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Case No. S26C-11-011 RHR

IN THE SUPERIOR COURT OF THE STATE OF DELAWARE

DIRECTOR OF THE DIVISION OF CONSUMER PROTECTION Plaintiff, BLUE BEACH BUNGALOWS DE, LLC and TODD BURBAGE Defendants.	)	C.A. No. _____

PUBLIC REDACTED COMPLAINT

Plaintiff, the Director of the Division of Consumer Protection at the Delaware Department of Justice (the "Director"), brings this action against Defendants, Blue Beach Bungalows DE, LLC ("Blue Beach") and Todd Burbage ("Burbage"), for fraudulent transfer. The Director alleges as follows:

I. PARTIES

1. Plaintiff Director of the Division of Consumer Protection is a Deputy Attorney General appointed by the Attorney General of the State of Delaware. The Director is charged with the furtherance of the programs and functions of the Division of Consumer Protection of the Delaware Department of Justice. 29 *Del. C.* § 2517.

2. Defendant Blue Beach is an LLC organized and existing under the laws of the State of Delaware.

3. Defendant Todd Burbage is an individual residing in Maryland. Burbage is the General Manager of Blue Beach.

II. FACTUAL ALLEGATIONS

4. Blue Beach was formed on June 15, 2022. At all relevant times, Burbage served as the General Manager of Blue Beach. Blue Beach is wholly owned by Burcor Holdings, LLC ("Burcor"). 75% of Burcor is owned by [redacted]. The remaining 25% is owned by [redacted] and [redacted] a Delaware limited liability company whose managing member is Burbage.

5. On September 15, 2022, Blue Beach purchased Pine Haven, a manufactured home and recreational vehicle community in Lincoln, Delaware.

6. Blue Beach paid $6,500,000 for Pine Haven. Blue Beach financed the purchase with two mortgages. The mortgages were each guaranteed by Burbage and Burcor.

7. Until its subsequent sale in 2025, Pine Haven was Blue Beach's principal asset.

8. On April 3, 2023, the Director issued a summary cease and desist order (the "Summary Order") against Blue Beach through its administrative

process, alleging that Blue Beach made false and misleading threats and promises to residents of Pine Haven.

9. During the week of September 11, 2023, an appointed Hearing Officer held a hearing on the merits of the order.

10. On April 4, 2024, the Hearing Officer ordered Blue Beach to pay the Division of Consumer Protection a civil penalty in the amount of $737,500 for violations of the Consumer Fraud Act, 6 *Del. C.* § 2511 *et seq*. (the "CFA"), and an administrative penalty of $94,000 for violations of the Summary Order, based on conduct occurring from June 2022 to July 2023.

11. Blue Beach appealed the order to the Superior Court. The Superior Court affirmed in part and vacated in part, and reduced the civil penalty to $500,000. Following the Superior Court's order, Blue Beach appealed to the Delaware Supreme Court on January 9, 2025.

12. During the pendency of the Supreme Court appeal, Blue Beach and Burbage took steps to market and sell Pine Haven. On May 28, 2025, Burbage, on behalf of Blue Beach, executed an agreement of sale with Jack Lingo Asset Management, LLC, to sell Pine Haven for $6,500,000. At the closing on November 13, 2025, Blue Beach received the sale proceeds.

13. Blue Beach used most of the proceeds to pay off its two Pine Haven mortgages and various settlement charges. Following this, Blue Beach retained $141,761.77 in cash proceeds from the sale.

14. As of closing, Blue Beach also owed Burbage approximately $336,318.50, arising from previous loans made by Burbage to Blue Beach for purposes of operations and construction related to Pine Haven.

15. On November 14, 2025, one day after closing, Blue Beach paid the entirety of the remaining sale proceeds ($141,761.77) to Burbage via check, to be applied toward the outstanding debt owed to Burbage. Upon information and belief, Burbage directed this payment to be made.

16. After transferring the funds, Blue Beach was left with approximately just $10,493.76 in total assets.

17. At the time of Blue Beach's payment to Burbage, Blue Beach's liabilities exceeded its assets, rendering it insolvent.

18. Based upon Burbage's position as General Manager of Blue Beach, he had reason to know of Blue Beach's insolvency at the time of the payment.

19. On December 30, 2025, the Delaware Supreme Court remanded the Director's litigation against Blue Beach back to the Hearing Officer to determine the appropriate amount of civil penalties based upon the Court's holdings.

20. On remand, in lieu of further litigation, the parties agreed to a civil penalty amount of $250,000. The Hearing Officer issued an order adopting the parties' stipulation on June 30, 2026.

21. On August 4, 2026, the Director initiated an action in this Court to obtain a judgment against Blue Beach for the agreed upon civil penalties. On August 17, this Court entered a judgment in favor of the Director and against Blue Beach in the amount of $250,000.

22. As of the date of this complaint, Plaintiff's judgment against Blue Beach remains unsatisfied.

III. CAUSES OF ACTION

Count I: Transfer to an Insider

23. The Director incorporates by reference the preceding paragraphs as if fully restated herein.

24. Pursuant to 6 *Del. C.* § 1305(b), a transfer made to an insider for an antecedent debt while the debtor is insolvent, and where the insider had reasonable cause to believe the debtor was insolvent, is fraudulent as to a creditor whose claim arose before the transfer was made.

25. On November 14, 2025, Blue Beach transferred approximately $141,761.77 to Burbage (the "Transfer").

26. The Director was a creditor whose claim arose before the Transfer. The claim arose when Blue Beach violated the CFA and the Summary Order. At the latest, the claim arose when the Hearing Officer ordered Blue Beach to pay civil penalties. Accordingly, the Director held a claim against Blue Beach before the Transfer.

27. At the time of the Transfer, Burbage was the General Manager of Blue Beach, and he maintained a significant ownership interest through Burcor. Thus, he was an insider of Blue Beach.

28. The Transfer was made for an antecedent debt owed by Blue Beach to Burbage.

29. At the time the Transfer was made, Blue Beach was insolvent, since its liabilities were greater than its assets.

30. Given his position at Blue Beach, Burbage had reasonable cause to believe that Blue Beach was insolvent at the time of the Transfer.

31. Because Blue Beach transferred $141,761.77 to Burbage, an insider, while insolvent and while Burbage had reasonable cause to believe Blue Beach was insolvent, for an antecedent debt, and after the Director's claim had arisen, the Transfer is fraudulent as to the Director under 6 *Del. C.* § 1305(b).

Count II: Actual Fraudulent Transfer

32. The Director incorporates by reference the preceding paragraphs as if fully restated herein.

33. On November 14, 2025, Blue Beach transferred approximately $141,761.77 to Burbage.

34. The Director's claim against Blue Beach arose before the Transfer and remains unsatisfied.

35. Blue Beach made the Transfer with actual intent to hinder, delay or defraud the Director.

36. The circumstances surrounding the Transfer demonstrate actual fraudulent intent based on the factors set forth in 6 *Del. C.* § 1304(b), because, among other reasons:

a. The Transfer was to Burbage, an insider, and upon information and belief, was directed by Bubage;

b. Before the Transfer was made, Blue Beach had been sued by the Director, and the appeal of the suit was close to conclusion;

c. Blue Beach did not disclose the Transfer to the Director;

d. The Transfer involved substantially all of Blue Beach's assets; and

e. Blue Beach was insolvent at the time the Transfer was made.

37. The Transfer is therefore fraudulent under 6 *Del. C.* § 1304(a)(1).

IV. PRAYER FOR RELIEF

WHEREFORE, the Director respectfully requests that the Court grant the following relief:

A. Declare the Transfer of $141,761.77 from Blue Beach to Burbage voidable;

B. Enter judgment against Burbage for $141,761.77 pursuant to 6 *Del. C.* § 1308(b);

C. Authorize the levy of execution on the transferred $141,761.77 pursuant to 6 *Del. C.* § 1307(b);

D. Award pre-judgment and post-judgment interest, costs, and such other relief as the Court deems just and proper.

Dated: November 13, 2026

Respectfully submitted,

DIRECTOR OF THE DIVISION OF CONSUMER PROTECTION
DEPARTMENT OF JUSTICE

/s/ Brian Canfield

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