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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION**

In the Matter of:

MSD - 16-0342

Inter-City Sales, Inc.

**Final Order to Cease and Desist and Order
Assessing Civil Penalties Entered on Default**

Respondent.

On October 3, 2016, the Director of the Department of Consumer and Business Services (“Director”), by and through the Division of Financial Regulation (“Division”), properly served notice on Inter-City Sales, Inc. (“Respondent”) that the Director intended to assess civil penalties against Respondent for engaging in unlicensed manufactured structure activities.

The Notice offered Respondent an opportunity for a hearing if requested within 20 days. The Notice further informed Respondent that if a hearing was not conducted because Respondent did not timely request a hearing or otherwise defaulted, then the designated portion of the Director’s file and all materials submitted by Respondent in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case.

The Director did not receive a hearing request from Respondent and did not conduct a hearing.

The Director finds that the record of this proceeding proves a *prima facie* case.

The Director makes the following Findings of Fact, Conclusions of Law, Orders, and Notice of Right to Judicial Appeal.

FINDINGS OF FACT

1. On or about December 1, 2009, Oregon consumers MC and KC entered into an agreement with ICS, an Oregon licensed manufactured structured deal, (MSD) to purchase a manufactured structure. As part of the agreement, the couple made a down payment to Inter-

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 City Sales, Inc. (ICS) of \$30,000 by Check No. 1029.

2 2. The couples' check was subsequently presented for payment by ICS on December
3 3, 2009, and honored.

4 3. ICS told the couple that their new home was being built by CMH Manufacturing
5 West, Inc. (CMH).

6 4. On or about the middle of January 2010, the couple contacted CMH regarding the
7 progress of their new home.

8 5. On or about February 4, 2010, the couple was informed by Associate General
9 Council for CMH that CMH had not received any homes to process for ICS. CMH denied
10 any knowledge regarding the couples' order or receiving any funds from ICS on behalf of the
11 couple.

12 6. Shortly thereafter, the couple learned that ICS had filed for Chapter 7 Bankruptcy.
13 The bankruptcy was filed on December 31, 2009.

14 7. ICS never contacted the couple after receiving the couples' December 1st check.

15 8. The couple subsequently learned that ICS had paid over \$20,000 in legal fees in
16 December of 2009, the same month that the couple had made a down payment of \$30,000 to
17 ICS. The first payment for legal fees by ICS was on December 9, 2009, approximately one
18 week after ICS had received the couples' check for \$30,000.

19 9. MC and KC requested that ICS refund the couples' down payment but did not
20 receive a response from ICS.

21 10. MC and KC never received the home from ICS nor did they receive a refund.

22 **CONCLUSIONS OF LAW**

23 The Director concludes that:

24 11. Respondent violated ORS 446.741(1)(i) and OAR 441-446-0300(5) when
25 Respondent engaged in an act, practice or course of business that operated as a fraud or deceit
26

1 on its customers as set out in the above transaction when Respondent accepted the deposit
2 from MC and KC for a manufactured structure. Respondent knew that in all likelihood the
3 home ordered by the couple would never be built, and was not built, because Respondent did
4 not submit the order to the manufacturer and then failed to refund the deposit to the couple.

5 12. Respondent violated ORS 646.607(2) when Respondent failed to deliver all or any
6 portion of real estate, goods, or services as promised, and upon request of the customer, failed
7 to refund any money that had been received from the customer for the purchase of the
8 undelivered real estate, goods or services.

9
10 **ORDER**

11 NOW, THEREFORE, the Director issues the following orders:

12 13. Pursuant to ORS 446.748, the Director hereby orders ICS to cease and desist from
13 violating Oregon Manufactured Structure Dealers and Dealerships Laws.

14 14. Pursuant to ORS 446.995, the Director may assess a civil penalty of up to \$5,000
15 for each violation of the Oregon Manufactured Structure Dealers and Dealerships Laws.
16 Pursuant to these provisions, the Director hereby orders that ICS pay a civil penalty of
17 \$10,000 as set out below:

- 18 a. \$5,000 for one violation of ORS 446.741(1)(i) and OAR 441-446-0300(5).
19 b. \$5,000 for one violation of ORS 646.607(2).

20 15. The entry of this Order in no way further limits remedies which may be available
21 to the Director under Oregon law.

22 Dated this 25th day of October, 2016.

23 PATRICK M. ALLEN, Director
24 Department of Consumer and Business Services

25 /S/ David Tatman
26 David C. Tatman, Chief Enforcement Officer
Division of Financial Regulation



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NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is served.

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