TARRAHT COUNTY

TARRAHT COUNTY

TARRAHT COUNTY

No. 048-316086-20

STATE OF TEXAS, AS A: CLERK \$ IN THE DISTRICT COURT OF Plaintiff, THOUSTRICT COURT OF \$

VS. \$

BRYAN WAYNE SHELLENBERGER, \$ TARRANT COUNTY, TEXAS Individually, APEX HOME ENERGY \$

SOLUTIONS, LLC and IAQ \$

MECHANICAL LLC, \$

Defendants. \$ 48th JUDICIAL DISTRICT

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

On this date, came for hearing the above-entitled and numbered cause in which the STATE OF TEXAS (hereafter, Plaintiff, State or CPD), acting by and through Attorney General of Texas, KEN PAXTON, and his Consumer Protection Division, and Defendants, BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC (APEX); AND IAQ MECHANICAL LLC (including dba A-Apex Heating & Air; and dba A-APEX Home Energy Management) (IAQ) (collectively, Defendants) announce their consent to the entry of this Agreed Final Judgment and Permanent Injunction (the Judgment), waiving the making of a further record other than this Judgment and prior to the taking of any testimony in this cause, jointly move the Court enter this Judgment as an agreed final judgment and permanent injunction as against the Defendant parties and the claims by Plaintiff. The Court, having reviewed the pleadings, stipulations and representations of counsel and Parties, enters this Judgment as follows:

STIPULATIONS

1. By their duly authorized signatures affixed below, Plaintiff and Defendants (Bryan Shellenberger, individually, IAQ and APEX) (hereafter collectively, "The Parties"), each understands, agrees and stipulates as follows:

MAILED COPY TO ALL ATTORNEYS AND PRO SE PARTIES OF RECORD



- A. Each of the parties agrees to and does not contest the entry of this judgment and agree that subject to the terms hereof, the Court has continuing jurisdiction to enforce this AFJPI to the extent authorized;
- B. The Court has jurisdiction over Defendants Shellenberger, APEX and IAQ;
- C. Venue is proper in Tarrant County, Texas;
- D. The activities of Defendants constitute trade and/or commerce as defined under DTPA § 17.45(6);
- E. Entry of this Judgment is in the public interest;
- F. The civil fines and penalties awarded to Plaintiff against Defendants under this Judgment constitute claims to, and for the benefit of, a governmental unit, as defined under 11 U.S.C. § 101(27), and are not compensation for actual pecuniary loss;
- G. Each of the Parties' agreements to this Judgment is made freely and voluntarily without duress and after the benefit of legal counsel and adequate time to consider its terms:
- H. This Judgment represents a compromise and settlement and release of all civil claims that the Texas Attorney General's Office asserted, or could have asserted on behalf of Plaintiff against any of the Defendants, prior to the Effective Date, based on the allegations made in the Original Petition regarding Defendants' involvement, in the advertisement, sales and delivery of Solar Products and Home Energy Efficiency Products and Services, under the Texas Deceptive Trade Practices Consumer Protection Act, TEX. BUS. & COM. CODE § 17.41 et seq. (hereafter, "DTPA") and Chapter 601 of the Texas Business and Commerce

Code, Cancellation of Certain Consumer Transactions, TEX. BUS. & COM. CODE Chapter 601 et seq. (hereafter, "Home Solicitation Act" or "HSA"). This Judgment is being entered into without trial or adjudication of any issue of fact or law or finding of liability of any kind. The Parties agree and stipulate that neither this Judgment nor the payment of money by any Defendant constitutes an admission by any Defendant (or its officers, servants, employees, successors, assigns, or affiliates), as to any issue of fact or law;

- Each Party actively participated in the negotiations leading up to this Judgment, each is aware of the duties placed upon them by it, and desirous and capable of carrying out those duties in full; that each named party acknowledges receipt of copies of this Judgment and have full and actual notice of the terms of this Judgment; that the issuance and service of a writ of injunction are waived; that the terms of this Judgment are sufficiently detailed and specific to be enforceable by the Court in conformance with Tex. R. CIV. P. 683 and enforceable by the Court pursuant to Tex. R. CIV. P. 692;
- J. The Parties each acknowledge receipt of copies of this AFJPI and each has full and actual notice of its terms. Issuance and service of a writ of injunction are therefore waived;
- K. It would be in the best interest of the Parties if the Court approved this settlement and render judgment accordingly.
- L. Except as provided by Paragraph 2.D., this Judgment in no way affects, preempts, precludes, or resolves any matters with respect to any private claimants or other governmental agencies or departments.

FINDINGS

- 2. It appearing to the Court that Plaintiff, Shellenberger, APEX and IAQ (the Parties) agree to the entry of this AFJPI and that each of the Parties has approved its entry by their duly authorized signatures, the Court, upon stipulation of the Parties and after being fully advised in this matter, makes the following findings which are agreed to by the Parties solely for the purpose of supporting the enforceability of this AFJPI and which shall not be utilized as substantive evidence for any other purpose:
- A. THE COURT FINDS that it has jurisdiction over the subject matter and over all Parties to this action and that venue of this matter is proper in Tarrant County, Texas.
- B. THE COURT FINDS, having reviewed the pleadings and stipulations of the Parties and it appearing to the Court that Plaintiff and Defendant have agreed to and approve the entry of this Judgment, that said Judgment should be approved, and accordingly this Judgment should be entered by the Court.
- C. THE COURT FINDS that Plaintiff's Original Petition for Civil Penalties and Injunctive Relief alleges violations of the DTPA and Home Solicitation Act, and states claims upon which relief can be granted, and that Plaintiff has authority to seek the relief it has requested.
- D. The COURT FINDS that each purported waiver of the consumer's rights under the DTPA or HSA that APEX included in any consumer purchase agreement entered between January 1, 2017 to the present, is void as a matter of law pursuant to Chapter 601, Subchapter D, and Sections 601.201 and 601.204, Texas Business and Commerce Code.
 - E. THE COURT FINDS that the injunctive relief below is warranted.
- F. THE COURT FINDS that the civil fines and penalties portions awarded to Plaintiff against Defendants under this Judgment constitute claims to, and for the benefit of, a

governmental unit, as defined under 11 U.S.C. § 101(27), are not compensation for actual pecuniary loss and are exempt from a discharge injunction pursuant to 11 U.S.C. § 523(a)(7).

3. Based on these findings, the pleadings, and representations and stipulations of the Parties, and it appearing to the Court that Plaintiff and Defendants have agreed to and approve the entry of this Judgment, the Court is of the opinion that this Judgment should be GRANTED, that a permanent injunction should be issued as granted in this Judgment and that Plaintiff is entitled to recover from Defendants as set forth below in this Judgment.

DEFINITIONS

- 4. For purposes of this Judgment, the following definitions shall apply:
 - A. "Advertisement" or "Advertising" or "Ad" means any written or verbal statement, illustration, or depiction that promotes the sale of a good or service or is designed to increase Consumer interest in a brand, good, or service. Advertising media includes, but is not limited to: packaging and labeling; promotional materials; print; television; radio; and Internet, social media, and other digital content;
 - B. "Clear and Conspicuous" or "Clearly and Conspicuously" means that (1) in a written statement or communication, one that is presented in such font, size, color, location, and word choice, and contrast against the background in which it appears, compared to the other matter with which it is presented, so that it is readily understandable, noticeable, and readable, or (2) in an oral statement or communication, one that is presented in such speech and word choice so that it is readily audible, noticeable, and clear. If such statement or communication modifies, explains, or clarifies other information with which it is presented, it must be presented so that it is in Proximity to such other information so that it is

- easily noticeable and readily understandable and it must not be obscured in any manner. A statement may not contradict any other information which is presented;
- C. "Consumer" means a consumer as defined in § 17.45(4) of the DTPA;
- D. "Consumer Protection Division" and "CPD" mean and refer to the Consumer

 Protection Division of the Texas Attorney General's Office;
- E. "Defendants" for purposes of this Judgment, means (unless otherwise specified), collectively, BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC (APEX); and IAQ MECHANICAL LLC (IAQ);
- F. "Door-to-Door Sales" means selling, promoting, or advertising goods or services to a Consumer, in person, at the Consumer's residence;
- G. "Effective Date" shall mean the date of entry of this Judgment;
- H. "HVAC Products and Services" means residential heating, air conditioning and/or ventilation systems and any product, equipment or used in the installation, operation or maintenance of thereof;
- I. "Home Energy Efficiency Products and Services" means any windows, insulation, or related products or service components thereof; and any product, equipment or services sold by the Defendant to be used in the installation, use or maintenance of thereof. Home Energy Efficiency Products and Services does not include HVAC products and services for purposes of this AFJPI:
- J. "Parties" means, collectively, Plaintiff, Bryan Wayne Shellenberger (in his individual personal capacity), IAQ and APEX;

- K. "Proximity" means on the same page and beneath, beside, or adjacent. It does not mean in a footnote or accessible by a link;
- L. "Solar Products" means solar panels and/or modules; components thereof; and any product, equipment or services intended for use in the installation, use, operation, or maintenance of solar panels and/or modules or any components thereof;
- M. All other terms and words used herein shall mean the common accepted definition unless defined by this Judgment or applicable Texas law, in which case, if not defined by this Judgment, the definition by Texas law controls.

TEMPORARY INJUNCTION

- 5. IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Defendants BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC; and/or IAQ MECHANICAL LLC, and each of their officers, agents, servants, employees, attorneys, and all other persons in active concert or participation BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC; and/or IAQ MECHANICAL LLC, who receives actual notice of this Judgment by personal service or otherwise, for a period of five (5) years from date of entry of this Judgment (Specify a Date last day of a month), desist and refrain from engaging in, or attempting to engage in, the following conduct:
 - A. Conducting any Door-to-Door Sales, of any goods or services, to any Texas Consumers;
 - B. Engaging in any trade or commerce in any county in the State of Texas without first filing an assumed name certificate in the office or offices of each county

- clerk as required of an unincorporated entity in Texas Business and Commerce Code sections 71.051 through 71.054;
- C. Owning, controlling or serving as an officer, director or manager of any business entity involved in the sales or marketing of HVAC Products or Services; or
- D. Advertising, selling, promoting, providing, or offering to provide, (whether directly or through any intermediary) any residential HVAC Products or Services to a consumer.

PERMANENT INJUNCTION

- 6. IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Defendants BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC; and/or IAQ MECHANICAL LLC, and each of their officers, agents, servants, employees, attorneys, and all other persons in active concert or participation BRYAN WAYNE SHELLENBERGER, individually; APEX HOME ENERGY SOLUTIONS, LLC; and/or IAQ MECHANICAL LLC, who receives actual notice of this Judgment by personal service or otherwise, desist and refrain from engaging in, or attempting to engage in, the following conduct:
 - A. Advertising, selling, promoting, providing, or offering to provide, (whether directly or through any intermediary) any residential Solar Products or Home Energy Efficiency Products and Services, to any Texas Consumers or from within the State of Texas;
 - B. Representing that a good or service has characteristics, uses, benefits, or quantities which it does not have such as by misrepresenting that a residential solar panel has energy capture characteristics, or energy conversion quantities, that it does not have:

- C. Making false or misleading statements of fact concerning the reasons for, existence of, or amount of price reductions;
- D. Advertising goods or services with intent not to sell them as advertised;
- E. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law;
- F. Representing to a Consumer that the Consumer's purchase of a good or service will qualify the consumer for any rebate, tax credit, or refund based on the purchase of the good or service without first verifying that the particular Consumer will be eligible for a specifically identified rebate, tax credit or refund that is Clearly and Conspicuously specified and promised to the Consumer, in writing by paper copy, at the time of purchase and within the consumer sales contract;
- G. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed;
- H. Engaging in any trade or commerce in the State of Texas without maintaining the correct license, registration, certification and/or permit required by the Texas Department of Licensing and Regulation as a condition to conducting such trade or commerce in Texas;
- Failing to Clearly and Conspicuously disclose all terms and conditions of a Consumer sales contract within the written agreement and as otherwise required by law;

- J. Failing to Clearly and Conspicuously disclose all interest rates, interest accruals and other terms and conditions of a Consumer's financing agreement (for financing related to the purchase of goods or services sold, marketed or advertised by any Defendant) within the written agreement and as otherwise required by law;
- K. Owning, controlling or serving as an officer, director or manager of any business entity involved in the sales or marketing of Home Energy Efficiency Products or Services and/or Solar Products;
- L. Disclosing, selling, trading or using in any way any of Defendants' customers personal information obtained by Defendants without the consumer's prior express written consent.
- M. Misrepresenting that Plaintiff, or the Court, has approved any of DEFENDANT(S)' contracts, advertising, conduct or practices.

Notwithstanding any provision contained herein to the contrary, nothing contained herein shall prohibit or enjoin Bryan Wayne Shellenberger, individually, from installing, servicing or repairing residential HVAC Products or Services, to any Texas Consumers or from within the State of Texas.

NOTICE TO CONSUMERS

7. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Shellenberger and APEX shall, within 30 days after the Effective Date of this Judgment, notify all customers whose contact information is available to them who (after December 31, 2016) entered into a contract with APEX that included a purported waiver or release of all rights under the DTPA (which includes additional DTPA rights granted directly to consumers under Section

601.204 of the Texas Business and Commerce Code), by mailing or emailing each a notice as shown in Attachment A:

- A. The heading of the notice and the subject line for any email must read "Your Right to Relief from VOID WAIVERS of CONSUMER RIGHTS included in your Agreements for Purchases from Apex Home Energy Savings, LLC."
- B. Defendants Shellenberger and APEX's names, and a valid return address for any mailing, must appear on the front of the envelope; the customer's name and address must be printed on the front of the envelope or be visible through a window in the envelope, and the words "Your Right to Relief from VOID WAIVERS OF CONSUMER RIGHTS included in your Agreements for Purchases from Apex Home Energy Savings LLC."

MONETARY JUDGMENT

- 8. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff shall have and recover judgment against Defendants Shellenberger, APEX and IAQ, jointly and severally, the amount payable of \$150,000.00 (ONE HUNDRED FIFTY THOUSAND DOLLARS) as a civil penalty pursuant to Texas Business and Commerce Code section 17.47(c), constituting a civil fine or penalty to and for a governmental unit, not compensation for an actual pecuniary loss or antecedent debt ("Civil Penalty Judgment Amount").
- 9. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff shall have and recover judgment against Defendants Shellenberger, APEX and IAQ, jointly and severally, the amount payable of \$10,000.00 (TEN THOUSAND DOLLARS) as attorneys' fees which were incurred on behalf of the State after the date of Defendant Shellenberger's application for bankruptcy relief and do not constitute an antecedent debt with respect to this litigation ("Post Application Attorney's Fees Judgment Amount").
- 10. At the sole discretion and prior approval of Plaintiff, a portion of any restitution dollar amount(s) Defendant(s) pay to identified consumers on or after the Effective Date of this Judgment may be credited toward Defendants' Civil Penalty Judgment Amount obligation under

this Judgment.

- 11. Defendants' payments to Plaintiff under this Judgment shall be made in the form of a certified check or money order made and payable to the Office of the Attorney General of Texas. The certified check or money order shall bear the identifying Cause Number assigned to this matter and also by number "OAG #CX1424374394" and shall be delivered to the Office of the Attorney General, Accounting Division, 300 West 15th Street, Austin, Texas 78701 with a copy delivered to the Consumer Protection Division Dallas Regional Office at 12221 Merit Drive, Suite 610, Dallas, Texas 75251. All amounts paid will be allocated first to fully satisfy the Attorneys' Fees Judgement Amount and then the Civil Penalty Judgment Amount.
- 12. IT IS FURTHER ORDERED THAT, upon the fifth anniversary of the Effective Date of this judgment, the State will consider each Defendant's monetary Civil Penalty Judgment Amount obligations under this Judgment to be satisfied in full so long as the Defendant(s) have met the following conditions:
 - a. Defendants' payment to Plaintiff of the post-bankruptcy application

 Attorneys' Fees Judgment Amount of \$10,000 as ORDERED by Paragraph 9

 above:
 - b. Defendants' payment of \$20,000. of the Civil Penalty Judgment Amount ORDERED by Paragraph 8 above; and
 - c. The individual defendant has not been found by the Court to be in contempt of the payment or injunctive terms of this Judgment.

Upon satisfaction of the above conditions in this Paragraph 12, Defendants' obligations under Paragraph 8 shall be satisfied in full. If only one Defendant satisfies the conditions of this Paragraph 12, then only that Defendant's obligations under Paragraph 8 will be satisfied.

OTHER RELIEF

- 13. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if any Defendant does not fulfill or violates the terms or conditions of this Judgment set forth herein above, the facts as alleged in Plaintiff's Original Petition shall be taken and admitted as true by that Defendant in any subsequent litigation filed by Plaintiff to enforce its rights pursuant to this Judgment.
- 14. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if any
 Defendant violates the terms or conditions of this Judgment set forth herein above, that
 Defendant may be liable for damages, fines or penalties allowed by law, to be determined by this
 Court, for the acts that constitute a violation of the terms and conditions of this Judgment.
- 15. IT IS FURTHER ORDERED, ADJUDGED AND DECREED as evidenced by their signatures below, Defendants have each received actual notice of this Judgment and each Defendant has waived all rights of appeal from this Judgment.
- 16. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Clerk of the Court is authorized to, and upon request of the Plaintiff, shall forthwith issue such Writ(s) of Injunction, and/or Writ(s) of Execution or other process necessary to enforce this Judgment and that Plaintiff is exempt from a bond under Texas Civil Practice and Remedies Code Section 6.001 and Texas Business and Commerce Code Section 17.47(b).
- 17. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court retains its jurisdiction to enforce, modify, and construe this Judgment.
- 18. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that entry of this Judgment shall in no way affect the rights of individual Consumers, does not confer, create, expand or limit any rights of any third party and is solely an agreement between CPD and

Defendants.

- 19. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all costs of Court expended or incurred in this cause shall be borne by the party incurring same.
- 20. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Parties hereto may provide notice to the other(s) regarding change of address, or make a written agreement between the Parties regarding a change of address, without such being deemed a material and substantial change of this Judgment.
- 21. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the express mention or enumeration of the duties and obligations imposed by this Judgment and ordered herein, does not imply the exclusion of all other duties and obligations imposed on Defendants by applicable state and federal laws and regulations and does not release Defendants from adhering to, abiding by, or complying with, other provisions of such laws and regulations. The fact that Plaintiff does not pursue an enforcement action at any time, for any violation occurring after the date of entry of this Judgment, shall not be construed or adjudged as any waiver of any of Plaintiff's rights under this Judgment as to that particular violation or any other violation.
- 22. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if any provision of this Judgment is determined to be void or unenforceable, the remaining provisions of this judgement shall remain in full force and effect unless otherwise ordered by the Court.
- 23. IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the terms of this Judgment will be broadly construed consistent with the terms and purposes of Section 17.44 of the Texas Business and Commerce Code.
- 24. This Judgment is final and disposes of all claims and all Parties and the Court retains jurisdiction to enforce this Judgment.

AGREED AS TO FORM AND SUBSTANCE:

THE STATE OF TEXAS

/s/Robert Robinson
ROBERT ROBINSON
State Bar No. 00794545
Lead Counsel of Record
Email: Robert.Robinson@oag.texas.gov

NANETTE DINUNZIO State Bar No. 24036484 Email: Nanette.Dinunzio@oag.texas.gov

Assistant Attorneys General Consumer Protection Division 12221 Merit Drive, Ste. 650 Dallas, TX 75251 Telephone: (214) 290-8817 Facsimile: (214) 969-7615 Attorneys for State of Texas

AGREED AS TO FORM:

/s/ John D. Spicer

JOHN D. SPICER

Cavazos Hendricks Poirot, P.C.

Texas State Bar No. 18930500

Suite 560, Founders Square

900 Jackson Street

Dallas, TX 75202-4425

Telephone: (214) 573-7331

Facsimile: (214) 573-7399

trusteedocs@chfirm.com

CHAPTER 7 TRUSTEE

Estate of Bryan Wayne Shellenberger

USBC, ND Texas, Case No. 19-40640-ELM7

BRYAN WAYNE SHELLENBERGER
By: BRYAN WAYNE SHELLENBERGER,
Individually, DEFENDANT

AGREED AS TO FORM:

APEX HOME ENERGY SOLUTIONS LLC
By: BRYAN SHELLENBERGER, as
OWNER and PRESIDENT of
DEFENDANT APEX HOME ENERGY
SOLUTIONS, LLC

By: BRYAN SHELLENBERGER, as
OWNER and PRESIDENT of
DEFENDANT IAQ MECHANICAL LLC

JOSEPH D. POSTNIKOFF
State Bar No. 16168320
GOODRICH POSTNIKOFF & ASSOC, LLP
801 Cherry Street, Suite 1010
Fort Worth, Texas 76102
Telephone: 817.335.9400
Facsimile: 817.335.9411
Email: JPostnikoff@gpalaw.com

Attorneys for Defendants

ATTACHMENT A to the Order – Letter Notice Template:

The notice must be in the following form, appearing on APEX's letterhead and email, with the underlined text completed as directed:

Your Right to Relief from Void Terms of Sales and Finance Agreements for Purchases from Apex Home Energy Savings LLC

Dear <Name of customer>:

Our records show that you purchased an HVAC (Heater/ventilation/air-conditioner), residential solar panels and/or other home energy efficiency products from my company, Apex Home Energy Solutions LLC ("APEX"), as a result of our door-to-door and in-home solicitations to you.

I am writing to tell you that the Texas Attorney General's Consumer Protection Division (CPD) has alleged that we used deceptive practices, including false and misleading contract provisions, that violate both Chapter 17 of the Texas Business and Commerce Code (the "DTPA") and Chapter 601 of the Texas Business and Commerce Code (the "Home Solicitations Act" or "HSA"). These laws protect you from deceptive trade practices during door-to-door sales and other consumer transactions outside the seller's permanent place of business. According to the CPD, we used deceptive practices including misrepresenting interest rates for financing the purchase (as "no interest" when the interest rate was 22.9%); misrepresenting the guaranteed availability of thousands of dollars of government sponsored rebates (when no such rebates existed); and intentionally (against the advice of our counsel) adding provisions in our form consumer contracts that unlawfully misrepresented and purported to waive our consumers' rights under the HSA and the DTPA so as to confuse and discourage our customers (including you) from exercising their rights under the HSA and DTPA.

We are contacting our customers to tell you that, as a result, the WAIVER OF CONSUMER RIGHTS that you signed with our sales representative is VOID and APEX cannot enforce this waiver of your DTPA rights - including your DTPA rights as given to you under Chapter 17 of the DTPA and Chapter 601, Section 601.204, of the Texas Business and Commerce Code.

If you have questions about the CPD's case, visit [add case page alias URL provided by CPD with embedded hyperlink to POP/AFJPI].

Sincerely,

Bryan Shellenberger Owner and President, Apex Home Energy Solutions LLC