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1 P R O C E E D I N G S

2 JUDGE THOMPSON: We are here for Director of
3 the Manufactured Housing and Modular Units Program of the
4 Missouri Public Service Commission versus Coachman Homes of
5 Eureka, Inc. doing business as Coachman Homes of Eureka, Inc.
6 This is Case No. MC-2004-0271.

7 My name is Kevin Thompson. I will be presiding
8 today in place of Judge Nancy Dippell, who is unavailable. We
9 will take oral entries of appearance at this time. Why don't
10 we begin with Staff.

11 MR. BATES: Thank you, Judge. My name is Bruce
12 H. Bates and I'm appearing today on behalf of the Director of
13 the Manufactured Housing and Modular Units Program of the
14 Public Service Commission. My address is Post Office Box 360,
15 Jefferson City, Missouri 65102.

16 JUDGE THOMPSON: Thank you, Mr. Bates.

17 MS. MURPHY: Good morning, your Honor. My name
18 is Aisling Murphy. I'm here as counsel for Coachman Homes,
19 Inc. Our office is located at 131 Jefferson Street,
20 St. Charles, Missouri 63301.

21 JUDGE THOMPSON: Thank you.

22 Do any of the parties have anything -- any
23 preliminary matters at this time?

24 MR. BATES: None for the Director. Thank you.

25 MS. MURPHY: None, your Honor.

1 JUDGE THOMPSON: Okay. In that case then,
2 Mr. Bates, why don't you step up to the podium and tell us
3 about this Stipulation and Agreement.

4 MR. BATES: Thank you, your Honor. Good
5 morning. Good morning, Commissioners. I hope in the next few
6 minutes to give a brief but I hope comprehensive history of
7 this case and also the Stipulation and Agreement which the
8 Director and Coachman have entered into and proposed for the
9 Commission's consideration.

10 On November 1st, 2000, Mr. and Mrs. David
11 Hatfield purchased a home from Coachman Homes of Eureka. Ten
12 days later they moved into that home. On May 22nd of 2003,
13 wind from a storm damaged that home and it became
14 uninhabitable for Mrs. Hatfield. Unfortunately, Mr. Hatfield
15 had passed away some time before.

16 On May 31st of 2003, Mrs. Hatfield filed a
17 consumer complaint with the Director due to extensive damage
18 to the home from high winds. On June 10th, Kathy Haberstroh,
19 an inspector for the Director, conducted an inspection of the
20 Hatfield home and she determined that some of the home's
21 anchors appeared to have been cut off before installation and
22 that some did not have the required stabilizer plates.

23 On June 23rd, Ms. Haberstroh sent Coachman a
24 letter enclosing a copy of her inspection report showing that
25 in her observation, the home had not been properly anchored.

1 On June 26th, Ms. Haberstroh sent Coachman a revised report.

2 Later in that year, on October 7th, the
3 Director faxed Coachman a letter requesting a reply as no
4 reply had been forthcoming from Coachman. And then on
5 December 29th of last year, 2003, the Director filed a
6 complaint against Coachman based upon the allegations
7 contained in Ms. Haberstroh's inspection report.

8 The Commission then issued a Notice of
9 Complaint offering Coachman the opportunity to take part in
10 voluntary mediation. Coachman requested such mediation and
11 the Director consented to it.

12 On February 4th of this year, the Commission
13 issued an order directing the parties to take part in
14 voluntary mediation. And such mediation did take place on
15 March 17th at the Alternative Dispute Resolution Center at the
16 University of Missouri-Columbia School of Law. It was a
17 fruitful session and in the weeks that followed, both sides
18 were able to reach terms of a settlement which they submitted
19 to the Commission on May 18th of this year for its
20 consideration and hope for approval.

21 During the term-- during the investigation and
22 the mediation, it was determined that Mrs. Hatfield's home had
23 been anchored by one Kurt Naeger, who was a contractor that
24 Coachman hired to do some of its anchoring and that he was
25 primarily responsible, thus, for the anchoring, although

1 Coachman, as it had contracted with him, did bear some
2 responsibility.

3 Under the terms of the agreement, if the
4 Commission should approve, Coachman would be required to pay a
5 \$2,000 penalty to the Commission within 10 days of approval of
6 the agreement. In addition, Coachman would be required to
7 provide the Director with a list of addresses for all the
8 manufactured homes that the subcontractor, Kurt Naeger,
9 anchored with anchoring devices on behalf of Coachman between
10 the dates of January 1st, 2000 and March 17th, 2004. These
11 would be provided within 30 days of the date of the execution
12 of the agreement or June 17th of this year.

13 The Director would then choose from that list a
14 number representing 10 percent of all the homes on the list or
15 25 homes, whichever number was less, and the list would be
16 sent to Mr. Steve Boyd, the general manager at Coachman by the
17 Director. Coachman would then have 60 days to inspect those
18 homes with the Director or a representative of the Director
19 present and make repairs if any major anchoring problems are
20 found. These repairs would be at Coachman's expense. No
21 additional -- pardon me. No additional penalty would be
22 required to be paid by Coachman if they did make these
23 repairs.

24 If a major anchoring problem occurs in the
25 future to a home sold through Coachman's St. Peters, Eureka or

1 Herculaneum locations within five years of May 18th, 2004, the
2 date an agreement was executed, Coachman will pay a \$5,000
3 penalty for each new occurrence.

4 The Director would agree to dismiss the
5 complaint if the Commission approves the agreement. However,
6 under the terms of the agreement, the Director would reserve
7 the right to refile this case if new occurrences are found.
8 In addition, Coachman would not use Kurt Naeger to anchor
9 homes in the future on its behalf.

10 Section 700.115.2 sets the penalty for
11 violations at \$1,000 per violation with a \$1 million total for
12 any series of violations occurring within one year of the
13 initial violation. Because of that, the Director believes
14 that the \$2,000 penalty, which Coachman would be required to
15 pay and the possibility of \$5,000 penalty for each occurrence
16 in the future, represents a significant and very meaningful
17 penalty that would actually benefit the cause of doing justice
18 in this matter more than asking the Commission to hold a
19 hearing on this matter and request that the Director be
20 allowed to go to circuit court to seek penalties.

21 Also, because Coachman has a good record as a
22 dealer in the past, the Commission -- the Director did not
23 feel that it was advisable to ask for a suspension or
24 revocation of Coachman's license and that the terms set out in
25 the settlement agreement provide the best benefit to everyone

1 concerned. Thank you very much.

2 May I also say that I have with me today
3 Mr. Ron Pleus, the Director; Ms. Kathy Haberstroh, who did the
4 inspection in this case; and Mrs. Dixie Hatfield, the
5 homeowner, if the Commission should have any questions of
6 them. Thank you.

7 JUDGE THOMPSON: Thank you, Mr. Bates.

8 Before you step away, are there any questions
9 from the Bench for Mr. Bates? Chairman Gaw?

10 CHAIR GAW: Do you all want to wait or --

11 COMMISSIONER DAVIS: Let's wait. I don't have
12 any at the present time.

13 CHAIR GAW: I'll wait too, if that's all right.
14 We can come back and do this all at once.

15 COMMISSIONER APPLING: I have a couple
16 questions, but I can wait.

17 JUDGE THOMPSON: Very well.

18 MR. BATES: Thank you.

19 JUDGE THOMPSON: Thank you, Mr. Bates.

20 Respondent?

21 MS. MURPHY: Yes. Thank you, your Honor. Good
22 morning, your Honor, members of the Commission. Just a couple
23 of brief statements, if I may.

24 I'm here on behalf of Coachman Homes, which is
25 a Missouri corporation that has been in good standing for

1 almost 30 years now. This is the first time we've had any
2 sort of complaint before the Public Service Commission. As
3 Mr. Bates was kind enough to point out, Coachman Homes does
4 have a very good reputation in the industry and doing business
5 with its customers.

6 At the time this complaint was filed, we took
7 immediate action to request and seek voluntary mediation of
8 this matter to address the issues and to proceed forward as
9 best we could to reach a resolution that would be satisfactory
10 to the Commission and to provide for a safety program and
11 standard for the future so that Coachman can ensure that we
12 not have a repeat of the incident that has brought us here
13 today.

14 As Mr. Bates pointed out, the stipulated
15 agreement that we've entered into and hope to have approval of
16 today has really set forth a lot of guidelines for the future
17 of how Coachman will do business. We have stopped using, from
18 the moment the complaint was filed, the subcontractor who is
19 really responsible for bringing us here today and have hoped
20 to take affirmative and positive actions to double check any
21 of the work that was done by him and to proceed forward with
22 the understanding that if there are any future violations or
23 occurrences, that the penalty will be strict and harsh.

24 That is Coachman's understanding and we are
25 more than willing and volunteering to enter into that

1 agreement in the hopes that that will bring about a good
2 resolution to this matter and ensure that we don't have any
3 future problems.

4 As Mr. Bates did point out, the parties did
5 come to what we believe was a fruitful resolution at the time
6 of mediation. We are hopeful that we can answer questions
7 about that agreement here today. Our plans -- Mr. Steve Boyd,
8 the general manager, is here with me today. He plans to
9 implement the stipulated agreement and the points therein at
10 Coachman Homes and we hope to answer your questions with
11 regard to that agreement and how we plan to proceed in the
12 future to satisfy the Commission's inquest in this matter.
13 Thank you very much.

14 JUDGE THOMPSON: Thank you.

15 Any questions from the Bench for Respondent's
16 counsel? Commissioner Gaw?

17 CHAIR GAW: Have we had everybody now that's
18 going to say something?

19 JUDGE THOMPSON: Yes, sir.

20 CHAIR GAW: Let me -- you may have a seat, if
21 you'd like.

22 MS. MURPHY: Thank you.

23 CHAIR GAW: I'll get back in just a moment.

24 Thank you.

25 I guess the first question I have is I want to

1 understand whether or not anything has happened -- is it Kurt
2 Naeger? Is that the individual? Have there been any actions
3 by any entity regarding this individual and what he did in
4 regard to this particular incident or any other? Whoever
5 knows.

6 MR. BATES: Would you like me to come back to
7 the --

8 CHAIR GAW: I don't care where you are.

9 JUDGE THOMPSON: You may speak from there,
10 Mr. Bates.

11 CHAIR GAW: The Judge may care.

12 MR. BATES: Thank you, Judge.

13 Your Honor, as far as what the action has been
14 is what Ms. Murphy stated, that Coachman has ceased using his
15 services at all and has pledged not to do so in the future.

16 CHAIR GAW: I understand that. What I want to
17 know is whether or not Mr. Naeger violated any laws and
18 whether or not this case has been referred to any entity for
19 prosecution if he has?

20 MR. BATES: He has not been referred by this
21 office.

22 CHAIR GAW: Do we know whether or not he
23 violated any laws in the state in this particular case?
24 Mr. Naeger. I don't know that any -- I'm not particularly
25 picking on you all for sure, but I'm looking to see what's

1 happening with that.

2 MS. MURPHY: We have simply terminated
3 employment and use with Mr. Naeger from the time the complaint
4 was filed in December. To the best of my knowledge, there
5 have been no criminal charges filed against him.

6 CHAIR GAW: Does anyone know whether or not
7 there are potential violations of criminal statutes in regard
8 to his actions?

9 MR. BATES: Commissioner, we do know -- the
10 reason that we have not taken any action is the Director does
11 not have jurisdiction over him.

12 CHAIR GAW: I understand that may be a
13 possibility. That doesn't -- our responsibility doesn't stop
14 with our jurisdiction, in my opinion. So --

15 MR. BATES: I suppose it is possible that a
16 violation of a criminal law has occurred. We have not looked
17 into that.

18 CHAIR GAW: I'd like for you to do that,
19 Mr. Bates. And if there are potential violations, they ought
20 to be referred to the appropriate authorities.

21 Now, let me ask you this. And this may be a
22 question for the Director. Were these anchors cut and placed
23 in the ground? Were they just never -- were they
24 inappropriate anchors to begin with? And you're going to have
25 to be sworn in, Director, by the Judge if you're going to

1 respond.

2 (Witness sworn.)

3 JUDGE THOMPSON: Please proceed.

4 RON PLEUS testified as follows:

5 CHAIR GAW: Mr. Pleus?

6 MR. PLEUS: The inspection that we did and the
7 anchors that we have here today if you want to see them --

8 CHAIR GAW: I do.

9 MR. PLEUS: Okay. Can I explain and then we'll
10 get them?

11 CHAIR GAW: Yes. Go right ahead.

12 MR. PLEUS: We identified two of them that were
13 cut off, you know, sheared off and then stuck in the ground.
14 Then when we did the soil test on the site, we also identified
15 that the anchors that were used were not the appropriate
16 anchors for that soil type. They should have been a longer
17 anchor for that particular soil type.

18 And -- and we can explain that -- and I can
19 have the inspector, Kathy Haberstroh, explain that test and
20 what anchors could have been used if they were going to use
21 those same type of anchors. Okay?

22 CHAIR GAW: All right.

23 MR. PLEUS: We could not look at all of the
24 anchors because the home was lifted up, moved about 3 feet in
25 one direction, 5 feet the other and the home was down on top

1 of some of the other anchors that were there, so we couldn't
2 get to some of the other anchors on the front side of the
3 home.

4 CHAIR GAW: Has that home been moved since then
5 so those anchors might be moved?

6 MR. PLEUS: I think it was raised up, but it is
7 still on the exact same site, and we verified that yesterday.

8 CHAIR GAW: Okay.

9 MR. PLEUS: And if you want to see the
10 anchors --

11 CHAIR GAW: Yeah, let's see them.

12 MR. PLEUS: This one was cut off and the helix
13 was cut off.

14 CHAIR GAW: All right. Judge, you got -- I
15 don't know if you need exhibits or not for identification
16 purposes.

17 JUDGE THOMPSON: Sure. Ms. Reporter, do you
18 want to go ahead and mark that as Exhibit No. 1.

19 (Exhibit Nos. 1 and 2 were marked for
20 identification.)

21 COMMISSIONER APPLING: Let me ask you a
22 question before you go any further. Is that portion that was
23 broken off on that one, that was still left in the ground?

24 MR. PLEUS: Yes.

25 COMMISSIONER APPLING: That don't look too much

1 like -- that don't look like too good of an anchor to me.
2 I've put more anchors when I was in the Army in the ground for
3 a tent then that in a trailer.

4 MR. PLEUS: You have to understand they were
5 somewhat longer and they had another helix or two on and they
6 were cut off.

7 COMMISSIONER APPLING: My second question --
8 and I'm a new Commissioner -- do we have a set of standards
9 for anchoring homes?

10 MR. PLEUS: Yes.

11 COMMISSIONER APPLING: Did someone inspect this
12 home at the completion of its setup? Did someone look at it?
13 Did Coachman? Did we look at it? Is that a responsibility
14 for someone to look at the anchoring and the setting up? Is
15 there an inspection at the end of the setup on a trailer?

16 MR. PLEUS: We did not do an inspection after
17 the home was set up. We just reacted to the complaint that
18 was filed by the owner.

19 COMMISSIONER APPLING: Well, is there a
20 requirement for someone to inspect this setup?

21 MR. PLEUS: Unless there's a waiver received,
22 the dealer's responsible for the proper initial setup. And we
23 approve all the anchors from all the companies who submit
24 anchors to us for approval.

25 COMMISSIONER APPLING: So it was Coachman's

1 responsibility to make sure that that home was set up
2 correctly --

3 MR. PLEUS: Yes.

4 COMMISSIONER APPLING: -- using the right
5 anchors and all that through the contract which they had?

6 MR. PLEUS: Yes.

7 COMMISSIONER APPLING: Okay. Thank you.

8 JUDGE THOMPSON: Any other questions?

9 CHAIR GAW: Yeah. Let me finish.

10 The exhibit marked No. 1, you say that was cut
11 off?

12 MR. PLEUS: Yes.

13 CHAIR GAW: Is that cut off or broken off in
14 the ground?

15 MR. PLEUS: Well, steel, if it's cut, you can
16 normally see the difference. Steel doesn't bend or -- like
17 aluminum or something of that nature. It appears -- and I'm
18 not an expert, but I used to do some welding and I worked for
19 a company that did that -- that this anchor was cut off right
20 through here (indicating), smooth and clean, and then it had a
21 lip here that was snapped off and then this helix here
22 (indicating) was also cut off around it. And then this one
23 was just cut off below the helix (indicating).

24 CHAIR GAW: How much further should Exhibit
25 No. 2 have extended?

1 MR. PLEUS: This anchor should be 30" long in
2 total.

3 CHAIR GAW: Approximately what is it there?

4 MR. PLEUS: Probably somewhere around 18.

5 CHAIR GAW: Okay. So how many other anchors
6 like that were recovered that appeared to have been cut off?

7 MR. PLEUS: These are the only two we could
8 recover. We have pictures of some of the other ones that were
9 still in the ground.

10 CHAIR GAW: All right.

11 MR. PLEUS: As I mentioned earlier, the home
12 was moved over on top of the ones on the front side of the
13 home so we could not get to those at all. And then it was --
14 the home was also laid down on the ground, it was off the
15 blocks.

16 CHAIR GAW: Did you all talk to this
17 Mr. Naeger?

18 MR. PLEUS: I -- no. No, sir.

19 CHAIR GAW: Okay.

20 MR. PLEUS: That's with input from the
21 inspector.

22 CHAIR GAW: Is he still in the business of
23 setting up mobile homes for other entities?

24 MR. PLEUS: I couldn't answer that question.

25 CHAIR GAW: Let me ask counsel for Respondent.

1 MS. MURPHY: Commissioner, as far as myself and
2 Mr. Boyd are familiar, they've had no contact with
3 Mr. Naeger since his termination in December, so we are not
4 familiar with where he would be working. If he is with a
5 competitor, we are not aware of that at this time.

6 CHAIR GAW: Did he do business for other
7 dealers besides Coachman?

8 MR. BOYD: Yes.

9 JUDGE THOMPSON: Let's go ahead and swear you
10 in, sir. State your name for the record.

11 MR. BOYD: Stephen Boyd.

12 (Witness sworn.)

13 JUDGE THOMPSON: Thank you, sir.

14 STEPHEN BOYD testified as follows:

15 JUDGE THOMPSON: Go ahead and answer the
16 Commissioner's question if you would.

17 MR. BOYD: No, sir, I'm not familiar of where
18 he's working currently, but he did do work with other
19 dealerships, yes.

20 CHAIR GAW: Do you know who they were that
21 you're familiar with?

22 MR. BOYD: Not -- not specifically, no. I
23 mean, I would just be guessing. But there was -- there was
24 just not enough work for him to do for us so he had to be
25 doing work for other dealerships.

1 CHAIR GAW: I understand. I'm trying to see
2 whether we've got a wider net that needs to be cast out here.
3 I'm worrying about the possibility of this happening with some
4 other set-ups.

5 How long did the relationship that Coachman had
6 with this individual continue? Over approximately what period
7 of time?

8 MR. BOYD: Since we started using him?

9 CHAIR GAW: Yes.

10 MR. BOYD: I've only been in my position for a
11 year and a half, so I'm not quite sure how far back it goes.

12 CHAIR GAW: Maybe we better establish what your
13 position is.

14 MR. BOYD: I'm currently the general manager
15 for Coachman Homes, all locations.

16 CHAIR GAW: Okay. And you've done that for how
17 long again?

18 MR. BOYD: Approximately a year and a half.

19 CHAIR GAW: Who held that position before that?

20 MR. BOYD: Actually, it was two people sharing
21 duties, Tracy Gaffney and Chris Gaffney.

22 CHAIR GAW: All right. Are they still with
23 Coachman?

24 MR. BOYD: They are not in the day-to-day
25 operations. They are -- they are two of the owners.

1 CHAIR GAW: Two of the owners. Were they
2 owners then as well prior to your involvement?

3 MR. BOYD: Yes.

4 CHAIR GAW: Okay. And you don't know how far
5 back then this relationship goes?

6 MR. BOYD: No, sir.

7 CHAIR GAW: Where was this individual officed
8 out of; Mr. Naeger?

9 MR. BOYD: He works out of his home.

10 CHAIR GAW: Out of his home. And where did he
11 live?

12 MR. BOYD: I believe he lives in the High
13 Ridge/Fenton area.

14 CHAIR GAW: All right. Did he have others that
15 assisted him when he did set-up work?

16 MR. BOYD: Yes. He would -- he would have
17 probably a crew of two or three people. And sometimes I would
18 suppose if he's busy, he had two different crews.

19 CHAIR GAW: Okay. Thank you. I may come back
20 in just a minute.

21 Mr. Pleus, is there a concern that this kind of
22 setup that you witnessed in this particular mobile home setup
23 could be a problem in other setups that this individual did?

24 MR. PLEUS: Yes, that's a concern,
25 Commissioner. And that's why in the stip agreement we wanted

1 to get a list of all of the individuals -- or a percentage of
2 all the individuals that Mr. Naeger may have set up the homes
3 and anchored the homes for Coachman Homes, Inc. so we could
4 see if there was a continuing problem with the work that he
5 did. And they had agreed to give us that information.

6 CHAIR GAW: Have you had any opportunity to
7 view any other setups that he has done as of this point in
8 time?

9 MR. PLEUS: No, sir. We had planned to do that
10 if this -- this stip was agreed to and we got that list from
11 Coachman that we would go out and do that.

12 CHAIR GAW: Okay. Did you find any evidence
13 that Coachman was aware of this kind of setup in any of your
14 investigation?

15 MR. PLEUS: No, sir.

16 CHAIR GAW: And your counsel represented
17 earlier that Coachman has a good record in front of this
18 Commission in regard to the work that -- or the practices --
19 sales practices and other practices that you're aware of. Is
20 that your understanding?

21 MR. PLEUS: Yes.

22 CHAIR GAW: Can you give me a little more
23 background than that?

24 MR. PLEUS: We have had complaints filed on the
25 company from other individuals --

1 CHAIR GAW: Right.

2 MR. PLEUS: -- but as a whole, those -- those
3 complaints are corrected, the company goes out and makes the
4 fixes. And they are a large company, they sell a large number
5 of homes and based on their sales volume, they have not had a
6 history of having any major problems.

7 CHAIR GAW: I'm not going to ask you who, but
8 do you have other companies that -- or what companies they
9 might be, but do you have other companies that do show more of
10 an indication of consistent problems with consumer complaints?

11 MR. PLEUS: Yes, sir.

12 CHAIR GAW: Would you say that this company is
13 above average, average, below average in the percentage of
14 consumer complaints based on the volume of sales?

15 MR. PLEUS: Below.

16 CHAIR GAW: Below average.

17 Now, this issue in regard to Mr. Naeger's
18 setup, did you inquire as to whether or not the charges that
19 Mr. Naeger was billing for setup was appropriate or average,
20 above average or below average for that type of work when he
21 was billing for setup?

22 MR. PLEUS: We -- we normally do not see that
23 charge for those -- the setup. That's --

24 CHAIR GAW: Would you know what the normal
25 charges are?

1 MR. PLEUS: I -- I would say in -- for this
2 size of home -- and Coachman may be better able to answer that
3 than I am, but probably in the neighborhood of \$2,500.

4 CHAIR GAW: Let me go back to Coachman and ask
5 whether or not Mr. Naeger's charges were pretty much similar
6 to what you would expect to pay for setup?

7 MR. BOYD: Yes, sir.

8 CHAIR GAW: Can you tell me about what you were
9 paying -- let me ask you this, who pays for setup anyway? I
10 don't know.

11 MR. BOYD: We do. The dealership does.

12 CHAIR GAW: Yeah. On a new home?

13 MR. BOYD: Yes, sir.

14 CHAIR GAW: And about what would you pay for
15 Mr. Naeger's services?

16 MR. BOYD: As Ron indicated, it would depend on
17 the size of the home, whether single-section or multi-section
18 home. I'd say he's probably about right in this case. I
19 don't have the number, but 2,500 is probably reasonable.

20 CHAIR GAW: Do you know what -- you have
21 someone different now doing your setup; is that correct?

22 MR. BOYD: Yes, sir.

23 CHAIR GAW: Are you paying them more, about the
24 same or less than what you were paying Mr. Naeger?

25 MR. BOYD: I would -- I -- I don't have the

1 numbers in front of me, but I would guess it's probably
2 similar.

3 CHAIR GAW: Okay.

4 MR. BOYD: All the contractors are generally in
5 the same range.

6 CHAIR GAW: When Mr. Naeger was working for
7 Coachman as a subcontractor, did you use other setup people as
8 well?

9 MR. BOYD: Yes.

10 CHAIR GAW: Okay. So he wasn't the exclusive
11 subcontractor?

12 MR. BOYD: No, sir.

13 CHAIR GAW: Mr. Pleus, I'm very concerned about
14 this issue about how many of these homes may be out there.
15 And since I don't know anything other than this one sample, I
16 guess what I need to ask you is, you're asking for the list of
17 all of the homes that Mr. Naeger set up; is that correct?

18 MR. PLEUS: A percentage of all the homes that
19 he set up from 2000 to May of 2004.

20 CHAIR GAW: You're not asking for all of them?

21 MR. PLEUS: No, sir. We did not ask for all of
22 them in the mediation.

23 MR. BATES: We are asking for a list of all the
24 homes and then we will choose a percentage to inspect.

25 MR. PLEUS: I'm sorry.

1 CHAIR GAW: I understand that. You're choosing
2 10 percent?

3 MR. BATES: 10 percent or 25 homes. Either 10
4 percent or the whole or 25, whichever is fewer.

5 CHAIR GAW: And what are you going to do after
6 you inspect those homes?

7 MR. PLEUS: We're going to specifically inspect
8 them to make sure they are set up and anchored correctly
9 with -- with emphasis on the anchoring to make sure that --

10 CHAIR GAW: Do you have to remove the anchors
11 to inspect to see whether the anchors are appropriate?

12 MR. PLEUS: To determine if they are
13 appropriate, not necessarily. The anchors have numbers on
14 them which represent a certain size and length and soil type
15 they're for. And we --

16 CHAIR GAW: And that will tell you whether or
17 not they're appropriate for that. It won't tell you whether
18 they're cut off.

19 MR. PLEUS: And then if we see that they're not
20 anchored totally in the ground or loose, etc. then we would
21 probably take steps to take them back out of the ground or do
22 the best we could to see if they were manipulated in any way.

23 CHAIR GAW: You're telling me you can
24 physically tell without removal whether they've been cut off?

25 MR. PLEUS: Not absolutely, not with 100

1 percent certainty. However, these type of anchors -- and I
2 think if we found others like this that were cut off, we could
3 physically determine that they're not in the ground far enough
4 or they would be much looser than anything that was 30" in the
5 grounds versus 12 to 18" in the ground.

6 CHAIR GAW: Why would someone cut off one of
7 these anchors?

8 MR. PLEUS: Time. Not just -- not wanting to
9 take the time to do it correctly. And if they had a problem
10 with putting those type of anchors in, rather than going and
11 getting other anchors that were approved that would work, just
12 using them, cutting them off and jamming them into the ground
13 to make them look like they were inserted correctly.

14 CHAIR GAW: What are you going to do if you
15 find that there are examples like this one out there when you
16 do your inspection of your 25 or 10 percent?

17 MR. PLEUS: Well, we thought if we find more,
18 than we may have to follow up with that with either some kind
19 of complaint or discipline or additional action against the
20 contractor or the company.

21 CHAIR GAW: I just heard you say a while ago
22 you didn't think you had jurisdiction over it.

23 MR. PLEUS: Well, the -- at this time and until
24 our installer requirements kick into effect, the dealer is
25 responsible for the contract work that's done on the setup of

1 the home.

2 CHAIR GAW: How is the dealer responsible?

3 MR. PLEUS: Because they're responsible
4 pursuant to Chapter 700 for the proper and initial setup of
5 the home and -- unless they get a specific waiver from the
6 consumer.

7 CHAIR GAW: And there was no waiver in this
8 case, I take it?

9 MR. PLEUS: Not that we were ever supplied
10 with.

11 CHAIR GAW: What should Coachman have done to
12 ensure that the setup was appropriate? Do they have a
13 responsibility to have somebody out there to go -- that's an
14 employee to check the subcontractor to make sure that the work
15 is done correctly or is it just up to them because they have
16 the ultimate responsibility about how they make sure it's
17 properly set up?

18 MR. PLEUS: I think your latter explanation,
19 that's correct. I think they're just ultimately responsible.

20 CHAIR GAW: Well, here's what I'm concerned
21 about first. I'm mostly concerned about whether or not there
22 are other homes out there that are not properly anchored.

23 MR. PLEUS: Yes.

24 CHAIR GAW: And I'm trying to understand if you
25 find anything in that sample that indicates that there are

1 other homes out there like this, to me that indicates
2 somebody's going to have to make contact with all of these
3 homeowners.

4 And I guess my question is, why are we not
5 requesting that the company send some notice to all of these
6 individuals who purchased homes to suggest that those anchors
7 be checked? Because I'm not -- I don't want to read a case in
8 the newspaper of one of these mobile homes being overturned
9 with high winds and someone being injured or worse as a result
10 and know that there may have been information out there that
11 could have been delivered to those individuals before that
12 that might have prevented it.

13 So I need to understand what measures --
14 whether the measures we're taking here are appropriate to
15 notify those individuals. And I'm not sure I see that in just
16 doing the sample. So if you've got some feedback for me on
17 that, I'd like to hear it.

18 MR. PLEUS: As best I can answer that,
19 Mr. Chairman, as -- that could be an option that could be
20 pursued here is notification to all those individuals.
21 Absolutely could be an option. And I think Coachman probably
22 would agree with that.

23 One of the other things we have here depending
24 on the total number, if the Staff has to do that -- that
25 inspection of each one of those homes and the anchoring, that

1 does take time and we also have to keep up with the other
2 complaints that are filed. I'm not sure that we have the --
3 the number of Staff people that could handle all of that in a
4 timely manner. However, if it's an issue, we could -- I guess
5 we could make that adjustment.

6 COMMISSIONER DAVIS: Can I interrupt and ask a
7 question here?

8 CHAIR GAW: Go ahead.

9 COMMISSIONER DAVIS: I'm sorry, Commissioner.
10 How many homes did this gentleman install?

11 CHAIR GAW: Well, for Coachman?

12 COMMISSIONER DAVIS: For Coachman.

13 MR. PLEUS: You'd have to ask --

14 MS. MURPHY: Commissioner, Mr. Boyd and I were
15 just trying to come up with a firm number. We believe -- we
16 have not yet done a full records search. We do not believe it
17 is more than 50 in the three years that we -- that the term
18 has covered. And that's -- we believe that's the full term of
19 his employment. So we don't believe it's any more than 50, we
20 actually think it's significantly less. So when we come up
21 with the number at mediation, we believe we're covering a
22 large majority of the homes he would have set up.

23 We're, of course, going to confirm that once we
24 have the full list of the homes he did set up, but we believe
25 it's pretty close. So we're not talking about hundreds of

1 homes and we're only checking 25. We believe it's at least a
2 majority of the homes he would have set up.

3 COMMISSIONER DAVIS: Okay. So if there are
4 50 homes, maybe that's the top number and it's either
5 10 percent or 25? It's not the lesser or greater?

6 MR. BATES: Whichever is lesser of those two
7 figures.

8 COMMISSIONER DAVIS: Okay. So let me ask you
9 this, Ron. Do you feel like your Staff has the capability to
10 send out a letter -- if we only inspect 5 -- or 10 percent of
11 those homes, say it's 5, do you feel competent that you can
12 send out a letter to the other -- that you can track down and
13 send a letter to the other 45 homeowners in a reasonable
14 fashion to alert them that, you know, if they have any
15 problems, then they ought to contact us?

16 MR. PLEUS: Oh, yes, sir. We could send out
17 the notice if we received those individuals' names and address
18 from Coachman, because we would not have them in our files.
19 Currently we respond to the -- to the complaints received from
20 the consumer. That's where we get the name, address,
21 location.

22 COMMISSIONER DAVIS: I understand.

23 MR. PLEUS: Okay. I'm sorry. But, yes, we
24 could definitely do that in a timely fashion.

25 COMMISSIONER DAVIS: I don't have anything

1 else.

2 CHAIR GAW: Let me go back then. I guess I
3 need to ask counsel for Coachman. You all have been put on
4 notice -- I mean, regardless of what's going on here, you all
5 have been put on notice that there's a problem with one of
6 these homes. And the liability issues here have got to be --
7 have got -- I mean, I suspect they're as important -- probably
8 more important than what we're dealing with on this case.

9 Have you all made efforts at this point in time
10 to do something about those other homes and homeowners being
11 contacted and checking to see whether or not there are anchor
12 problems with them?

13 MS. MURPHY: At this point, your Honor, we have
14 not. As part of our agreement -- and part of the revisions we
15 made was we had agreed that a member of the Director's Staff
16 will come with us to basically double check and ensure that
17 the inspections were proper and complete. Those will be done
18 within 60 days, so we do hope either by midsummer or the end
19 of summer those will be done quickly.

20 And Mr. Boyd and I have discussed the
21 possibility of just -- as Mr. Pleus just brought up, of
22 notifying all the homeowners that there is maybe a quality
23 control issue with the homes that we would need permission
24 obviously to inspect the homes from the homeowners, so they
25 will be informed the reason we're, you know, intruding on

1 converge with that of the consumer.

2 MS. MURPHY: Exactly.

3 CHAIR GAW: And it's important I think that
4 that be done. So I would like to see some agreement that
5 if -- that the number of actual inspections that are occurring
6 in these homes is a representative sample. Especially if
7 we're only dealing with 50 homes or less, it seems to me like
8 a greater percentage of these homes could be examined.

9 And if I were in Coachman's position, I would
10 want to check all of them that you can get permission to do.
11 And I understand the resource issue here. It seems to me like
12 that the homeowners ought to be alerted and they ought to be
13 notified about how they can have it checked, have their homes
14 checked and who they need to contact.

15 The other issue that I have here is that
16 Mr. Naeger, if he has done work for other entities, it seems
17 to me like that -- and I think you have to be cautious in how
18 you frame this notice all the way around, these -- there could
19 be particularly -- Mr. Naeger may have defenses, he may say
20 maybe this happened during the storm, he may come up with all
21 sorts of possibilities here. I think you have to be careful
22 of how you word your letter, but I think that the other
23 dealers in that area ought to be notified and asked to supply
24 information about any homes that have been set up,
25 particularly if you all find more examples of this kind of

1 setup work.

2 MR. PLEUS: You're suggesting then maybe some
3 type of notification to all the dealers in that area too that
4 have used this contractor?

5 CHAIR GAW: Well, I'm just thinking that this
6 is -- if this is an issue that really -- that involves not
7 just this mobile home. What I don't know is whether this is a
8 one setup incident or if it's something more than that. And
9 your inspections are going to disclose that. If you start
10 seeing something more out there, then it seems to me like some
11 additional notice to others is appropriate.

12 MR. PLEUS: And that was our plan,
13 Mr. Chairman, is kind of to start with that sample and go from
14 there.

15 CHAIR GAW: That's part of the thing, you can't
16 tell what you all are planning to do with this information
17 with the stip and so that's why I'm inquiring about it.

18 MR. PLEUS: I understand. Yes.

19 CHAIR GAW: I would assume that this issue --
20 you've just got a new statute passed on setup and I'm assuming
21 that this issue would be a relevant issue on licensure, at
22 least an inquiry on licensure if Mr. Naeger comes in looking
23 for a license.

24 MR. PLEUS: In the future, yes. With our --
25 when we implement the installer licensing program, yes.

1 CHAIR GAW: That's all I have right now, I
2 think, Judge. Thank you.

3 JUDGE THOMPSON: Thank you, Chairman Gaw.
4 Commissioner Davis?

5 COMMISSIONER DAVIS: I don't have any further
6 questions.

7 JUDGE THOMPSON: Thank you, sir.
8 Commissioner Appling?

9 COMMISSIONER APPLING: Mr. Boyd --

10 MR. BOYD: Yes, sir.

11 COMMISSIONER APPLING: -- can you describe for
12 me just briefly what is your standard policy and procedure for
13 setting up manufactured homes? What is your standard for
14 that? What procedures do you go through in order to do that?
15 Say I bought a home from you tomorrow, you're going to set it
16 up for me next week. Talk to me about that.

17 MR. BOYD: We have several -- several
18 subcontractors. We have six different retail locations so we
19 have -- we basically have subcontractors who set up the homes
20 for us typically at each location, a different person. So
21 when we have -- when we sell a home, we subcontract that work
22 to them and they are aware of all of the guidelines and what
23 they're supposed to follow in order to do that appropriately.

24 COMMISSIONER APPLING: Are there any checks and
25 balances or samples of anyone from your company -- from

1 Coachman that goes out and takes a look at the trailers after
2 they're set up? Is there any procedure in your policy to do
3 that?

4 MR. BOYD: Not in the past we have not done
5 that. I think that the -- the licensing process, which is
6 going to be in place, is going to help us going forward.

7 COMMISSIONER APPLING: Right.

8 MR. BOYD: And I'm also committing resources to
9 start that process, so taking corrective actions going
10 forward.

11 COMMISSIONER APPLING: And the only reason I
12 ask is because this kind of incident goes directly to the
13 credibility of Coachman, to me it does. And to me, anchoring
14 one of these manufactured homes should be a priority for the
15 person that's setting it up and for the company that's
16 collecting -- paying the \$2,500 to get it done.

17 This is serious. I look at this as being very
18 serious as to anchoring that home correctly. It's too late to
19 worry about it once the wind has blown it over and killed
20 somebody. It's too late. And I know you know -- you're in
21 the business -- how serious this should be taken.

22 My second question to Staff is, was
23 Mrs. Hatfield, was her trailer -- was the correction made?
24 Was everything put right on that manufactured home that was
25 damaged?

1 MR. PLEUS: Mr. Commissioner, if you mean were
2 corrections or repairs made to the home, I don't believe so.
3 I think the insurance claim paid for the value of the home and
4 it was -- the home was a total loss.

5 COMMISSIONER APPLING: Okay. Thank you.

6 JUDGE THOMPSON: Chairman Gaw, you indicated
7 you had another question?

8 CHAIR GAW: Yeah. Thank you, Judge.

9 Who was the original Complainant again?

10 MR. PLEUS: Mrs. Hatfield.

11 CHAIR GAW: And she's here?

12 MR. PLEUS: Yes, sir.

13 CHAIR GAW: May I inquire of Mrs. Hatfield?

14 JUDGE THOMPSON: You may. Mrs. Hatfield, could
15 you come up? And we actually have a witness chair.

16 MR. BATES: It's right over there.

17 JUDGE THOMPSON: Thank you, ma'am. Please
18 state your full name for the record.

19 MS. HATFIELD: Dixie Hatfield.

20 (Witness sworn.)

21 JUDGE THOMPSON: You may inquire,
22 Mr. Commissioner.

23 CHAIR GAW: Thank you.

24 DIXIE HATFIELD testified as follows:

25 CHAIR GAW: Mrs. Hatfield, thank you for coming

1 today, and I'm not going to ask you any tough questions.
2 Okay? I just want to see, have you seen this -- first of all,
3 tell me generally what happened when this home -- when this
4 home was damaged.

5 MS. HATFIELD: I wasn't there when it happened.
6 Me and my kids had went out to eat out and went over to my
7 mom's for a little while. And when we came home, I seen my
8 house sitting on the ground.

9 CHAIR GAW: Was anyone in it?

10 MS. HATFIELD: Just my dog.

11 CHAIR GAW: Your dog. Was your dog hurt?

12 MS. HATFIELD: No.

13 CHAIR GAW: So it had moved off of its
14 platform?

15 MS. HATFIELD: Yeah. It was sitting on the
16 ground.

17 CHAIR GAW: Yeah. Okay. Do you remember when
18 the trailer -- excuse me, when the mobile home was set up?

19 MS. HATFIELD: It was November of 2000. Yeah.

20 CHAIR GAW: Were you there?

21 MS. HATFIELD: Not during the setup, no.

22 CHAIR GAW: Okay. So you weren't around to see
23 what they were doing when it was anchored down?

24 MS. HATFIELD: No.

25 CHAIR GAW: All right. Have you looked at

1 the -- or do you know what the agreement is in regard to what
2 will happen going forward with this case?

3 MS. HATFIELD: As far as?

4 CHAIR GAW: As far as the inspections of these
5 additional homes and things. Have you been made aware of
6 that?

7 MS. HATFIELD: Just today. I don't feel that
8 10 percent is any kind of -- I think if I was one of the 50 or
9 more people that was happening to, I'd want to know and I'd
10 want my home inspected.

11 CHAIR GAW: Yes. So you think it would be
12 better if we had all of them looked at?

13 MS. HATFIELD: Oh, I would definitely want mine
14 looked at if I had the chance to do it over.

15 CHAIR GAW: Yes. Have you been compensated for
16 the loss of your home?

17 MS. HATFIELD: The home was paid for, but I
18 haven't received any money. It was just -- it covered the
19 amount of the loan and the two halves are still sitting out on
20 my property, but --

21 CHAIR GAW: Is someone supposed to remove that
22 for you?

23 MS. HATFIELD: Nobody removed anything. They
24 gave me a title though.

25 CHAIR GAW: Where are you living?

1 MS. HATFIELD: I'm living with my mom.

2 CHAIR GAW: Was the home -- did you pay money
3 on top of what was borrowed to pay for the home?

4 MS. HATFIELD: I had a trailer I traded in as
5 my down payment, it was a \$6,000 one. And then a \$500 down
6 payment. And then --

7 CHAIR GAW: Did you owe anything on your other
8 home --

9 MS. HATFIELD: No.

10 CHAIR GAW: -- that you traded in?

11 MS. HATFIELD: We owned the home and we owned
12 the property that we used for collateral.

13 CHAIR GAW: So the mortgage is paid on the
14 damaged home?

15 MS. HATFIELD: Right.

16 CHAIR GAW: And that's all that's happened?

17 MS. HATFIELD: Right. And, plus, I also paid
18 six months of home payments and insurance for six -- you know,
19 it happened in May. They paid it off in November and I paid
20 my home payment every month until it was paid off because I
21 received the bill and I'm sure not going to default on a loan.
22 You know what I mean?

23 CHAIR GAW: Yes.

24 MS. HATFIELD: So I paid six months worth of
25 payments when I was living with my mother.

1 CHAIR GAW: Mr. Pleus --

2 MR. PLEUS: Yes, Mr. Chairman.

3 CHAIR GAW: -- anything being done to see about
4 Ms. Hatfield's incident?

5 MR. PLEUS: Well, I wasn't aware of -- of that
6 information just until recently. I didn't -- I didn't have
7 privileged information as to how the insurance claim was
8 handled and what reimbursements were made to Ms Hatfield.

9 CHAIR GAW: Does Coachman have any more
10 information about this?

11 MS. MURPHY: To be completely frank, your
12 Honor, we didn't know the insurance had paid. We could not
13 get that information until yesterday.

14 COMMISSIONER APPLING: Can I get a little
15 clarification?

16 CHAIR GAW: Go ahead, Mr. Appling.

17 COMMISSIONER APPLING: My hair is beginning to
18 stand up here and I don't have very much hair and it's
19 beginning to stand up here.

20 Mrs. Hatfield, you mean to tell me the incident
21 happened in May and you continued to pay on this home until
22 December and no one has talked to you about reimbursing you
23 and you weren't living there?

24 MS. HATFIELD: Right.

25 COMMISSIONER APPLING: Is that what you're

1 saying to me?

2 MS. HATFIELD: I never received a dime for
3 anything. Not out of -- I guess if you're homeless or
4 whatever -- I never received any kind of money for living
5 outside my home, I never -- and I continued to, like I said,
6 make my payments because the -- the bill came in the mail and
7 when I talked to Green Point, nobody told me I couldn't not
8 pay it, so --

9 COMMISSIONER APPLING: Question to Staff. Have
10 we determined that the reason this manufactured home was blown
11 off the site was because of the anchoring? Is that a fact?

12 MR. BATES: We believe that's true, that it was
13 not anchored correctly. And then when the micro-burst
14 windstorm came along, it blew it off because of that.

15 COMMISSIONER APPLING: So we have a person that
16 anchored it and we're letting him run around out there while
17 she has no place to live?

18 MR. BATES: Well --

19 COMMISSIONER APPLING: I don't mean "us"
20 letting him. Don't get me wrong. Maybe I'm not understanding
21 here, but it just --

22 MR. BATES: Well, we investigated the complaint
23 and we're trying to suggest a good solution for everyone.

24 If I might ask a clarification that I hope will
25 be helpful to the Commission, Ms. Hatfield, would you tell the

1 Commission how much you paid for the home, how much of a
2 trade-in you got and then how much the insurance company paid
3 you in dollar figures?

4 MS. HATFIELD: The initial loan was 60,000. I
5 think payoff was like 52,000, if I -- I'm not quite sure, but
6 somewhere along there. My down payment and trade-in was 500
7 for the down payment, 6,000 for the trade-in for my home that
8 I did own, plus the two and a half years I made my payments
9 and plus the six more months that I made payments after it was
10 unlivable and the insurance I paid every month.

11 Oh, I did receive a check actually Monday of
12 this week for \$647 from the loan company. It was insurance
13 premium reimbursement that -- I haven't cashed it yet though,
14 but I guess it was the six months of insurance I paid and
15 that's what they sent me a check for.

16 COMMISSIONER APPLING: No further questions,
17 Mr. Chairman.

18 CHAIR GAW: Thank you.

19 JUDGE THOMPSON: Do you have questions, sir?

20 CHAIR GAW: I have continuing questions.

21 JUDGE THOMPSON: Commissioner Davis has some
22 questions.

23 COMMISSIONER DAVIS: I have just a couple
24 questions for the witness.

25 CHAIR GAW: Go ahead.

1 COMMISSIONER DAVIS: Ma'am, who did you have
2 your homeowners' insurance with? What insurance company?

3 MS. HATFIELD: American Modern.

4 COMMISSIONER DAVIS: American Modern. Where
5 are they located at?

6 MS. HATFIELD: I think Indiana. Yeah, Indiana

7 COMMISSIONER DAVIS: And who is your agent? Do
8 you remember who sold you the policy?

9 MS. HATFIELD: I don't remember offhand. I
10 can -- I have the information at home.

11 COMMISSIONER DAVIS: Okay. Thank you.

12 JUDGE THOMPSON: Thank you, Commissioner.

13 Mr. Chairman?

14 CHAIR GAW: Do you have counsel, Ms. Hatfield?

15 MS. HATFIELD: No, I don't.

16 CHAIR GAW: Do you have an attorney?

17 MS. HATFIELD: No, I don't.

18 CHAIR GAW: Do you guys -- Coachman, I'm
19 reading this statute here and I'm reading through and it's
20 quoted in the stip. I'm trying to understand -- I understand
21 there may be homeowners' covering some of this damage, but the
22 damages appear to be in excess of the value of the mortgage
23 here and I'm trying to understand who's taking care of that,
24 because I would think that there is some responsibility
25 somewhere to take care of the remainder of Ms. Hatfield's

1 damages.

2 And I don't know whether -- I don't know that I
3 can -- whether I can say that that's Coachman or not Coachman,
4 but I guess I'm wanting to know does this stip include
5 anything to make sure that Ms. Hatfield's total damages are
6 taken care of?

7 MS. MURPHY: Commissioner, the Stip and
8 Agreement does not. And we are not trying to feign ignorance
9 here, but during the period of time after the home was
10 damaged, Coachman was in relative darkness as to the situation
11 with the loan payments, the mortgage payments or any sort of
12 insurance payoff. It's just information they were not privy
13 to and could not obtain. It was attempted several times by
14 employees at Coachman just to find out the situation with
15 Ms. Hatfield's home.

16 MS. HATFIELD: No one ever attempted to find
17 out any information from me.

18 MS. MURPHY: And it was something that we were
19 not aware of until yesterday. So we would not be in a
20 position right now, I guess, to discuss, you know, that issue.

21 CHAIR GAW: Who's the liability carrier for
22 Coachman?

23 MR. BOYD: Off the top of my head, I don't
24 know, sir.

25 CHAIR GAW: Okay.

1 MR. BOYD: We just went through renewal.

2 CHAIR GAW: Through renewal?

3 MR. BOYD: Yes.

4 CHAIR GAW: Does that mean that you renewed
5 with the company that you had before?

6 MR. BOYD: That's what I'm not quite sure
7 about.

8 CHAIR GAW: All right. I'm with you.

9 Well, the statute as quoted in 700, I can't
10 tell whether or not that refers to the company that's
11 responsible for setup or whether it refers to the actual
12 individual doing the setup. And I'm not clear about what the
13 responsibility is of the Commission in regard to ensuring that
14 individuals are made whole when there is a setup problem
15 found. And I guess I need to understand that.

16 So -- and that does have an impact to me. I
17 mean, if this is part of our responsibility in looking into
18 these cases, it would have an impact on whether or not I think
19 the stip ought to be approved. So I need to know that, Judge,
20 at some point in time about what we normally would be dealing
21 with on these damages as a part of our responsibility as a
22 Commission when we have a case of this sort.

23 JUDGE THOMPSON: Yes, sir.

24 CHAIR GAW: I don't know if you want them to
25 answer that for you or if you want to do it, but I do need

1 that information. And I would think that we could get
2 something supplied to us maybe from counsel or -- unless
3 someone knows that off the top of their head.

4 MR. BATES: If I might, Commissioner.

5 JUDGE THOMPSON: You might.

6 MR. BATES: May I?

7 JUDGE THOMPSON: Yes.

8 MR. BATES: Thank you.

9 As I stated in my opening, I probably did not
10 make myself clear. Under Section 700.115.2 the penalties is
11 set at \$1,000 per violation or \$1 million total for any series
12 of violations occurring within one year of the initial
13 violation.

14 CHAIR GAW: Well, that's a penalty, Mr. Bates,
15 but it doesn't answer the question that I have about what our
16 responsibility is to ensure that individuals who have been
17 subjected to improper anchoring are made whole and whether or
18 not we have any jurisdiction to see that some of those other
19 statutory provisions regarding setup are fulfilled.

20 MR. BATES: Commissioner, I will certainly be
21 glad to look into that further. Off the top of my head, I do
22 not believe that the Commission is empowered to make
23 Ms. Hatfield whole, although she certainly has the option of
24 pursuing a civil remedy on her own.

25 MS. MURPHY: Commissioner, if I may briefly.

1 CHAIR GAW: Please.

2 MS. MURPHY: Just flipping through my
3 handy-dandy statue book here, Section 700.076, subsection 4, I
4 think allows Ms. Hatfield to pursue civil action in an
5 appropriate court for actual damages and attorney's fees. So
6 it is set forth in that section that she may pursue that
7 remedy outside the Commission's jurisdiction.

8 CHAIR GAW: Yeah, I was looking at that too.
9 I'm not clear about who the -- I heard earlier that the dealer
10 is responsible for setup. The statute in 700 seems to be
11 talking about someone who is in the business of installing
12 anchors, tie-downs, etc. I'm not sure if those two are tied
13 together or not tied together.

14 I would suggest to you though that when we're
15 looking at approving this stipulation, that part of what I
16 think we have -- we ought to be looking at in regard to the
17 fairness of the stipulation is the totality of the
18 circumstance and how the parties have dealt with the incident
19 itself.

20 And what I'm hearing here is that at this point
21 in time there's been no contact made with Ms. Hatfield to deal
22 with these damages that she seems to have obviously sustained
23 and I'm concerned about that. And it may enter into my view
24 of how -- whether or not this stipulation ought to be
25 approved.

1 So just saying that, hoping that in the
2 meantime before we take action on this, we might hear further
3 word on either it clearly is not something we can consider or
4 perhaps Coachman's liability carrier has done something
5 affirmative to help rectify Ms. Hatfield's difficulty. And I
6 think there probably is a little bit of time for that
7 information to filter back to the Commission before we look at
8 this stipulation. Thank you, Judge.

9 JUDGE THOMPSON: Thank you, Chairman.
10 Commissioner Davis?

11 COMMISSIONER DAVIS: My question's for
12 Coachman's counsel. Does Coachman have a relationship with
13 the lender in this case?

14 MR. BOYD: Green Point, the lender for
15 Ms. Hatfield, is no longer in business of securing new loans.
16 They're basically --

17 COMMISSIONER DAVIS: Okay. I guess what I'm
18 asking is -- I am somewhat familiar with some other
19 manufactured housing dealers in this state and I know that
20 they have finance companies, trucking companies and other
21 companies, you know. There might be 12 or 13 different
22 companies who perform a whole variety of services.

23 So what you're telling me is that Coachman does
24 not have any relationship with this Green Point lender who
25 loaned this lady the money to purchase this home?

1 MR. BOYD: As in an ownership relationship?

2 COMMISSIONER DAVIS: As in an ownership
3 arrangement or --

4 MR. BOYD: Not as an ownership relationship,
5 no.

6 COMMISSIONER DAVIS: No ownership relationship.
7 Okay. Now, is it a situation where when she came and bought
8 the house from you guys, that, you know, she was offered
9 financing through Green Point?

10 MR. BOYD: That's correct. It's a third-party
11 lender.

12 COMMISSIONER DAVIS: Third-party lender. Okay.

13 MR. BOYD: So it's not on a direct basis from
14 us. It's on an indirect basis, kind of like a referral
15 consumer direct.

16 COMMISSIONER DAVIS: Okay. No further
17 questions.

18 JUDGE THOMPSON: Thank you, Commissioner Davis.
19 other questions from the Bench?

20 COMMISSIONER APPLING: Mr. Chairman, I would
21 just like to add that this is kind of alarming. Here's a
22 person that goes out, buys a manufactured home, has it set up,
23 followed all the rules, made her payment and the wind came,
24 blew her home off and it's still sitting in parts, the
25 insurance is paid off. At least before she bought this, she

1 had a place to live and now she has no place to live.

2 I don't know who is responsible for this, but I
3 reckon the bottom line is this is just not right and somebody
4 needs to figure out who is responsible. If it wasn't anchored
5 correctly and that is the cause, then the guy that's running
6 around getting \$2,500 to anchor buildings needs to be brung
7 back to task.

8 And, Mrs. Hatfield, at least I would have
9 expected that between the insurance company and everything
10 else, she would have had another trailer set up and she would
11 have been living in it by now. And it's alarming. It's
12 alarming to me and it's concerning.

13 And I don't know where the responsibilities lie
14 here, but we need to do a little research and find out. And
15 if it's necessary for you, Mrs. Hatfield, to get you an
16 attorney to do that, which you probably -- I have no knowledge
17 of your financial status here, but if you're like me, you
18 know, you don't have money just to throw around. But it is
19 alarming to me that, you know -- I know I'm not the only one
20 and I'm not trying to say that, but it is alarming. Thank
21 you.

22 JUDGE THOMPSON: Thank you, Commissioner.

23 Ms. Hatfield, I want to try to get an idea of
24 exactly -- as far as you're able to tell us today, exactly
25 what your losses have been that have not been compensated.

1 Now, as I understand your testimony, your equity was
2 approximately \$6,500?

3 MS. HATFIELD: Right.

4 JUDGE THOMPSON: And you had been paying on the
5 home for how long?

6 MS. HATFIELD: Three years.

7 JUDGE THOMPSON: For three years. So perhaps
8 your equity was, in fact, somewhat larger than \$6,500 at the
9 time of the incident. Correct?

10 MS. HATFIELD: I guess, yeah.

11 JUDGE THOMPSON: Okay. And have you been
12 compensated any part of that \$6,500?

13 MS. HATFIELD: No.

14 JUDGE THOMPSON: Okay. And you said you
15 continued to make payments between May and November 2003 --

16 MS. HATFIELD: Right.

17 JUDGE THOMPSON: -- on the mortgage?

18 What were those payments every month?

19 MS. HATFIELD: Almost \$600.

20 JUDGE THOMPSON: Almost \$600.

21 MS. HATFIELD: Before the house fell, I'd been
22 paying \$100 extra a month on my payments, you know, trying
23 to --

24 JUDGE THOMPSON: Build equity quicker?

25 MS. HATFIELD: Right.

1 JUDGE THOMPSON: Okay. So for three years
2 you'd paid an extra 100?

3 MS. HATFIELD: No. Probably for about a year
4 and a half.

5 JUDGE THOMPSON: So 18 months; is that fair?

6 MS. HATFIELD: Right.

7 JUDGE THOMPSON: Okay. And then after the
8 incident occurred, you continued to pay almost \$600 a month as
9 called for in your contract?

10 MS. HATFIELD: Right.

11 JUDGE THOMPSON: And you made a separate
12 insurance payment as well?

13 MS. HATFIELD: It was included with my -- they
14 included it in my payment, so I just -- it was one check for
15 the insurance and the payment.

16 JUDGE THOMPSON: So part of that 600 was the
17 insurance premium?

18 MS. HATFIELD: Yeah.

19 JUDGE THOMPSON: And you did receive a payment
20 of 647 I think you said just this week?

21 MS. HATFIELD: Right.

22 JUDGE THOMPSON: Which you believe represents
23 the insurance premiums?

24 MS. HATFIELD: Insurance premiums, right.

25 JUDGE THOMPSON: Okay.

1 MS. HATFIELD: Also, if I can speak?

2 JUDGE THOMPSON: Absolutely.

3 MS. HATFIELD: A few months after the house had
4 fell, you know, I was living with my mom and I didn't have
5 money to go and pay for storage, so pretty much most of my
6 stuff was still there and I was robbed. So some of my stuff
7 got stolen there too.

8 JUDGE THOMPSON: Okay. Well, I was just going
9 to get to the contents. Now, when the incident occurred, were
10 any of the contents damaged or destroyed?

11 MS. HATFIELD: The refrigerator -- not the
12 refrigerator, but the stove, the microwave were destroyed.
13 They broke in and stole stuff, they destroyed the
14 dishwasher -- or you just want to know during the storm?

15 JUDGE THOMPSON: Let's start with the storm and
16 then we'll move onto the robbery. If you were to put an
17 amount of money on the value of the contents that were
18 destroyed or damaged at the time of the incident, what would
19 that value be?

20 MS. HATFIELD: Probably \$2,000.

21 JUDGE THOMPSON: About \$2,000. Okay. And then
22 you lacked storage and so you left the contents --

23 MS. HATFIELD: Most of it.

24 JUDGE THOMPSON: -- or many of them in the
25 damaged trailer. And it was unlivable, I think you said?

1 MS. HATFIELD: Right. Right.

2 JUDGE THOMPSON: So further damaged occurred?

3 MS. HATFIELD: Right

4 JUDGE THOMPSON: Some of it consequent to a
5 robbery?

6 MS. HATFIELD: Right.

7 JUDGE THOMPSON: And if you were to put a money
8 figure on this further damage, what would it be?

9 MS. HATFIELD: Probably, I don't know, 4,000.

10 JUDGE THOMPSON: Now, today are any of the
11 contents still in that trailer?

12 MS. HATFIELD: Yeah.

13 JUDGE THOMPSON: And are any of those contents
14 that are still in the trailer today, do they possess any value
15 as far as you know?

16 MS. HATFIELD: Not enough that I want to pay
17 storage. I mean, you know, they're probably 2,000 or 3,000
18 dollars worth of stuff.

19 JUDGE THOMPSON: That's still in the trailer?

20 MS. HATFIELD: Yeah. I mean, total value of
21 it, yeah.

22 JUDGE THOMPSON: If someone was to come out
23 with a truck and take away the shattered remains of the
24 trailer, are there things that are in it today that you would
25 take out and keep?

1 MS. HATFIELD: Oh, yeah. I would have to,
2 yeah.

3 JUDGE THOMPSON: Have you inquired of anyone
4 what the cost would be to you to remove the destroyed trailer?

5 MS. HATFIELD: No. I don't know. I don't have
6 that kind of money so I haven't bothered.

7 JUDGE THOMPSON: Are you paying any rent to
8 your mother?

9 MS. HATFIELD: Yeah.

10 JUDGE THOMPSON: And you've been doing this
11 since you moved in with her after the incident?

12 MS. HATFIELD: Right.

13 JUDGE THOMPSON: How much is that rent?

14 MS. HATFIELD: Five hundred.

15 JUDGE THOMPSON: Per month?

16 MS. HATFIELD: Yeah. That's including my
17 utilities and --

18 JUDGE THOMPSON: Can you think of any other
19 monetary damage that you've suffered from this incident that I
20 haven't already covered?

21 MS. HATFIELD: Not off the top of my head, no.

22 JUDGE THOMPSON: Okay. And except for the
23 check you received earlier this week for 647, none of this has
24 been compensated?

25 MS. HATFIELD: No.

1 JUDGE THOMPSON: Thank you.

2 MR. BATES: Excuse me, Judge. May I ask a
3 question?

4 JUDGE THOMPSON: You may.

5 MR. BATES: Ms. Hatfield, did I understand
6 earlier you said you received a check for about \$52,000?

7 MS. HATFIELD: That was -- that was the payoff
8 on the loan of the home. The home was paid off and that was
9 it. I didn't receive any money for that. I own the home. I
10 mean, I have the title and everything, but, you know, two
11 pieces out there doesn't really do a lot for me.

12 MR. BATES: Can you tell me when you got that
13 check for 52,000?

14 MS. HATFIELD: I think it was in November 2003
15 right when it occurred.

16 MR. BATES: And what company issued that check?

17 MS. HATFIELD: American Modern.

18 MR. BATES: And I think Commissioner Appling
19 asked you a question about perhaps seeing an attorney. Did I
20 understand from talking to you earlier you had talked to an
21 attorney?

22 MS. HATFIELD: I talked to an attorney in
23 St. Cla-- Union, I'm sorry. And he told me that because the
24 home was going to be paid off, that it wasn't worth any more
25 than the loan had paid so would it be -- it wouldn't be worth

1 my time and money to go after them for the amount of money
2 that I guess I would be -- he basically made it sound like I'm
3 lucky to get out from under the payment and that as much as a
4 lawyer costs per hour, that in the end would I really -- would
5 it really be worth it to go forward.

6 MR. BATES: I just thought all of that ought to
7 be on the record.

8 JUDGE THOMPSON: I appreciate that, Mr. Bates.
9 And given the free-for-all nature that this apparently appears
10 to have taken, that was okay. But generally we inquire after
11 the questions from the Bench are done.

12 Ms. Hatfield, I think that's covers all the
13 questions that I have for you.

14 Now, let me inquire of -- Mr. Boyd, is it?

15 MR. BOYD: Yes, sir.

16 JUDGE THOMPSON: Mr. Boyd, if you know, what
17 was the relationship between Coachman and Mr. Naeger? Was
18 Mr. Naeger an employee or was he, in your opinion, a
19 contractor?

20 MR. BOYD: Contractor.

21 JUDGE THOMPSON: Okay. And was there a written
22 contract between Coachman and Mr. Naeger?

23 MR. BOYD: Not that I'm aware of.

24 JUDGE THOMPSON: Okay.

25 MR. BOYD: It would be on a deal-by-deal basis.

1 JUDGE THOMPSON: Deal-by-deal basis. So help
2 me understand this, if you would. She buys her home and
3 someone, I don't know who and I guess it doesn't matter, is
4 going to move it then from your lot out to her site. And it's
5 going to be placed on that site by whoever moves it or someone
6 else. And then it goes into a process called setup. Right?

7 MR. BOYD: Correct.

8 JUDGE THOMPSON: And that includes placing
9 these tie-downs?

10 MR. BOYD: Correct.

11 JUDGE THOMPSON: Now, how much of this setup
12 process was Mr. Naeger responsible for?

13 MR. BOYD: The whole process.

14 JUDGE THOMPSON: The entire process. And how
15 much was he paid for doing it?

16 MR. BOYD: I don't have that figure with me.

17 JUDGE THOMPSON: Okay. So this process was
18 more extensive than just placing the tie-downs?

19 MR. BOYD: Yes. I mean, you actually position
20 the two halves of the house together, you lag them together,
21 tie-down's a part of it, the pure blocking. It's -- yes, more
22 than just the tie-downs.

23 JUDGE THOMPSON: Okay. So Mr. Naeger didn't do
24 this all by himself, did he? As far as you know, did he have
25 employees of his own?

1 MR. BOYD: Yes. I think generally he probably
2 has a crew of two to three people.

3 JUDGE THOMPSON: Okay. And in your dealings
4 with contractors like Mr. Naeger -- and I guess I should ask,
5 was he the only contractor you had or were there others?

6 MR. BOYD: There's others.

7 JUDGE THOMPSON: Do you require your
8 contractors themselves to carry liability insurance?

9 MR. BOYD: Yes, sir.

10 JUDGE THOMPSON: So as far as we know,
11 Mr. Naeger has some sort of insurance coverage that might
12 apply to this situation?

13 MR. BOYD: That's correct.

14 JUDGE THOMPSON: Okay.

15 COMMISSIONER DAVIS: Can I interrupt here?

16 JUDGE THOMPSON: Yes, sir.

17 COMMISSIONER DAVIS: But there was no contract
18 with Mr. Naeger, so how did you know that he had insurance? I
19 mean, did you make him come in and show proof of insurance?

20 MR. BOYD: We require -- every year we update
21 our files on the contractors we use that they have liability
22 and Workers' Compensation insurance.

23 COMMISSIONER DAVIS: Okay. Mr. Chairman, I've
24 got a question. And I don't know if this is for you or who,
25 but with regard to American --

1 MS. HATFIELD: Modern.

2 COMMISSIONER DAVIS: -- with regard to American
3 Modern, I think we may have another instance where a copy of
4 this portion of this transcript at least needs to be referred
5 to the Missouri Department of Insurance. I don't know if we
6 direct Ron to do that or how that happens, but I would like to
7 see that done as well.

8 CHAIR GAW: I think this has all been public up
9 to this point in time so I don't see any restriction on
10 providing it and certainly don't have a problem with doing
11 that, Commissioner. Thanks.

12 MS. HATFIELD: That's another thing also. When
13 I called American Modern about the home the day after it
14 happened, they never would send me another copy of the
15 insurance policy. You know, the main -- the main insurance
16 was in my husband's name when we got the insurance and he'd
17 passed away.

18 And they kept acting like when I called, that I
19 wasn't David Hatfield, they needed to speak to him. And I
20 told them that he'd passed away and that, you know, I owned
21 the home now. And even to this point I've never seen an
22 insurance policy. So I don't actually know what their -- by
23 the time it was all over and -- first, they were trying to fix
24 the home, you know, trying to say, We think we can fix this.
25 And I'm saying I paid 60,000 for this bent-up piece of thing.

1 I was just glad to see them pay it off.

2 JUDGE THOMPSON: Who said they thought they
3 could fix it?

4 MS. HATFIELD: The insurance adjustors that
5 came out. The first ones came out when it was still sitting
6 on the ground so you couldn't see under it really that well,
7 you know. But even at the end you could look under there and
8 see the bent frame. And they tried to give me a couple
9 checks, you know, like one for under-skirting and other
10 piddley things. And I wouldn't take the check because what is
11 the point of that when I think the house is going to be
12 totaled? Why do I want the check for some under-skirting?

13 So then about a month later they had another
14 adjustor come out once I had somebody pick it up off the
15 ground and set it on blocks so they could see under it and
16 then they still drug their feet. And finally they paid it off
17 and by then I was just glad that somebody wasn't going to try
18 to repair this home. I mean, I was glad to just see it all
19 gone, so -- but like I said, I never have seen a copy of the
20 insurance policy.

21 JUDGE THOMPSON: And, in fact, they've refused
22 to provide it to you upon request?

23 MS. HATFIELD: Oh, I asked and they said, Well,
24 we'll send one and they never sent one. And I know they --
25 and I gave them the proper address because obviously I wasn't

1 living in the home anymore. And I talked to them numerous
2 times. They'd called me and I'd called them so they knew
3 where I lived.

4 JUDGE THOMPSON: Mr. Bates, can we task the
5 general counsel's office with contacting the appropriate
6 people at the Division of Insurance?

7 MR. BATES: I'll look into that.

8 JUDGE THOMPSON: Thank you.

9 Thank you, ma'am.

10 And, Mr. Bates, I have a question for you. Are
11 you aware of anything that would prevent the Commission from
12 requiring as a condition of accepting the Stipulation and
13 Agreement that the damages to Ms. Hatfield be compensated?

14 MR. BATES: I don't know one way or the other,
15 your Honor.

16 JUDGE THOMPSON: Okay. You're not aware of
17 anything right off the top of your head?

18 MR. BATES: No.

19 JUDGE THOMPSON: Okay. Very well. Thank you.

20 I have no further questions for you, ma'am.

21 Are there any other questions for Ms. Hatfield? You may step
22 down.

23 Mr. Chairman, do you have any questions for
24 anyone else at this time?

25 CHAIR GAW: It would be helpful if counsel for

1 Coachman could make inquiry with your insurance company and
2 get something back to the Commission about the possibility of
3 taking care of these additional damages.

4 We've got multiple insurance companies and --
5 that are potentially involved in this, including one that we
6 don't -- well, we don't know the name of Coachman's, number
7 one. We also don't know the name, if there is one, of
8 Mr. Naeger's insurance company.

9 And I'm sure there are several entities here
10 who have the ability, if it's worked out, to help with this
11 situation that Ms. Hatfield is in. And it would be -- it
12 would sure make me feel a lot better about this case if I knew
13 that those issues were taken care of.

14 And I really do think that that responsibility
15 in driving that lies with Coachman to ensure -- I mean, she
16 has homeowners' insurance, but that's -- if this is as a
17 result of an anchoring deficiency, then there's more to it
18 than that and I'd like to see that that's taken care of.

19 MS. MURPHY: Yes, sir.

20 CHAIR GAW: So if you all could look into
21 that --

22 MS. MURPHY: Of course.

23 CHAIR GAW: -- and help us with the information
24 that you get back, that would be appreciated by me and I
25 suspect by others here. And I think that's -- I think that's

1 all I have, Judge.

2 JUDGE THOMPSON: Thank you, Mr. Chairman.

3 Commissioner Davis, do you have questions for
4 anyone else?

5 COMMISSIONER DAVIS: No.

6 JUDGE THOMPSON: Thank you, sir.

7 Commissioner Appling?

8 COMMISSIONER APPLING: No.

9 JUDGE THOMPSON: Very well. Can we get a time
10 frame as to perhaps when we can hear back from counsel? I
11 think, Mr. Bates, you were going to file something explaining
12 what the Commission's practices have been with respect to
13 additional damages of the sort that have been suffered here by
14 Ms. Hatfield?

15 MR. BATES: Yes. And also whether or not
16 Mr. Naeger's actions constitute a criminal violation, what, if
17 anything, the Commission can do about that.

18 JUDGE THOMPSON: Thank you. When do you think
19 we can receive that?

20 MR. BATES: Might I have a week?

21 CHAIR GAW: That's fine.

22 JUDGE THOMPSON: I think a week would be fine.
23 A week from today?

24 MR. BATES: Yes.

25 JUDGE THOMPSON: Very well.

1 CHAIR GAW: Judge, just to interrupt just
2 briefly, it is not necessary to know a lot of detail on the
3 legal side of this if Coachman can come up with a solution
4 from a practical standpoint on the issue of dealing with the
5 damages.

6 And the only thing -- I mean, the question that
7 isn't answered here that I would -- if I were in
8 Ms. Hatfield's position, I would be interested in knowing that
9 someone was going to take that mobile home off my lot. I
10 don't know whether she wants it off or not, but --

11 MS. HATFIELD: Before a big wind comes.

12 CHAIR GAW: And I'm sure that costs money to do
13 that and to dispose of it. And I don't know -- but that's --
14 I just throw that out to you so you all can consider that in
15 your discussions. Thank you.

16 JUDGE THOMPSON: Can we hear a report from
17 counsel for Respondent in a week as well, at least a status
18 report?

19 MS. MURPHY: That would be very doable, your
20 Honor.

21 JUDGE THOMPSON: Great. And if things aren't
22 finalized, we can see in a week whether we need to provide an
23 additional interval.

24 Anything else at this time?

25 Very well. Hearing nothing further, we will

1 adjourn this presentation at this time. Thank you all very
2 much.

3 WHEREUPON, the hearing was adjourned.

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