

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 1st day of July, 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 APPROVING STIPULATION AND AGREEMENT,
REVOKING REGISTRATIONS, SUSPENDING EXECUTION OF
REVOCATION, AND GRANTING PROBATION ON CERTAIN
CONDITIONS**

Issue Date: July 1, 2008

Effective Date: July 11, 2008

On September 7, 2007, the Director of the Manufactured Housing and Modular Units Program of the Public Service Commission ("Director") 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. (collectively "Amega"), alleging that Amega violated sections

700.015.1 and 407.020.1 RSMo, 2000. Greg DeLine is an individual and President of Amega. The Director, Amega, and DeLine are referred to herein collectively as the "Parties."

On October 10, 2007, Amega filed an Answer and Affirmative Defenses denying the Director's allegations. The Commission set this matter for hearing on March 12 and 13, 2008. The Parties filed a Stipulation and Agreement on March 10, 2008, proposing a resolution of the Complaint, but that proposal was rejected by the Commission on March 31, 2008. In its Order Rejecting Stipulation and Agreement, the Commission determined that the Parties' Stipulation and Agreement was flawed in that it: 1. Would allow DeLine to repurchase a controlling interest in Amega after the expiration of the two-year period of probation, 2. Did not specify who will be purchasing a controlling interest in Amega so that the Commission can determine whether the purchase would be truly independent of DeLine, and 3. Was unenforceable because it did not contain a stipulation of facts that would allow for judicial determination of any Commission order revoking Amega's probation.

The Commission reset the matter for hearing on June 16 and 17, 2008. The Parties filed a second proposed Stipulation and Agreement on May 30, 2008, as a second attempt to resolve this matter short of hearing. The Commission canceled the hearing and instead on June 16 heard an on-the-record presentation at which the parties explained their May 30, 2008 Stipulation and Agreement.

The Commission will accept the Stipulation and Agreement as a resolution of Staff's complaint and enters the following order in conformance with that stipulation and agreement.

FINDINGS OF FACT

Based on the May 30, 2008 Stipulation and Agreement filed by the parties, the Commission makes the following findings of fact:

1. Amega Sales, Inc. is a manufactured home dealer operating five lots in the State of Missouri under the following names: Amega Sales, Inc., Quality Preowned Homes, Columbia Discount Homes, Mark Twain Mobile Home Sales, and Chateau Homes.

2. Amega Sales, Inc. is a single corporation operating under the fictitious names described above. Amega holds five certificates of dealer registration issued by the Commission.

3. On December 26, 2006, Amega Sales, Inc. entered into a contract with Dale and Jodi Nelson for the purchase of a new manufactured home described as a 2005 Southern EL-319, serial number DESAL1101A/B.

4. Amega agreed to deliver, level, anchor, and block the home as described in the contract.

5. On or about April 16, 2007, Amega delivered the home to the Nelson's premises in Moberly, Missouri.

6. On or about April 16, 2007, Amega improperly installed the new manufactured home at the Nelsons' location by failing to construct a retaining wall and grade the slope so that water would run away from the home.

7. Greg DeLine is the President of Amega and has expressly and personally agreed to be bound to the terms and conditions indicated below that are set forth in the Parties' May 30, 2008 Stipulation and Agreement.

CONCLUSIONS OF LAW

1. Amega Sales, Inc. is a manufactured home dealer subject to the jurisdiction of the Missouri Public Service Commission as provided in section 700.010(4), RSMo 2000.

2. Amega holds five registrations in the names listed above that were issued by the Commission. As a single Missouri corporation operating under five fictitious names, all five of Amega's dealer registrations are subject to Commission regulatory authority under Chapter 700, RSMo 2000.

3. The Commission has authority under section 700.100, RSMo (Supp. 2007) to suspend, revoke, or place on probation a dealer's registration.

4. Section 700.100.3(6), RSMo (Supp. 2007) provides grounds for suspending, revoking or placing on probation any dealer that fails to arrange for the proper initial setup of any new manufactured home sold in the State of Missouri

5. Amega failed to arrange for the proper setup of the new manufactured home at the Nelsons' location by failing to construct a retaining wall and grade the slope so that water would run away from the home.

6. Amega's failure is a violation of section 700.100.3(6), RSMo (Supp. 2007).

7. Greg DeLine has expressly agreed to be bound to certain terms and conditions set forth in the Parties' May 30, 2008 Stipulation and Agreement, therefore the Commission will order that he perform as promised in the Parties' Agreement.

IT IS ORDERED THAT:

1. The Stipulation and Agreement entered into between the Director of the Manufactured Housing and Modular Units Program of the Public Service Commission, Amega Sales, Inc., and Greg DeLine on May 30, 2008, is approved and incorporated herein. The Parties are directed to perform and comply with the Stipulation and Agreement. A copy of the Stipulation and Agreement is attached hereto.

2. Amega Sales, Inc.'s five registrations identified as Amega Sales, Inc., d/b/a Amega Sales, Inc., Quality Preowned Homes, Columbia Discount Homes, Mark Twain Mobile Home Sales, and Chateau Homes are hereby revoked for a violation of section 700.100.3(6), RSMo (Supp. 2007).

3. Execution of the revocation of Amega Sales, Inc.'s dealer registrations is suspended and Amega Sales, Inc. and its five registrations are placed on probation under sections 700.100.2 and 700.100.3, RSMo (Supp. 2007) for a period of two (2) years from the effective date of this order. If Amega Sales, Inc. and Greg DeLine comply with the terms and conditions of the Stipulation and Agreement and this Order for two (2) years then this probation shall be terminated, except for those terms, conditions and obligations which are expressly continued by the express language of this Agreement. Amega Sales,

Inc. currently has five (5) certificates of registration with the Commission, listed above, all of which are subject to the terms of probation and are subject to revocation upon violation of a condition of probation. During the term of probation, and thereafter if expressly provided, Amega Sales, Inc. and Greg DeLine shall comply with the following conditions of probation:

a) DeLine shall relinquish 100% of his role in the day-to-day management, conduct, and operations of Amega by December 31, 2008, by resigning any position as officer, director, manager or employee of any of Amega's operations. DeLine shall provide documentary proof of fulfilling this condition by December 31, 2008.

b) DeLine shall divest, sell or transfer at least 60% of his ownership in Amega Holdings, Inc., and thereby at least a 60% interest in Amega Sales, Inc. by December 31, 2008. Alternatively, Amega Holdings, Inc. may sell at least 60% of Amega Sales, Inc. prior to December 31, 2008

In no event shall DeLine, or any entity controlled by him, or any combination of DeLine and his spouse, DeLine and his relatives or DeLine and any entity controlled by DeLine possess or control more than 40% of Amega Sales, Inc.'s stock after December 31, 2008. At no time shall DeLine, or any entity controlled by DeLine, or any combination of DeLine and his spouse, DeLine and his relatives, or DeLine and any entity controlled by DeLine own more than 40% of any entity which is engaged in the sale of manufactured homes or registered as a manufactured home dealer within the State of Missouri.

DeLine shall provide documentary proof of fulfilling this condition by December 31, 2008.

c) Amega and DeLine shall disclose the identity of the purchaser of DeLine's interest in Amega. That information shall be retained as "highly confidential" until publicly disclosed by Amega, DeLine or the purchaser of DeLine's interest. Upon completion of the proposed purchase, and when the Director is reasonably satisfied the purchaser is independent of DeLine and does not intend to convey any interest back to DeLine or any entity controlled by DeLine, or any combination of DeLine and his spouse, DeLine and his relatives, or DeLine and any entity controlled by DeLine, then Amega and DeLine shall be deemed to have complied with the terms of this condition of probation. In any event, if DeLine, his trust, or any entity controlled by him, or any combination of DeLine and his spouse, DeLine and his relatives, or DeLine and any entity controlled by DeLine possesses or controls more than 40% of Amega's stock after December 31, 2008, then Amega shall be in violation of this condition of its probation.

d) After December 31, 2008, Amega and DeLine or any entity controlled by him, or any combination of DeLine and his spouse, DeLine and his relatives, or DeLine and any entity controlled by DeLine shall not own more than 40% of any dealer selling manufactured homes in the State of Missouri. After December 31, 2008, DeLine or any entity controlled by him, or any combination of DeLine and his spouse, DeLine and his relatives, or DeLine and any entity controlled by DeLine shall have no role in the control, day-to-day management,

conduct, or operation of any manufactured home dealer in the State of Missouri. In the event of violation of this order, DeLine and Amega shall be subject to penalties as provided for in section 386.570, RSMo 2000, in addition to the mandamus and prohibition provided for in Section 386.360, RSMo 2000.

e) Amega and DeLine shall establish an irrevocable letter of credit with Regions Bank in the total amount of \$70,000 to complete repairs to homes that were damaged in transit before the May 30, 2008. The letter of credit shall be for the purpose of making repairs to homes sold by Amega that were damaged in transit and that do not comply with the manufactured home construction standards or have an imminent safety hazard or serious defect, as defined by the 24 CFR 3280, 3282, and 3283. The letter of credit shall be established and must be approved by the Director before the Stipulation and Agreement is presented to the Commission, and shall remain in place for at least five (5) years from the effective date of this order. Any claim for repair made during the five years after approval of the Stipulation and Agreement shall be paid with the letter of credit. It shall be the duty of the Director, under supervision of the Commission, to make a reasonable determination when a payment may be made. The Director shall report any use of funds from the letter of credit to the Commission and Amega as it occurs. Following the two years of probation contemplated herein, all the rights, responsibilities, duties, and obligations imposed by this paragraph 4 shall survive termination and remain valid and binding on the parties. After the expiration of five (5) years and when all claims made during that five (5) years are paid or finally resolved to the Director's

reasonable satisfaction, the letter of credit may be terminated. No draw on the letter of credit shall take place until Amega has been given an opportunity to repair any damages identified by the Director to the Director's reasonable satisfaction. Amega shall be given thirty (30) days from the receipt of notice from the Director of the existence of such damages to repair the damages. After the expiration of the thirty (30) day period, the Director shall provide Amega with notice that if the damages are not fixed within ten (10) days that a draw request on the letter of credit will be made at the end of that ten (10) day period.

f) Amega and DeLine shall pay a penalty totaling \$50,000 to the public school fund. This penalty shall be paid at a rate of \$5,000 per month on the beginning of every month beginning July 18, 2008, and for nine consecutive months thereafter until paid in full. Amega and DeLine agree to provide proof of the required payments to the Director as they are made.

g) Amega and DeLine shall repair, to comply with the Code, eight red-tagged manufactured homes currently on Amega's lots by November 1, 2008. These homes shall not be moved or sold until the repairs are made and approved by the Director. The Director and his staff are to assist Amega in the repair of the following homes by facilitating contacts with manufacturers and third-parties:

<u>Year</u>	<u>Manufacturer</u>	<u>Serial Number</u>
2006	Clayton	CHO002271KYAB
2006	Clayton	CW2010612TXAB
2007	Clayton	CS2008473TNAB

2007	Southern	DSD4AL47760AB
2008	Southern	DESAL1748AB
2006	Southern	DSD4AL45886AB
2006	Southern	DSDAL45874AB
2005	Champion	12525M (modular)

h) Amega and DeLine shall provide any and all documentation within their control or possession regarding the disposition, sale, and movement of the Hackman home, a 2003 Waverlee, Serial No. 17L07963XU, to the Director by July 18, 2008. This includes all contracts, form 500's, purchase agreements, invoices, bills of lading, loan documents, transportation documents, installation documents, notes, memoranda, checks or any other written information concerning the entire history of this mobile home.

i) Amega shall repair the Hackman home described in paragraph "h" and ensure this home complies with the HUD Code and federal standards. Repairs are to be completed within 30 days of the date of a notice sent by the Director to the current owner or resident of the home and Amega is received. Such thirty (30) day period shall be extended as required due to delays caused by the homeowner. Such delay shall not cause Amega to be in violation of this Order or the Stipulation and Agreement. The Director shall cooperate with Amega on the time-frame of repairs so long as Amega does not unreasonably delay the work and keeps the Director informed as to the situation involving the Hackman home.

j) Additionally, if the Hackman home shall have previously been repaired to the satisfaction of the Director, then the current owner or the owner who made repairs to the home shall be reimbursed by Amega for the expenses of any repairs. Amega shall make no settlement with the owner until the Director and his staff inspect the home and discuss the inspection with the owner.

k) Amega shall pay an inspection or re-inspection fee of \$200 for each inspection of any manufactured home after the initial inspection by the Director.

l) Amega and DeLine shall provide the Director with a list of all manufactured homes known to Amega or DeLine and located in any state, which, in the last three (3) years, have been damaged in transit such that the dealer had the right to reject the delivery of the manufactured home. Amega and DeLine will use their best efforts to obtain this same information going back five (5) years. Such list shall be provided by July 30, 2008. Amega and DeLine shall obtain and provide the Director with all documents including manufacturer invoices, bills of lading, accident reports, and other documents showing damages or repairs, whether the repairs are made by Amega or another entity, to the identified homes by July 30, 2008.

m) Greg DeLine, individually and in his role as an officer or manager for any other company engaged in the sale, distribution or transportation of manufactured homes or modular units, shall, whenever he is aware of transit damage to any manufactured home or modular unit such that a dealer rejects delivery of the home or the home is damaged in a way to remove it from compliance with the HUD Code, advise the Director within seven days of the date

of damage of the make, model, serial number, location, and future or anticipated final destination of the home. DeLine shall advise the Director whenever any manufactured home or modular unit, which is in the possession or control of DeLine or a company with which DeLine is associated that is engaged in the sale, distribution or transportation of manufactured homes, is damaged or repaired and brought into the State of Missouri.

n) Amega and DeLine shall buy back the home sold to Kathryn Quinton, a 2007 Southern Estates manufactured home, model ES322, serial number DESAL2085AB, for the price of \$70,000 contingent upon Quinton: 1. removing all liens securing the home, 2. releasing any further interest in the home subsequent to her settlement with Amega and DeLine, and 3. executing a release of all claims arising out of the sale and purchase of the home from Amega. This requirement shall be completed within a reasonable time not to exceed 60 days, unless extended by the Director. If deemed necessary by the Director, a Third Party mediator may be appointed by the Director to resolve any disputes regarding this requirement between Amega, DeLine and Quinton. Any cost for the mediator will be paid by Amega within 10 days from the date of the final opinion of the mediator.

o) Amega and DeLine shall reinstall the home sold to Karen Cashman, a 2007 Southern Estates manufactured home, model ES322, serial number DESAL2148AB, pursuant to the manufacturer's installation instructions and applicable regulations. The home must be reinstalled properly within 30

days from the effective date of this order unless an extension is approved by the Director.

p) Amega and DeLine shall abide by and not violate the law relating to manufactured housing. Any material violation of law relating to manufactured homes that occurs after the date of this order is grounds for revocation of this probation and thereby grounds for revocation of Amega's five registrations.

q) Amega and DeLine shall disclose to the Director and any potential customer the fact that any home offered for sale has been damaged in a way to remove it from compliance with the HUD Code or if the manufactured home has been materially repaired by any person or entity.

r) DeLine shall not have any office located in any of Amega's sales locations after December 31, 2008.


s) Any act or failure of DeLine shall be deemed to be an act or failure of Amega for purposes of the Parties' Agreement, the terms of this probation, and this Order.

t) In the event the Director or the Commission find that Amega or DeLine failed to provide the Director or the Commission with material information within their control or possession regarding any controversies comprehended by the Stipulation and Agreement which should have been available to Amega or DeLine through reasonable efforts, or if the Director or the Commission find that Amega or DeLine misrepresented material facts relevant to the May 30, 2008 Stipulation and Agreement, then Amega shall have violated this probation and shall be subject to revocation.

4. Upon the Director's reasonable belief that a violation of any of the above conditions has occurred, the Director may file a motion with the Commission seeking revocation of Amega Sales, Inc.'s probation; revocation of Amega Sales, Inc.'s registrations; or such other relief as the Director deems appropriate. The Commission may thereupon set the matter for hearing to determine whether a violation of the terms of probation has taken place and, if so the Commission may revoke or suspend Amega Sales, Inc.'s five registrations; continue Amega Sales, Inc.'s probation, modified or not as the Commission may determine; or enter such other order as the Commission deems just and proper.

5. This Order shall become effective on July 11, 2008.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is positioned above the printed name and title.

Colleen M. Dale
Secretary

(S E A L)

Murray, Clayton, Jarrett, and Gunn, CC., concur.
Davis, Chm., dissents with separate dissenting opinion to follow.

Woodruff, Deputy Chief Regulatory Law Judge