority to seek monetary penalties against Amega, while Count II asks the Commission to revoke all the dealer registrations under which Amega does business.

Counts III and IV concern a manufactured home sold to a customer named Whitford, and Counts V and VI concern a manufactured home sold to a customer named Gilmore. Again, the Director alleges Amega sold damaged homes without disclosing the damage or the failure of the home to comply with Code. Counts III and V request authority to seek monetary penalties against Amega and Counts IV and VI ask the Commission to revoke Amega's dealer registrations.

Count VII concerns the manufactured home sold to Gilmore and alleges Amega attempted to deliver the home to the customer even after the Director's inspector "red tagged" the home as being in violation of Code. The complaint alleges this attempt to sell a "red tagged" home violates the terms of a stipulation and agreement approved by this Commission to resolve an earlier complaint by the Director against Amega and its owner, Greg DeLine. The Director alleges that stipulation and agreement requires Amega to pay a \$10,000 civil penalty if it attempts to sell a "red tagged" home and asks for authority to seek such a penalty.

On March 7, 2008, the Director, Amega, and Amega's owner, Greg DeLine, filed a stipulation and agreement purporting to resolve the Director's complaint against Amega.

The Commission questioned the parties about the stipulation and agreement at an on-the-record presentation on March 12. Now the Commission must decide whether to accept the proposed stipulation and agreement.

The key provisions of the stipulation and agreement are as follows:

A. Amega will be on probation for two years from the date of approval of the stipulation;

B. Greg DeLine will relinquish 100 percent of his role in the day-to-day management of Amega by December 31, 2008;

C. DeLine will sell at least 60 percent of his ownership interest in Amega to an unrelated party by December 31, 2008;

D. After the probation ends, DeLine could repurchase controlling interest in the company and regain his management role;

E. Amega and DeLine will establish a \$70,000 escrow fund to complete repairs to homes identified as damaged after approval of the stipulation. The escrow account will remain in place for five years, before reverting to Amega;

F. Amega and DeLine will pay a \$50,000 penalty to the public school fund;

G. Amega and DeLine will repair the eight red-tagged homes currently on Amega's lots by August 1, 2008;

H. Amega and DeLine agree to help track down, and if found, repair the Hackman home, a damaged home sold by Amega several years ago;

I. Amega agrees to pay the statutorily required \$200 re-inspection fee for each re-inspection;

J. Amega and DeLine agree to provide a list of damaged-in-transit manufactured homes currently in other states;

K. DeLine agrees to inform the Director of future damaged-in-transit manufactured homes in his possession;

L. Amega and DeLine agree to abide by all laws relating to manufactured housing;

M. Amega and DeLine agree to inform the Director and potential customers of damage to additional homes;

N. DeLine agrees not to have an office in any Amega sales location;

O. Any violation of the agreement by DeLine is a violation by Amega; and

P. Upon any violation of the agreement, the Director may file a motion with the Commission to revoke Amega's probation and registrations.

After considering the stipulation and agreement, the Commission concludes that it must reject the stipulation and agreement and instead direct the parties to proceed to trial. The Commission takes this action because it finds the submitted stipulation and agreement to be flawed.

The Director has brought several prior complaints against Amega and those complaints have been resolved through the filing of stipulations and agreements that the Commission has accepted. Unfortunately, those accepted stipulations and agreements have not successfully resolved the ongoing dispute between the Director and Amega. The Commission fears that this flawed stipulation and agreement will be just another skirmish in the battle that will not finally resolve anything.

In particular, the Commission is concerned that the stipulation and agreement would allow DeLine to repurchase controlling interest in Amega after the expiration of the two-year period of probation. This is a particular concern because Amega and DeLine have not specified who will be purchasing controlling interest in Amega so the Commission has no assurance that the purchaser would be truly independent or otherwise acceptable. If, as the Director has alleged, DeLine has repeatedly violated statutes, regulations, and previous agreements, a solution that permanently removes DeLine from the manufactured housing business is warranted.

In addition, the Commission is concerned that the submitted stipulation and agreement is essentially unenforceable because it does not include a stipulation of facts that would allow for judicial review of any Commission order revoking Amega's probation for a violation of the stipulation and agreement. Without such a stipulation of facts, the Commission might be required to conduct an evidentiary hearing to establish those facts before acting to revoke Amega's probation, putting the Commission back into the position in which it now finds itself.

If the Director and Amega are able to negotiate a stipulation and agreement that corrects the identified flaws, the Commission is willing to reconsider such stipulation and agreement. If not, the parties must promptly prepare for trial.

**IT IS ORDERED THAT:**

1. The Stipulation and Agreement filed by the parties on March 7, 2008, is rejected.
2. No later than April 10, 2008, the parties shall submit their recommendation for hearing dates at which this complaint shall be brought to trial.

3. This order shall become effective on March 31, 2008.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Clayton, Appling,  
and Jarrett, CC., concur.

Woodruff, Deputy Chief Regulatory Law Judge