

Filed in The District Court
of Travis County, Texas

SC NOV 23 2015
At 1:40 P.M.
Velva L. Price, District Clerk

NO. D-1-GV-13-001059

STATE OF TEXAS,
Plaintiff,

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IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

1 SOLTECH INC.; SANDRA "SANDY"
FARDI; HOSSEIN "ZAK" FARDI; and
ALI ENRIQUE RAZAVI,
Defendants.

261ST JUDICIAL DISTRICT

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

TO THE HONORABLE JUDGE OF SAID COURT:

On this date, came for hearing in the above-entitled and numbered cause in which the STATE OF TEXAS ("Plaintiff" or "State"), acting by and through Attorney General of Texas, KEN PAXTON, on behalf of his Consumer Protection Division, is Plaintiff, and 1 SOLTECH INC.; SANDRA "SANDY" FARDI; HOSSEIN "ZAK" FARDI; and ALI ENRIQUE RAZAVI, (collectively, the "Defendants"), are Defendants. Through their respective attorneys of record, the parties wish to make the following stipulations and agree to entry of this AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION (hereafter "AFJPI" or "Judgment").

I. STIPULATIONS

The parties agree to entry of this Judgment, and at their request, the Court finds that:

- A. The Court has jurisdiction over the subject matter of this action.
- B. The Court has jurisdiction over the Defendants in this matter.
- C. Venue is proper in Travis County, Texas.
- D. The activities of Defendants constitute trade and/or commerce.



- E. Entry of this Judgment is in the public interest.
- F. This Judgment is non-appealable.
- G. Nothing in this Judgment in any way affects any individual's right to bring a cause of action under the DTPA, or any other law or regulation of this State.
- H. The Court shall have continuing jurisdiction to enforce this Judgment, save and except as preempted by the provisions of title 11 of the United States Code as to Defendant 1 SOLTECH INC.
- I. Defendants acknowledge notice of this permanent injunction and acceptance of same; therefore no writ need be issued.
- J. Defendant 1 SOLTECH INC. acknowledges that it bought solar panels that were manufactured in China, and advertised and resold the Chinese panels as being "Made in the USA by 1 SolTech, Inc."
- K. Defendant 1 SOLTECH INC. acknowledges that it advertised and sold solar panels as having met certification and testing standards, when the panels had not been certified.

II. DEFINITIONS

For purposes of this Agreed Final Judgment and Permanent Injunction, the following definitions shall apply:

- A. "Consumer" means an individual, partnership, corporation, or entity of any kind, including this state or a subdivision or agency of this state, which seeks or acquires by purchase or lease, any goods or services.

B. “DTPA” means the Texas Deceptive Trade Practices - Consumer Protection Act, TEX. BUS. & COM. CODE § 17.41 *et seq.* (West, Westlaw through 2013, Third Called Session).

C. “Defendants” shall mean 1 SOLTECH INC.; Sandra “Sandy” Fardi; Hossein “Zak” Fardi; Ali Enrique Razavi; their officers; agents; servants; employees; all other persons in active concert or participation with them, whether acting directly or through any person, business entity, limited liability company, trust, corporation, partnership, subsidiary, division, assumed or fictitious business name, or device; and all entities in which they have an ownership interest, serve as officers or directors, have formed, created, are affiliated with, or control, and where such entity is engaged in or assists others engaged in the advertising, promotion, offering for sale, sale or distribution or provision of solar panel-type goods and/or services. For purposes of this Final Judgment, an entity shall be considered to be formed, created, affiliated with, or controlled by Defendants if Defendants have a more than 10% ownership of, serve as officers, directors or members of, or share management, ownership, use of facilities, equipment or employees with, an entity. However, Defendants shall not include the Trustee or any of his agents, employees and attorneys.

D. “Represent” means to make an affirmative declaration of the representation orally, in writing, or through other communication.

E. “Clear and conspicuous” and “Clearly and conspicuously” mean:

- (1) For print communications, the message shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.

- (2) In communications disseminated orally, the message shall be delivered in a volume and cadence sufficient for an ordinary consumer to comprehend it.
- (3) In communications made through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services, and software), the message shall be presented simultaneously in both the audio and visual portions of the communication. In any communication presented solely through visual or audio means, the message may be made through the same means by which the communication is presented. Any audio message shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. Any visual message shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location sufficiently noticeable for an ordinary consumer to read and comprehend it. The message shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the message shall be used in any communication.

F. **“Solar Product(s)”** means solar panels and/or modules; components thereof; and any product, equipment or services sold by Defendants to be used in the installation, power generation, or maintenance of the solar panels and/or modules.

G. **“Bankruptcy Case”** means that certain bankruptcy case styled *In re ISolTech, Inc.*, Case No. 14-42187 pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

H. "Trustee" means Mark A. Weisbart, in his capacity as the duly appointed and acting chapter 7 trustee of the bankruptcy estate of Defendant 1 SOLTECH, INC. in the Bankruptcy Case.

III. INJUNCTIVE RELIEF

IT IS ORDERED, ADJUDGED AND DECREED that Defendants, their officers, agents, employees, and attorneys, and all persons in active concert or participation with them, are hereby permanently **ENJOINED** from:

A. Failing to Clearly and Conspicuously disclose on all marketing, advertising, solicitations, or other representations of any kind of Solar Products the national origin of the Solar Products;

B. Making representations of any kind, including but not limited to verbal or written representations, that the Solar Products are "Made in USA," manufactured in the United States of America, or are assembled solely or largely from components made or manufactured in the United States of America; or making other representations of this kind regarding Defendants' Solar Products, unless those representations are factual;

C. Representing that the Solar Products offered for sale or sold by Defendants have met certification or testing requirements of any regulatory authority or body, or any testing authority or body, unless those representations are factual;

D. Furnishing Solar Products which are not manufactured in the United States of America to a consumer if Defendants represent to said consumer that it would be furnished Solar Products that were manufactured in the United States of America;

E. Furnishing Solar Products which are not certified to meet the UL 1703 standard by an authorized testing facility to a consumer if Defendants represent in any way, including through statements on Defendants' website, data sheets, labeling, verbal representations, utilization of certification marks, or any other representations of any kind, that Defendants' Solar Products are certified to meet the UL 1703 standard;

F. Representing that the Solar Products meet or exceed the requirements of any state or federal law, regulation, or rule requiring that products be made in the United States of America or the State of Texas, unless those representations are factual;

G. Representing that warranties covering the Solar Products include rights, remedies, and terms of length or scope of coverage which they do not; and

H. Utilizing order acknowledgment forms, invoices, pro forma invoices, shipping confirmation, bills of lading, or any other correspondence or documentation templates that include or make reference to made in the USA, made in America, or any other similar statement of national origin, when selling, offering to sell, or otherwise corresponding regarding the sale or availability for sale, of Solar Products, unless the Solar Products subject of the documentation are or were manufactured in the United States by Defendants.

IV. NOTICE TO HARMED CONSUMERS

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that within 120 days of the entry of this Judgment, Defendant 1 SOLTECH INC. shall provide notice to the 42 consumers which are set forth in "Exhibit C" to the State of Texas's Motion for Discovery Sanctions, filed on July 15, 2015 in the above-styled and numbered Case No. D-1-GV-13-001059, which, for ease of reference and avoidance of doubt, reflects consumers who paid for a 1 SOLTECH INC. Solar

Product that was manufactured after February 14, 2013 as set forth on "Exhibit A" attached hereto.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that within 120 days of the entry of this Judgment, Defendant 1 SOLTECH INC. shall, in addition to those consumers identified in Exhibit A, provide notice to all purchasers of a 1 SOLTECH INC. Solar Product directly from 1 SOLTECH INC that was manufactured after February 14, 2013.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the notice described Section IV of this Judgment shall include the following information:

- A. Defendant 1 SOLTECH INC. did not have UL 1703 certifications from Intertek after February 14, 2013;
- B. Any 1 SOLTECH INC. label that includes the Intertek UL 1703 mark after that date is incorrect; and
- C. Contact information for Intertek, including the telephone number, email address and website for the Intertek Inspector Information Center, www.intertek.com/inspector-center/.

V. RESTITUTION TO HARMED CONSUMERS

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff shall have and recover Judgment against Defendant 1 SOLTECH INC. as restitution pursuant to Texas Business and Commerce Code section 17.47(d), to consumers who paid for a 1 SOLTECH INC. Solar Product that was manufactured after February 14, 2013, the amount of TWO MILLION SEVEN HUNDRED FIFTY FOUR THOUSAND THREE HUNDRED TWENTY TWO DOLLARS AND 98 CENTS (\$2,754,322.98) with such amount allocated as set forth in "Exhibit C" to the State of Texas's Motion for Discovery Sanctions, filed on July 15, 2015 in the above-styled and numbered Case No. D-1-GV-13-001059, which, for ease of reference and

avoidance of doubt, reflects consumers who paid for a Solar Product that was manufactured after February 14, 2013 as set forth on "Exhibit A" attached hereto. However, in the event any consumers identified on "Exhibit A" file a proof of claim in the Bankruptcy Case that is lower than the amounts so allocated, the amount contained in the proof of claim shall represent the amount of restitution due such consumer.

VI. CIVIL PENALTIES

IT IS FURTHER ORDERED THAT:

A. The State of Texas shall have Judgment and recover from Defendant 1 SOLTECH INC. the sum of FIVE MILLION DOLLAR AND NO CENTS (\$5,000,000.00) as a civil penalty and not as compensation for actual pecuniary loss.

B. The State of Texas shall have Judgment and recover from Defendant SANDRA "SANDY" FARDI the sum of ONE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$100,000.00) as a civil penalty and not as compensation for actual pecuniary loss.

C. The State of Texas shall have Judgment and recover from Defendant HOSSEIN "ZAK" FARDI the sum of THREE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$300,000.00) as a civil penalty and not as compensation for actual pecuniary loss.

D. The State of Texas shall have Judgment and recover from Defendant ALI ENRIQUE RAZAVI the sum of ONE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$100,000.00) as a civil penalty and not as compensation for actual pecuniary loss.

VII. ATTORNEYS' FEES AND COSTS**IT IS FURTHER ORDERED THAT:**

A. The State of Texas shall have Judgment and recover from Defendant 1 SOLTECH INC. the sum of ONE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$150,000.00) for the reimbursement of attorneys' fees, investigative costs, and Court costs to the Texas Attorney General, which fees were incurred on behalf of Plaintiff in obtaining the award of civil fines and penalties against Defendant 1 SOLTECH INC. and do not constitute an antecedent debt with respect to this litigation.

B. The State of Texas shall have Judgment and recover from Defendant SANDRA "SANDY" FARDI the sum of TWENTY FIVE THOUSAND DOLLARS AND NO CENTS (\$25,000.00) for the reimbursement of attorneys' fees, investigative costs, and Court costs to the Texas Attorney General, which fees were incurred on behalf of Plaintiff in obtaining the award of civil fines and penalties against Defendant SANDRA "SANDY" FARDI and do not constitute an antecedent debt with respect to this litigation.

C. The State of Texas shall have Judgment and recover from Defendant HOSSEIN "ZAK" FARDI the sum of ONE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$100,000.00) for the reimbursement of attorneys' fees, investigative costs, and Court costs to the Texas Attorney General, which fees were incurred on behalf of Plaintiff in obtaining the award of civil fines and penalties against Defendant HOSSEIN "ZAK" FARDI and do not constitute an antecedent debt with respect to this litigation.

D. The State of Texas shall have Judgment and recover from Defendant ALI ENRIQUE RAZAVI the sum of TWENTY FIVE THOUSAND DOLLARS AND NO CENTS

(\$25,000.00) for the reimbursement of attorneys' fees, investigative costs, and Court costs to the Texas Attorney General, which fees were incurred on behalf of Plaintiff in obtaining the award of civil fines and penalties against Defendant ALI ENRIQUE RAZAVI and do not constitute an antecedent debt with respect to this litigation.

VIII. MISCELLANEOUS

IT IS ORDERED that the State is authorized to monitor compliance with this Agreed Final Judgment and Permanent Injunction by any lawful method.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the State shall have all writs of execution and other processes necessary to enforce this Agreed Final Judgment and Permanent Injunction, except as to any amounts awarded against Defendant 1 SOLTECH INC. which amounts may only be recovered in the Bankruptcy Case as provided under title 11 of the United States Code.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that all costs of Court incurred in this case are taxed against the parties incurring same.

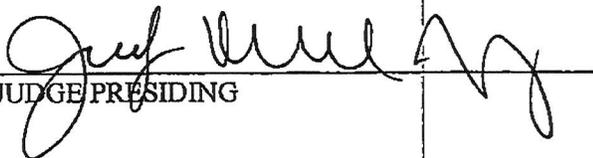
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall not represent to the public that this Judgment constitutes approval by Plaintiff or this Court of any of Defendants' actions or business activities.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that if in the future any definition or provision in this Judgment is inconsistent with the laws of the State of Texas or any rules or regulations promulgated thereunder, then such laws and/or rules and regulations will prevail over the terms of this Judgment, provided that the remaining terms of the Judgment not affected by such laws, rules, or regulations will remain in full force and effect.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing contained herein shall preclude or waive any party's rights in the Bankruptcy Case in any respect, including, without limitation, the application of 11 U.S.C. § 726 with regard to the characterization in the Bankruptcy Case of any amounts awarded in this Judgment.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that all relief not expressly granted herein is denied.

SIGNED AND ENTERED this 23rd day November, 2015.



JUDGE PRESIDING

APPROVED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED:

KEN PAXTON
Attorney General of Texas

CHARLES E. ROY
First Assistant Attorney General

JAMES E. DAVIS
Deputy Attorney General for Civil Litigation

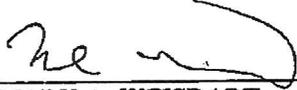
TOMMY PRUD'HOMME
Consumer Protection Division



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CHAPTER 7 TRUSTEE FOR THE DEFENDANT
1 SOLTECH INC.

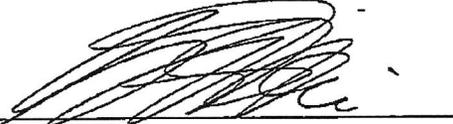
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bapple@2027law.com

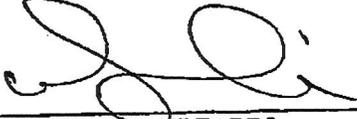
ATTORNEYS FOR THE DEFENDANTS
SANDRA "SANDY" FARDI; HOSSEIN
"ZAK" FARDI; and ALI ENRIQUE RAZAVI

APPROVED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED:



SANDRA "SANDY" FARDI
Individually

APPROVED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED:



HOSSEIN "ZAK" FARDI
Individually

APPROVED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED:



ALI ENRIQUE RAZAVI
Individually

EXHIBIT A

Restitution for Harmed Consumers

Invoice No.	Invoice Date	Amount
1STH001052	2/26/2013	\$19,125.00
1STH000810	4/4/2013	\$10,290.00
1STH000819	4/17/2013	\$172,842.20
1STH000826	4/19/2013	\$7,680.00
1STH00821	4/19/2013	\$32,430.00
1STH000828	5/3/2013	\$11,000.00
1STH000829	5/3/2013	\$8,424.00
1STH000824	5/3/2013	\$164,184.30
1STH000830	5/3/2013	\$4,064.55
1STH000831	5/10/2013	\$130,023.95
1STH000838	5/21/2013	\$5,806.50
1STH000844	5/28/2013	\$3,351.00
1STH000846	5/29/2013	\$744.80
1STH000849	5/31/2013	\$12,612.60
1STH000822	5/31/2013	\$6,480.00
1STH000848	6/3/2013	\$122,333.40
1STH000851	6/4/2013	\$10,669.75
1STH001125	6/5/2013	\$8,720.40
1STH000852	6/7/2013	\$31,248.00
1STH000854	6/10/2013	\$135,747.00
1STH000856	6/11/2013	\$390.00
1STH000862	6/13/2013	\$9,875.00
1STH 000866	6/18/2013	\$3,357.50
1STH000865	6/18/2013	\$5,600.00
1STH000871	6/24/2013	\$650.00
1STH000877	6/28/2013	\$825.00
1STH000882	7/8/2013	\$4,800.00
1STH000884	7/9/2013	\$69,186.60
1STH000893	7/17/2013	\$11,605.00
1STH000892	7/17/2013	\$3,950.00
1STH000894	7/19/2013	\$540.21
1STH000898	7/22/2013	\$6,640.00
1STH000900	7/30/2013	\$3,825.00
1STH000901	7/31/2013	\$13,744.50
1STH000905	8/7/2013	\$950.00
1STH000876	8/10/2013	\$84,000.00
1STH000911	8/14/2013	\$4,250.00
1STH000910	8/14/2013	\$1,275.00
1STH000914	8/16/2013	\$214.20
1STH000918	8/22/2013	\$9,496.21
1STH000925	8/28/2013	\$249.90
1STH000921	8/29/2013	\$3,381.00
1STH000920	8/30/2013	\$23,100.00

EXHIBIT A

Restitution for Harmed Consumers

Invoice No.	Invoice Date	Amount
1STH000922	9/3/2013	\$17,000.00
1STH000926	9/9/2013	\$7,800.00
1STH000927	9/10/2013	\$400.00
1STH000933	9/13/2013	\$78,750.00
1STH000935	9/18/2013	\$1,350.00
1STH000934	9/18/2013	\$3,375.00
1STH000936	9/19/2013	\$14,400.00
1STH000937	9/19/2013	\$5,700.00
1STH000917	9/19/2013	\$12,558.00
1STH000917	9/19/2013	\$14,409.00
1STH000940	9/20/2013	\$5,700.00
1STH000943	9/24/2013	\$8,925.00
1STH000947	9/26/2013	\$15,000.00
1STH000958	10/1/2013	\$3,800.00
1STH000959	10/2/2013	\$3,825.00
1STH000963	10/4/2013	\$400.00
1STH000963	10/4/2013	\$400.00
1STH000961	10/4/2013	\$5,312.50
1STH000960	10/4/2013	\$4,037.50
1STH000964	10/8/2013	\$1,900.00
1STH000971	10/10/2013	\$5,500.00
1STH000974	10/14/2013	\$14,000.00
1STH000977	10/15/2013	\$400.00
1STH000978	10/17/2013	\$3,920.00
1STH000981	10/17/2013	\$3,400.00
1STH000982	10/21/2013	\$225.00
1STH000985	10/23/2013	\$3,920.00
1STH000989	10/30/2013	\$84,150.00
1STH000991	10/30/2013	\$6,370.00
1STH000995	10/31/2013	\$1,575.00
1STH000996	10/31/2013	\$1,350.00
1STH000994	10/31/2013	\$1,575.00
1STH001000	11/11/2013	\$3,026.40
1STH001006	11/15/2013	\$26,250.00
1STH0001011	11/20/2013	\$3,026.40
1STH0001009	11/21/2013	\$10,710.00
1STH001019	12/10/2013	\$8,800.00
1STH1021	12/11/2013	\$6,650.00
1STH001020	12/11/2013	\$36,750.00
1STH001025	12/26/2013	\$8,268.00
1STH001027	12/28/2013	\$804,222.00
1STH001031	1/5/2014	\$1,125.00
1STH 001034	1/13/2014	\$6,650.00

EXHIBIT A

Restitution for Harmed Consumers

Invoice No.	Invoice Date	Amount
1STH 001090	1/15/2014	\$500.00
1STH 001033	1/15/2014	\$475.00
1STH001039	1/21/2014	\$3,244.00
1STH0001041	1/21/2014	\$3,369.60
1STH001037	1/21/2014	\$5,850.00
1STH001048	2/14/2014	\$6,240.00
1STH0001968	3/11/2014	\$51,450.00
1STH001070	3/19/2014	\$70,560.00
1STH001081	4/2/2014	\$17,460.00
1STH001088	4/8/2014	\$50,719.50
1STH001089	4/8/2014	\$2,862.00
1STH001091	4/10/2014	\$3,564.00
1STH0001162	4/22/2014	\$4,025.00
1STH001105	4/23/2014	\$2,175.00
1STH001163	6/9/2014	\$350.00
1STH0001132	6/11/2014	\$350.00
1STH001135	7/1/2014	\$1,920.00
1STH000157	7/29/2014	\$2,400.00
1STH001159	8/4/2014	\$3,640.00
1STH001166	8/8/2014	\$894.40
1STH001178	8/22/2014	\$8,700.00
1STH001179	8/22/2014	\$24,463.40
1STH001194	9/11/2014	\$1,375.00
1STH 001197	9/12/2014	\$6,847.51
1STH001196	9/12/2014	\$3,375.00
1STH001195	9/15/2014	\$10,920.00
1STH0001200	9/18/2014	\$570.00
1STH001211	9/30/2014	\$13,050.00
1STH001218	10/20/2014	\$1,000.00
1STH001219	10/20/2014	\$24,211.20
1STH0001228	10/30/2014	\$40,000.00
1STH001239	11/19/2014	\$300.00

TOTAL:

\$2,754,322.98