

# Court backs settlement in bankruptcy case

Company failed to honor contracts on the sale of prepackaged homes

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A settlement in a Chapter 7 bankruptcy case involving Mary Virginia Parsons and her company Aloha Package Homes LLC that entitles seven Maui residents to a total of \$171,000 in restitution was approved earlier this month by the U.S. Bankruptcy Court for Hawaii.

The settlement was arranged between the state Department of Commerce and Consumer

Affairs Office of Consumer Protection and bankruptcy Trustee Dane Field in a personal bankruptcy case filed by Parsons, said a news release from the Office of Consumer Protection on Tuesday.

The company with a Wailuku address was registered in November 2001 to promote and sell package homes and materials, according to its business registration filings with the state.

Parsons is claimed to have

sold the seven consumers prepackaged homes through her company and then failed to complete their contracts, the Office of Consumer Protection said. The consumers ran into problems after requesting refunds from the company and Parsons.

In its investigation of complaints, the Office of Consumer Protection determined that Parsons and her company engaged in “unfair and deceptive acts and practices in violation of several state consumer protection statutes.” Those acts and practices included:

- Failure to promptly acknowledge requests from consumers to cancel their contracts.
- Failure to promptly honor cancellation requests.
- Requiring a written reason for a cancellation when none was necessary.
- Claiming cancellation only could be by agreement and then refusing to agree to cancellation.
- Imposing unwritten preconditions before any cancellation became effective.
- Unreasonably delaying the cancellation process.
- Treating the cancellation

of a contract as a breach of that contract by the consumer.

• Demanding that consumers pay liquidated damages.

• Making misleading and deceptive representations about refunds.

The Better Business Bureau gave the company an ‘F’ rating, citing a failure to comply with an arbitration decision or mediated settlement and four complaints filed against the business that were not resolved.

“OCP (Office of Consumer Protection) is very pleased that we were able to help these

Maui consumers bring closure to this matter,” consumer protection Executive Director Bruce Kim said. “This case serves as a reminder that before signing a contract and paying significant fees in advance to a business that you haven’t dealt with before, be sure to check them out first.”

The phone number for Aloha Package Homes was disconnected. When asked if Parsons was still in business, Brent Suyama, spokesman for the DCCA, replied “no longer in that capacity.”

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## Bankruptcy

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Mary Virginia Parsons and Dale Julian Parsons Jr. filed for Chapter 11 reorganization in December 2009 and listed their debts as primarily consumer and not business debts, according to their bankruptcy filing. They also both listed businesses – Aloha Package Homes LLC and Sunrooms of Hawaii LLC.

On the filing, the Parsons said the number of their creditors ranged between one and 49 and estimated their assets at

between \$1 million and \$10 million and their liabilities at between \$1 million and \$10 million.

State officials said that the bankruptcy filing turned into a Chapter 7 liquidation. At present, the Chapter 7 trustee and his counsel are nearing determination of full administration of the assets of the estate, leaving only the final distribution of those assets, said Suyama. He said that his agency understands that the resolution of claims was being done in anticipation of final distribution of assets, probably before the end

of the year.

Bankruptcy Judge Robert J. Faris on July 10 approved restitution and prejudgment interest to seven Maui residents for a total of \$171,261.42; \$24,000 in civil fines and penalties; and \$9,286.15 in attorneys’ fees and costs to the state.

The individual restitution claims ranged from \$65,428 to \$967.47, documents show.

The seven residents were approved to file for a full claim of what they lost, Suyama said in an email. The trustee will have to divide up funds according to

what is available.

All claimants had general unsecured claims against the bankruptcy estate, but the order listed as much as \$2,775 per claimant be given “priority” status or paid before other general unsecured claims, he said.

The state is in contact with the consumers affected by this ruling. The Office of Consumer Protection was represented in the bankruptcy case by staff attorney James F. Evers.

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