

BEFORE THE DELAWARE DEPARTMENT OF JUSTICE

IN THE MATTER OF:)
)
BLUE BEACH BUNGALOWS DE,)
LLC) CPU Case No. 23000541
)
)
Respondent.)
)

ADMINISTRATIVE COMPLAINT

The Consumer Protection Unit of the Delaware Department of Justice (“the CPU”) hereby asserts the following complaint against Blue Beach Bungalows DE, LLC (“Respondent” or “Blue Beach Bungalows”), the owner of Pine Haven Mobile Home Park (hereinafter, "Pine Haven"), as follows:

I. NATURE OF THE COMPLAINT

1. A Sussex County manufactured home park owner continues to threaten its residents with eviction and arrest, all the while attempting to evade the Delaware statute governing manufactured home communities. The CPU seeks an immediate order requiring Respondent to cease and desist this fraudulent and illegal conduct.

II. JURISDICTION

2. Subject Matter Jurisdiction is proper pursuant to 29 *Del. C.* § 2525(c), which empowers the CPU to initiate administrative charges against any person

who appears to have violated any provision that the CPU is authorized to enforce. The CPU is authorized to enforce the Delaware Consumer Fraud Act, 6 *Del. C.* § 2511, *et seq.*; the Delaware Deceptive Trade Practices Act, 6 *Del. C.* § 2531 *et seq.*; and the Manufactured Homes and Manufactured Home Communities Act, 25 *Del. C.* § 7001 *et seq.* (“Chapter 70”).

3. Personal jurisdiction is proper because Respondent is a Delaware entity and operates in Delaware, where the relevant events occurred.

III. THE PARTIES

4. The CPU is the unit within the Delaware Department of Justice responsible for enforcing Delaware’s consumer protection statutes, as well as Chapter 70.

5. Respondent Blue Beach Bungalows DE, LLC is a Delaware Domestic Limited Liability Company that owns Pine Haven, a manufactured home park located at 22506 Corey Dr, Lincoln, DE 19960. RIG Acquisitions was the entity through which the Respondent purchased Pine Haven.

6. Respondent’s principal place of business in Delaware is located at Pine Haven. Dover Delaware Incorporators, LLC, located at 309 Rehoboth Avenue, Rehoboth Beach, DE 19971, serves as Respondent’s registered agent.

IV. FACTUAL ALLEGATIONS AND CHRONOLOGY

7. A typical manufactured home community in Delaware involves the separation of ownership of the property comprising the site, on the one hand, and the residential units located within the community, on the other hand. The property owner owns the property and leases two or more lots to owners of manufactured homes, who place those homes on the lots.

8. Such communities often also contain recreational vehicles, or RVs, which can be either motor homes or trailers.

9. Chapter 70 governs the notice that must be given to tenants when a landlord of a manufactured home community seeks to terminate or not renew a rental agreement because of a change in use of the property. Specifically, *25 Del. C. §7024* requires a landlord to provide at least one year of notice to the tenant when, due to a change of use of the property, the landlord seeks to terminate a rental agreement.

10. On July 22, 2022, the Governor signed into law House Bill 374, which, among other things, expanded the definition of a manufactured home to certain camper trailers, recreational vehicles, and motor homes. *See 25 Del. C. § 7003(12)(b)*. A number of the Pine Haven RV tenants whom Respondent is attempting to evict are covered by that amendment.

11. Seasonal properties are exempt from subchapters I-V of Chapter 70.
25 Del. C. § 7004(b).

12. Pine Haven is a mixed-use manufactured home community that contains manufactured homes as defined by *25 Del. C. 7003(12)*, as well as camper trailers.

13. Pine Haven has operated year-round under both the former and current owners.

14. Pine Haven is registered as a manufactured home community with the Delaware Manufactured Home Relocation Authority (hereinafter, “DEMHRA”).
See <https://demhra.delaware.gov/wp-content/uploads/sites/78/2022/09/DEMHRA-Registered-Communities-9-8-22.pdf>.

15. For years, residents of Pine Haven have paid into the Delaware Manufactured Home Relocation Trust Fund, which is required only of tenants who live in a manufactured home community. *See 25 Del. C. § 7042(g).*

16. Under *25 Del. C. § 7003(23)*, a seasonal property is characterized by a lack of availability of year-round utilities and by the fact that its tenants have primary residences elsewhere. The utilities have been on year-round at Pine Haven for at least a decade and the vast majority of tenants have no other residences. Pine Haven is not a seasonal community.

17. For a number of years until 2022, Dale Cohee owned Pine Haven. On information and belief, in early 2022, Mr. Cohee determined to put the community up for sale. On March 28, 2022, Mr. Cohee signed a Commercial Real Estate Purchase Agreement with RIG Acquisitions. **Exh. A.**

18. In April, 2022, through his attorney, Mr. Cohee provided the Pine Haven residents a “Notice of Right of First Offer” as required by Chapter 70. That notice gave the residents the first opportunity to purchase the community. **Exh. B.**

19. Mr. Cohee also advised the Delaware Manufactured Home Relocation Authority (“DEMHRA”) and the Department of Justice of the pending sale, also through counsel and also as required by Chapter 70. **Exh. B.**

20. The Commercial Real Estate Purchase Agreement provided for an Inspection Period, extending until May 15, 2022, by which RIG Acquisitions was to determine whether the community, “in all respects, [was] suitable for its intended purposes.” **Exh. A.**

21. In May, 2022, Mr. Cohee and RIG Acquisitions signed an Amendment to Commercial Real Estate Purchase Agreement, extending the Inspection Period until September 15, 2022. **Exh. C.**

22. On June 30, 2022, some Pine Haven residents received a “Dear Tenant” letter giving them 60 days to vacate and threatening summary possession under the Residential Landlord Tenant Code. The unsigned letter was from “Pine

Haven Campground.” Respondent’s owner and/or employees participated in the drafting of that letter and directed that it be sent. **Exh. D.**

23. On July 18, 2022, RIG Acquisitions made a written offer to an unknown number of residents (but not all of them) of a “Three Year Seasonal Lot License” beginning April 15, 2022. On information and belief, at least some of those offers were unsigned by both the purported Licensor and the purported Licensee. At least one of them, to tenants Mr. and Mrs. Barr, purported to run from RIG Acquisitions as Licensor to Mr. Cohee, the then-owner of the community, as Licensee. Tenants who received the letter believed that they were being given three years to move from the community. **Exh. E.**

24. Another letter, also from RIG Acquisitions and also dated July 18, 2022, and addressed “Dear RV Lessee,” pronounced that “[y]ou currently have a license agreement with the Resort” and purported to terminate that license effective October 31, 2022. Not all residents got that letter and some got it late and, on information and belief, backdated. **Exh. F.**

25. That July 18, 2022 “Dear RV Lessee” letter threatened residents with arrest by the police, criminal prosecution, and confiscation of their personal property. **Exh. F.**

26. On information and belief, from March, 2022, into September, 2022, RIG Acquisitions engaged in extensive due diligence regarding its prospective

purchase of Pine Haven. On information and belief, during that due diligence period, RIG Acquisitions employees and/or representatives, including Emily Demarco and Todd Burbage, were repeatedly informed, including by Mr. Cohee, that the majority, if not all, of Pine Haven residents lived there year-round.

27. On September 15, 2022, Respondents hand-delivered to Pine Haven residents a letter that read in pertinent part as follows:

Hello!

We are happy to inform you that we are the new owners of Pine Haven Campground. We are going to continue to operate Pine Haven in accordance with its legal permitting as a seasonal community. We understand that there are some residents that were misled by the former owner's operations and believe that this community is a year-round facility. It is simply not. Under seasonal operation, the utility services would terminate by November 15th of each year. However, we know that because some of you have made your permanent home in Pine Haven with no knowledge of the seasonal limitation of the community, we are going to work with you so that we can help ease you through this transition back to seasonal. Thus we will not discontinue utility services at your home until November 15, 2025. This will allow you three (3) years to find another permanent residence.

Exh. G.

28. Discussions thereafter ensued between representatives of the Delaware Community Legal Aid Society, Inc. ("CLASI") and the Legal Services Corporation of Delaware, Inc. ("Legal Services"), on the one hand, and Respondent's attorney, on the other hand.

29. On October 18, 2022, Erika Tross of Legal Services emailed Respondent's attorney. Ms. Tross advised counsel that Mr. Cohee, the former owner of Pine Haven, had told a resident that on November 1, 2022, the new owner planned to shut off the utilities and begin destroying all of the trailers. **Exh. H.**

30. That same day, counsel replied in pertinent part that "[t]his is ridiculous" and that Cohee had no authority to speak on behalf of Respondent. **Exh. H.**

31. Ten days later, on Friday, October 28, counsel emailed Ms. Tross, CLASI attorneys, and Brian Eng, the Manufactured Housing Ombudsperson, and confirmed the concerns raised in Ms. Tross's October 18 correspondence. Asserting that she "wanted to be clear about my client's position," counsel stated in pertinent part:

The RV season ends Monday, October 31. My client is going to bring demo and construction work next week. The RV residents that have other residents [sic], need to vacate by Monday.

Counsel's email went on to refer to the tenants in question as "simply seasonal holdovers." **Exh. H.** (emphasis added)

32. That same day, on October 28, 2022, Ombudsperson Eng replied to Respondent's attorney. He made clear that Pine Haven was not a seasonal property under Chapter 70; that it had "had full-time residents for as long as

anyone can remember”; and that if Respondent took the action threatened in counsel’s email, he would refer the matter to the CPU. He closed by citing counsel’s “complete reversal” as reflected in her email. **Exh. H.**

33. On November 1, 2022, Respondent’s lawyer replied in pertinent part, “[M]y client wasn’t going to file anything to remove [the RV residents] this week.” She stated that “Legal Aid and I are still discussing settlement of this matter and there is no need for the Consumer Protection Unit to be involved.” Mr. Eng then replied in pertinent part that he was happy to let negotiations continue. **Exh. H.**

34. On November 9, 2022, Ms. Tross, Mr. Eng, and Anthony Panicola of CLASI each emailed Respondent’s attorney, expressing concern that a representative of Respondent had been going door-to-door in the community and telling RV residents that they had been supposed to vacate by October 31 and that the utilities were going to be turned off. Respondent’s attorney replied that the RV residents must have “misunderstood” her client’s representative and that those tenants would not have to leave on October 31, but would have to do so soon.

Exh. O.

34. On November 17, 2022, Respondent’s attorney wrote DEMHRA. In that letter, she continued to deny that Pine Haven was a year-round community and made reference to an “unofficial change of use” at the site. Nonetheless, she

requested that the Authority approve requests for relocation funds submitted by residents. **Exh. I.**

35. On December 7, 2022, Mr. Eng responded to counsel's letter. He explained in detail why Pine Haven was not a seasonal community, but offered his support for relocation benefits "if Blue Beach intends to change the use of the community." **Exh. J.**

36. On January 27, 2023, Respondent's attorney sent the DEMHRA Executive Director an email inquiring about the status of her request for approval of relocation benefits. The Executive Director replied as follows:

There was nothing for the Board to approve with regard to applying for relocation benefits. The Board agreed with the letter provided by the DOJ's Office of the Manufactured Housing Ombudsperson. The Ombudsperson reached the conclusion that homeowners should be eligible to apply for relocation payments if the community owner intends to change the use of the community. As soon as a change in use request is made to this office, we will review each request and submit to the DEMHRA Board for further actions.

Exh. K.

37. On February 23, 2023, Respondent transmitted a "Dear Tenant" letter, through counsel, to certain residents. In that letter, counsel asserted that her client had purchased the site with the "understanding" that it had been run as a seasonal campground, and made reference to purported "unknown year-round residents."

Exh. L.

38. Also on February 23, 2023, Respondent's attorney sent a "Dear RV Residents" letter to certain tenants, terminating their purported guest licenses and notifying them that they had to leave the community by March 15, 2023. She repeated the claim that the site is seasonal and again threatened residents that they would be removed by the police, prosecuted for criminal trespass, and that their personal possessions would be destroyed. **Exh. M.**

39. The next day, on February 24, 2023, the CPU responded by letter to Respondent's counsel. That letter detailed that Pine Haven was a year-round community covered by Chapter 70 and requested that Respondent cease and desist from violating that statute. The CPU specifically requested that Respondent cease and desist from taking any actions to remove tenants from RVs or other homes covered by Chapter 70. The letter made clear that it constituted an attempt to obtain voluntary compliance pursuant to 29 *Del. C.* § 2525(c) and requested confirmation of compliance by close-of-business on March 1, 2023. **Exh. N.**

41. Negotiations then ensued between representatives of CLASI and Legal Services, on the one hand, and Respondent, on the other hand, as well as between the CPU and Respondent.

42. On Friday afternoon, March 3, 2023, Respondent's attorney emailed representatives of CLASI, Legal Services, and the CPU announcing that her client would offer monetary incentives, on a sliding time scale, to Pine Haven residents

to vacate the community. Counsel also stated, “As for the March 15 deadline [in her February 23 “Dear RV Residents” letter], we will not be taking any action on March 16 by way of contacting the police or filing any court actions to enforce the March 15 deadline for a short time.” **Exh. O.**

43. That same afternoon, Deputy Attorney General Michael Clarke of the CPU replied that he would review counsel’s email and suggested that they talk the following Monday. In that conversation, on Monday, March 6, 2023, Deputy Clarke told Respondent’s attorney that the monetary offer was “constructive” but that the CPU’s position was that the March 15 deadline in her February 23 letter was “unconstructive and confusing” and had to be “revoked” and “not postponed.”

44. Respondent did not revoke the deadline. Rather, on March 7, 2023, Respondent sent to residents a letter offering the monetary incentives referenced in her March 3 letter to CLASI, Legal Services and the CPU. She also repeated the claim that the site is, and has been, seasonal. And she again threatened to evict the residents, only this time not until May 1, 2023. **Exh. P.**

45. The next day, March 8, Respondent’s attorney wrote Deputy Clarke. Her letter falsely asserted that the residents were “overstaying, seasonal licensees” and “the campground season ended October 31, 2022.” Only RV residents who had lived at the site for five years could arguably be covered by Chapter 70, even though the statute contained no such five-year requirement. And the *new new*

deadline -- not to move out, but apparently merely to provide her client with a move-out date -- was now May 31, 2023. The fate of the May 1 deadline, communicated to the residents by letter dated *the day before*, remained unaddressed. **Exh. Q.**

46. On March 10, Respondent sent at least some residents another letter, again through counsel. In it, Respondent dunned the residents for a \$100 monthly rent increase, in violation of Chapter 70. And Respondent demanded back rent, with another deadline -- *seven days* -- and another threat:

You have seven (7) days from the date of mailing of this notice to remit payment in full. Your failure to pay the rent within this time period will result in your Landlord *immediately* terminating your rental agreement on the day after the seven day period expires and filing an action for Summary Possession on the Leased [*not* “Licensed”] Premises in a Justice of the Peace Court based upon a failure to cure the non-payment.

Exh. R. (emphasis added).

47. Shortly thereafter, Respondent, through counsel, began providing to residents settlement agreements that purported to reflect the monetary offer raised in Respondent’s attorney’s March 3, 2023 e-mail. The settlement agreement offered resident Ruth Ruiz and dated March 15, 2023, is illustrative. The first “Whereas” clause falsely states, “**WHEREAS**, Resident had been living on the site, Pine Haven, in the seasonal campground, year-round[.]” **Exh. S.**

48. The Ruiz settlement agreement states, “Resident vacated the site on April 3, 2023.” That date had not yet occurred. Nonetheless, Respondent induced and secured Ms. Ruiz’s signature to the agreement almost three weeks earlier, on March 15, 2023.

49. The Ruiz settlement agreement made clear that on the Vacancy Date, April 3, 2023, or immediately thereafter, Respondent intended to destroy her RV:

Resident agrees that anything left on the Site as of the Vacancy Date is deemed abandoned and Blue Beach is authorized to demolish and dispose of anything left on the Site as of the Vacancy Date.

Exh. S.

50. On information and belief, Respondent has offered all residents, including those living in manufactured homes, the same settlement agreement as that signed by Ms. Ruiz.

51. Under Chapter 70, a qualifying manufactured home resident may be eligible for a payment to help move his or her home, or, if that is not possible, for the fair market value of that home. *25 Del. C. § 7043(a), (d)*. If the resident must abandon the home, he or she can still receive a lower, abandonment payment. *25 Del. C. § 7043(g)*.

52. By agreeing to the provision in Respondent’s settlement agreement providing for immediate demolition of his or her manufactured home, that resident

would forego the opportunity to receive the higher, relocation or fair market value benefits.

53. Respondent's settlement agreement contains strict nondisclosure and non-disparagement clauses, on pain of clawing-back of the monetary incentive offered by Respondent. The agreement also contains a broad indemnification clause, which read in pertinent part as follows:

Additionally, if *any* party brings a cause of action for *any* claims *relating to* ownership of the home, RV, or other structures on the Site against Blue Beach, the Resident agrees to defend, indemnify, and hold harmless Blue Beach and its agents, employees, representatives, predecessors, successors, partners, attorneys, affiliated entities, and assigns *from and against any and all* liabilities, claims, demands, judgments, settlement payments, losses, costs, damages, and expenses *whatsoever* (including reasonable attorneys' fees, consultants and other professional fees and disbursements *of every kind, nature and description* incurred by Indemnitee in connection therewith) that Blue Beach may sustain, suffer, or incur.

Exh. S. (emphasis added)

54. None of the foregoing clauses in the settlement agreement -- the demolition clause, the nondisclosure clause, and the non-disparagement clause -- were contained in the original offer to residents to move early from the property. The residents did not learn about those additional requirements until they received Respondent's settlement agreement.

55. On March 22, 2023, on behalf of the CPU, Deputy Clarke wrote Respondent's attorney. He recited the recent events, including Respondent's most

recent, March 10 eviction threat, and repeated and expanded the CPU's cease-and-desist demands, as follows:

- Blue Beach Bungalows must immediately cease and desist from any and all false and misleading communications to residents, including, but not limited to: (1) claiming that the residents are licensees; (2) claiming that the community is and has been, seasonal; (3) threatening the residents with eviction in violation of Chapter 70; (4) threatening the residents with arrest and prosecution; (5) threatening to confiscate and destroy the residents' property; and (6) by threatening the residents with illegal rent increases.
- Blue Beach Bungalows must immediately and unequivocally revoke and withdraw all eviction deadlines that it has communicated to the residents, in forms acceptable to the CPU, and must cease and desist from all such future communications. It is insufficient that you continue to respond that these deadlines are 'negotiable.' They must be revoked and withdrawn.
- Blue Beach Bungalows must immediately cease and desist from threatening or attempting to evict tenants in violation of Chapter 70.

The letter made clear that it constituted an attempt to obtain voluntary compliance pursuant to 29 *Del. C.* § 2525(c) and required assurance of compliance by close-of-business on March 27, 2023. **Exh. T.**

56. The next day, March 23, Respondent's attorney sent at least some residents a new notice with an amended rent increase and a new eviction deadline.

Exh. U.

57. Also the next day, March 23, Respondent's attorney emailed resident Jeremy Suloff (misspelled as "Jerney Sutloff") as follows:

Jerney,

I am filing the summary possession action today as we discussed. However, my client is still offering the settlement agreement we discussed. I have attached the stipulated agreement to settle the case.

You do not have to pay any more rent, or the rent we claim you owe. You can pick up your incentive moving check at my Lewes Office on June 1. As long as you move out by August 31, the eviction case is dismissed.

I will mail you a copy of this agreement as well. Please sign and return it to me ASAP.

Let me know if you have any questions.

Thanks!

Exh. V.

58. Attached to the foregoing e-mail was a “STIPULATED AGREEMENT” with a Justice of the Peace Court caption. That Agreement falsely claimed that “Respondent” Suloff “owed \$470.00 in rent and will owe \$2,720.00 by August 31, 2023.” It stated that Mr. Suloff was waiving any right to contest an allegation of breach and that “[t]here will be no hearing on the affidavit of breach.”

Exh. W.

59. That Agreement further stated that “this Agreement is final and binding and there is no opportunity to appeal this Agreement” -- not even for fraud in the procurement of the Agreement. **Exh. W.**

60. There was no provision in that Agreement encouraging Mr. Suloff to consult with an attorney before he signed the Agreement, or memorializing that he had done so. **Exh. W.**

61. On March 24, 2023, Respondent's lawyer directly replied to the CPU's cease-and-desist demand. In pertinent part, she falsely claimed that "[m]y client instituted a rent increase based on the fact that it purchased and is operating a seasonal campground." Any resident unhappy with that was being offered "extremely generous" settlement agreements. The indemnity agreement required of the residents was not as broad as the CPU claimed. Finally, Respondent would not accede to the CPU's cease-and-desist demands, but rather would "pursue eviction actions or ejection actions where legally necessary and legally permitted." On the other hand, counsel now claimed, "My client is not going to have any resident removed a [*sic*] trespasser[.]" **Exh. W.**

62. On March 27, 2023, Deputy Clarke responded by letter. In pertinent part, he wrote that the CPU would not negotiate with Respondent while it continued to threaten the residents. Next, quoting the text of Respondent's settlement agreement, he made clear that the indemnification language in that document was in fact impermissibly broad. He then dismissed Respondent's renunciation of its threats to arrest residents, explaining that once made, those threats could not be undone. Finally, Deputy Clarke detailed the statutory violations that Respondent had committed. **Exh. Y.**

63. As of the filing of this Administrative Complaint, there has been no further direct communication between the CPU and Respondent. Respondent has

continued to insist that residents sign its settlement agreement as a condition of receiving the funds promised if they agree to leave early.

* * *

64. The foregoing factual allegations and chronology demonstrate that Respondent has consistently engaged in deceptive and fraudulent conduct involving Pine Haven. Respondent has repeatedly falsely claimed to tenants that Pine Haven is a seasonal community -- in its letters to residents dated June 30, 2022; July 18, 2022 (two letters); September 15, 2022; February 23, 2022 (two letters); and March 7, 2023. Respondent's representatives, including its attorney, have repeated the false statements to residents numerous times in 2022 and 2023. Respondent's counsel has also made the claims to residents' attorneys at CLASI and Legal Services, as well as to the CPU.

65. Respondent has also repeatedly threatened residents with arrest and prosecution, and that their belongings would be confiscated and destroyed, in its letters dated July 18, 2022 and February 23, 2023. To be clear, no one, including no attorney, could reasonably believe that there was the slightest chance that the police would arrest any Pine Haven resident. Yet Respondent made those threats, explicitly and repeatedly.

66. Respondent has repeatedly subjected the residents to confusing and conflicting notifications and directives. For example, on June 22, 2022, Respondent warned residents that they had 60 days to vacate the community. Less than a month later, on July 18, Respondent gave residents a new deadline: October 31. Respondent's attorney made no mention of that deadline in her October 18, 2022 email to residents' counsel at CLASI and Legal Services, as well as to the Manufactured Housing Ombudsperson, only to revive it in her October 28 email. She walked back that deadline five days later, in her email to the Ombudsperson.

67. In its February 23, 2023 letter to residents, Respondent's new get-out-or-be-arrested date was March 15, 2023. After the CPU objected, Respondent, in its March 3, 2023 email to CLASI, Legal Services, and the CPU, extended that deadline for an unspecified "short time." On March 7, Respondent advised residents that the deadline was now May 1, 2023. 24 hours later, the new new deadline was apparently May 31.

68. Because of Respondent's repeated misstatements and threats, some tenant have already felt compelled to leave the community. 75-year-old Elmer Jefferson, for example, lived at Pine Haven for five years until he felt forced to vacate in the fall of 2022. Respondent's attorney's letter to him confirms that Respondent knew that Mr. Jefferson had been a full-time resident until Respondent decreed the community to be seasonal.

V. CAUSES OF ACTION

Count I: Violation of the Consumer Fraud Act (Seasonal Property)

69. All preceding allegations are re-alleged and incorporated by reference.

70. The Delaware Consumer Fraud Act, 6 *Del. C.* § 2511, *et seq.* (the “Consumer Fraud Act”), prohibits the act, use, or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, unfair practice, or the concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale, lease, receipt, or advertisement of any merchandise (which includes real estate).

71. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants’ attorneys, Respondent falsely claimed, repeatedly and willfully, that Pine Haven is a seasonal property.

72. Accordingly, in connection with the lease of lots at Pine Haven, Respondent used or employed deception, fraud, false pretenses, misrepresentations, and unfair practices.

73. Additionally, in connection with the lease of lots at Pine Haven, Respondent concealed, suppressed, or omitted material facts with the intent that the residents relied on such concealment, suppression, or omission.

74. Respondent's actions constitute willful violations of the Consumer Fraud Act because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count II: Violation of the Consumer Fraud Act
(Promises/Threats)**

75. All preceding allegations are re-alleged and incorporated by reference.

76. The Consumer Fraud Act prohibits the act, use, or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, unfair practice, or the concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale, lease, receipt, or advertisement of any merchandise (which includes real estate).

77. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants' attorneys, Respondent falsely promised and threatened tenants that if they did not vacate the community, they would be arrested by the police, prosecuted, and their property, including their RVs, would be confiscated and destroyed.

78. Accordingly, in connection with the lease of lots at Pine Haven, Respondent used or employed deception, fraud, false pretenses, false promises, misrepresentations, and unfair practices.

79. Additionally, in connection with the lease of lots at Pine Haven, Respondent concealed, suppressed, or omitted material facts with the intent that the residents relied on such concealment, suppression, or omission.

80. Respondent's actions constitute willful violations of the Consumer Fraud Act because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count III: Violation of the Consumer Fraud Act
(Illegal Rent Increases)**

81. All preceding allegations are re-alleged and incorporated by reference.

82. The Consumer Fraud Act prohibits the act, use, or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, unfair practice, or the concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale, lease, receipt, or advertisement of any merchandise (which includes real estate).

83. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants' attorneys, Respondent falsely claimed, repeatedly and willfully, that tenants were required to pay an increased monthly rent.

84. Accordingly, in connection with the lease of lots at Pine Haven, Respondent used or employed deception, fraud, false pretenses, misrepresentations, and unfair practices.

85. Additionally, in connection with the lease of lots at Pine Haven, Respondent concealed, suppressed, or omitted material facts with the intent that the residents relied on such concealment, suppression, or omission.

86. Respondent's representatives knew or should have known that their conduct was prohibited by 6 *Del. C.* § 2511, *et seq.*

**Count IV: Violation of the Deceptive Trade Practices Act
(Seasonal Property)**

87. All preceding allegations are re-alleged and incorporated by reference.

88. The Delaware Deceptive Trade Practices Act, 6 *Del. C.* § 2531 *et seq.* (the "DTPA"), prohibits a business from engaging in conduct which creates a likelihood of confusion or of misunderstanding. Respondent has been a person engaged in a business, trade or commerce in the State of Delaware within the meaning of § 2531 of the DTPA.

89. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants' attorneys, Respondent falsely claimed, repeatedly and willfully, that Pine Have is a seasonal property, thereby misleading the tenants as to their status as residents and their continued ability to live at the site.

90. Accordingly, in connection with the lease of lots at Pine Haven, Respondent engaged in conduct which created the likelihood of confusion or misunderstanding.

91. Respondent's actions constitute willful violations of the DTPA because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count V: Violation of the Deceptive Trade Practices Act
(Promises/Threats)**

92. All preceding allegations are re-alleged and incorporated by reference.

93. The Delaware Deceptive Trade Practices Act, 6 *Del. C.* § 2531 *et seq.*, prohibits a business from engaging in conduct which creates a likelihood of confusion or of misunderstanding. Respondent has been a person engaged in a business, trade or commerce in the State of Delaware within the meaning of § 2531 of the DTPA.

94. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants' attorneys, Respondent falsely promised and threatened tenants that if they did not vacate the community, they would be arrested by the police, prosecuted, and their property, including their RVs, would be confiscated and destroyed.

95. Accordingly, in connection with the lease of lots at Pine Haven, Respondent engaged in conduct which created the likelihood of confusion or misunderstanding.

96. Respondent's actions constitute willful violations of the DTPA because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count VI: Violation of the Deceptive Trade Practices Act
(Illegal Rent Increases)**

97. All preceding allegations are re-alleged and incorporated by reference

98. The Delaware Deceptive Trade Practices Act, 6 *Del. C.* § 2531 *et seq.*, prohibits a business from engaging in conduct which creates a likelihood of confusion or of misunderstanding. Respondent has been a person engaged in a business, trade or commerce in the State of Delaware within the meaning of § 2531 of the DTPA.

99. In its written and oral communications to the tenants of Pine Haven, directly and to the tenants' attorneys, Respondent falsely claimed, repeatedly and willfully, that tenants were required to pay an increased monthly rent.

100. Accordingly, in connection with the lease of lots at Pine Haven, Respondent engaged in conduct which created the likelihood of confusion or misunderstanding.

101. Respondent's actions constitute willful violations of the DTPA because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count VII: Violation of the Manufactured Homes and
Manufactured Communities Act (Chapter 70)
(Notice)**

102. All preceding allegations are re-alleged and incorporated by reference.

103. Pine Haven is a “manufactured home community” as defined by 25 *Del. C.* § 7003(12) and is not a “seasonal property”. Thus, it is not exempt from Subchapter III of Chapter 70 pursuant to 25 *Del. C.* § 7004(b).

104. Chapter 70 provides, in pertinent part, that a home consisting of a “camper trailer, recreational vehicle, motor home, or similar vehicle or trailer” is considered a manufactured home if it meets three requirements: 1) it is located in a manufactured community 2) it is the primary residence of the tenant; and 3) it was immobile at the time that the tenant obtained title to the trailer. 25 *Del. C.* § 7003(12)b.

105. Chapter 70 also requires that when a landlord of a manufactured home community intends to convert that community from year-round to seasonal, it must afford all covered tenants one year’s notice of the change in use and of their need to secure other housing arrangements. 25 *Del. C.* § 7024(b)(1).

106. Respondent did not give all covered tenants the required notice under Chapter 70. To the contrary, Respondent has consistently and falsely maintained that the notice requirements of Chapter 70 do not apply to Pine Haven. As a result, Respondent has been attempting to evict residents in violation of Chapter 70.

107. Respondent has provided less than the required one year's notice to a number of residents who owned manufactured homes as defined by 25 *Del. C.* § 7003(12)b. Accordingly, Respondent violated 25 *Del. C.* § 7024(b)(1) by not giving those tenants sufficient notice before purporting to terminate their rental agreements and by attempting to terminate their leases and/or evict them.

108. Respondent's actions constitute willful violations of Chapter 70 because Respondent knew or should have known that its conduct was prohibited by that statute.

**Count VIII: Violation of the Manufactured Homes and
Manufactured Communities Act (Chapter 70)
(Rent Increases)**

109. All preceding allegations are re-alleged and incorporated by reference.

110. 25 *Del. C.* § 7052A(c)(2) limits the amount a landlord of a manufactured home community can increase rent as follows. An owner may increase rent to a formula of one-half of the 24-month CPI-U plus 3.5% (unless such CPI-U is greater than 7%, in which case it is simply the 24-month CPI-U).

111. In its March 10, 2023 letter to Mr. and Mrs. Barr (and, on information and belief, to other tenants, by similar letter or earlier), Respondent purported to raise the tenants' rent from \$350 per month to \$450 per month, which constitutes an increase of 28.57%.

112. Accordingly, by attempting to increase tenants' rent by \$100 per month, Respondent violated 25 *Del. C.* § 7052A(C)(2).

113. Additionally, 25 *Del. C.* § 7052A(C)(3)(a.) requires a landlord of a manufactured home community to request certification from DEMHRA and to notify the CPU before increasing rent.

114. On information and belief, Respondent did not request certification from DEMHRA nor notify the CPU before attempting to increase the tenants' rent.

115. Accordingly, by attempting to increase tenants' rent without requesting certification from DEMHRA, Respondent violated 25 *Del. C.* § 7052A(C)(3)(a.).

116. Further, 25 *Del. C.* § 7024(b)(1) prohibits a landlord of a manufactured home community from increasing the lot rental amount of an affected tenant after giving notice of a change in use.

117. Respondent provided residents with change-in-use notice on February 23, 2023.

118. While Respondent's previous attempts at increasing the rent are illegal, even if they were acting in good faith to try to increase the rent, any increases would no longer be allowable. If a community owner gives notice to DEMHRA and DOJ, but fails to obtain certification from DEMHRA for the increase, the community owner must start over, providing new notice while

obtaining valid certification for the increase. Because a change in use has been instituted, however, the landlord may not increase the lot rental amount. *25 Del. C. 7024(b)(1)*.

119. Respondent's actions constitute willful violations of Chapter 70 because Respondent knew or should have known that its conduct was prohibited by that statute.

VI. RELIEF REQUESTED

WHEREFORE, the State of Delaware, Department of Justice, Consumer Protection Unit, respectfully requests that the Hearing Officer grant the following relief:

- a. Convene a hearing within ten (10) days of the issuance of a this complaint and the entry of a cease and desist order;
- b. Enter judgment in favor of the CPU and against Respondent on each count of the Administrative Complaint;
- c. Enter a cease-and-desist order prohibiting Respondent from making false or misleading communications to the residents of Pine Haven;
- d. Enter a cease-and-desist order prohibiting Respondent from evicting any residents of Pine Haven until February 28, 2024.

e. Order Respondent to pay a civil penalty of \$5,000 for each willful violation of each count of the Consumer Fraud Act and the DTPA, with the total amount of violations and penalties to be determined at the hearing;

f. Order Respondent to pay a civil penalty for each willful violation of Chapter 70, with the total amount of violations and penalties to be determined at the hearing;

g. Order Respondent to pay restitution to each resident harmed by Respondents illegal conduct, including, but not limited to, each illegal rent increase, with the total amount and distribution to be determined at the hearing;

h. Order Respondent to pay attorneys' fees and investigative costs incurred by the CPU in this matter;

i. Order Respondent to pay pre-judgment and post-judgment interest on all amounts awarded to the CPU in this matter; and

j. Grant such other relief as the Hearing Officer finds just and appropriate.

/s/ Michael Clarke
DELAWARE DEPARTMENT OF
JUSTICE

Dated: April 3, 2023