

COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
DIVISION __
CIVIL ACTION NO. 25-CI-_____
Electronically Filed

COMMONWEALTH OF KENTUCKY
***ex rel.* RUSSELL COLEMAN, ATTORNEY GENERAL**

PLAINTIFF

v. COMPLAINT

LEXINGTON BLUE, INC.

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

BRADLY PAGEL, JR.

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

ALEX SOUTHWELL

Serve: Alex Southwell
2408 Barnes Mill Rd.
Richmond, Kentucky 40475

LEXINGTON BLUE LEXINGTON, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

LEXINGTON BLUE LOUISVILLE, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

LEXINGTON BLUE CINCINNATI, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

LEXINGTON BLUE UNIVERSITY, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

LEXINGTON BLUE UNIVERSITY, INC

Serve: Lexington Blue Inc., Registered Agent, through Brad Pagel
287 Pasadena Dr.,
Lexington, Kentucky 40503

LEAN DAD DEVELOPMENT, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

WIDE AWAKE CONSULTING, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

THE GROUNDZKEEPER, LLC

Serve: Bradly Pagel Jr., Registered Agent
287 Pasadena Dr.
Lexington, Kentucky 40503

DEFENDANTS

*** **

For its Complaint against Defendants, LEXINGTON BLUE, INC., BRADLY PAGEL, JR., ALEX SOUTHWELL, LEXINGTON BLUE LEXINGTON, LLC, LEXINGTON BLUE CINCINNATI, LLC, LEXINGTON BLUE UNIVERSITY, LLC, LEXINGTON BLUE UNIVERSITY, INC, LEAN DAD DEVELOPMENT, LLC, WIDE AWAKE CONSULTING, LLC, and THE GROUNDZ KEEPER, LLC (“Defendants”), the Plaintiff, the Commonwealth of Kentucky *ex rel.* RUSSELL COLEMAN, ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY (the “Commonwealth”), states as follows:

I. PARTIES, JURISDICTION, AND VENUE

1. Plaintiff, the Commonwealth of Kentucky *ex rel.* Russell Coleman, Attorney General (the “Commonwealth”), is responsible for enforcing the Kentucky Consumer Protection Act, KRS 367.110 *et seq.* The Attorney General brings this action in the name of the Commonwealth of Kentucky under KRS 367.190 and has determined it to be in the public interest

to do so.

2. Lexington Blue, Inc., (“Lexington Blue”) is a Kentucky corporation with its principal place of business in Fayette County, Kentucky.

3. Bradly Pagel, Jr., is an individual residing in Fayette County, Kentucky.

4. Alex Southwell is an individual residing in Madison County, Kentucky.

5. Lexington Blue Lexington LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

6. Lexington Blue Louisville LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

7. Lexington Blue Cincinnati LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

8. Lexington Blue University LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

9. Lexington Blue University Inc. is a Kentucky corporation liability company with its principal place of business in Fayette County, Kentucky.

10. Lean Dad Development, LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

11. Wide Awake Consulting, LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

12. The GroundzKeeper, LLC is a Kentucky limited liability company with its principal place of business in Fayette County, Kentucky.

13. This Court has subject matter jurisdiction over this matter pursuant to KRS 367.190(1), because the Attorney General has reason to believe that Defendants have engaged in

acts or practices declared by KRS 367.170 to be unlawful and that these proceedings are in the public interest.

14. This Court has personal jurisdiction over all Defendants because Defendants Bradly Pagel Jr. and Alex Southwell are the owners or operators of Lexington Blue and all Defendants (both individuals and business entities) reside, operate, or were incorporated or organized in the Commonwealth of Kentucky. In the alternative, this Court has personal jurisdiction over Defendants pursuant to KRS 454.210 because they have regularly transacted or solicited business in the Commonwealth; or derived substantial revenue from goods used or consumed or services rendered in the Commonwealth; or contracted to supply goods or services in the Commonwealth; or caused injury by an act or omission in the Commonwealth.

15. Venue is proper in Fayette County pursuant to KRS 452.460 because Defendants' have their principal place of business in Fayette County and Defendants' methods, acts, and practices declared to be unlawful by KRS 367.170 were committed or are being committed in Fayette County.

II. BACKGROUND FACTUAL ALLEGATIONS

16. The Commonwealth repeats and realleges each and every allegation and statement above as though fully set forth herein and incorporates the same by reference.

17. Lexington Blue is a Kentucky corporation that holds itself out to the public as a competent provider of residential roofing, siding, gutter, and repair services.

18. Its principal place of business is in Lexington, Kentucky, with additional operations in Louisville and in Northern Kentucky through its Cincinnati, Ohio office.

19. Lexington Blue is owned and operated by Bradly Pagel, Jr., and during the relevant time at issue, Alex Southwell served as its Chief Operations Officer and Director.

20. Upon information and belief, Defendants Lexington Blue Lexington LLC, Lexington Blue Louisville LLC, Lexington Blue Cincinnati LLC, Lexington Blue University LLC, Lexington Blue University, Inc., Lean Dad Development LLC, Wide Awake Consulting, LLC, and The GroundzKeeper LLC (hereinafter “Shell Entities”), are shell organizations to hide or disguise Lexington Blue Inc.’s assets and the proceeds of Lexington Blue Inc.’s unlawful acts and practices.

21. Bradly Pagel, Jr. owns all of the Shell Entities, and Alex Southwell is a member/owner of the GroundzKeeper LLC shell entity with Bradly Pagel, Jr. At all relevant times, Mr. Pagel and Mr. Southwell were the principal owners and/or operators of Lexington Blue and the Shell Entities and, upon information and belief, had authority to control the actions of Lexington Blue and the Shell Entities and either actively participated in the unlawful conduct detailed herein or were aware of it and did nothing to stop it.

22. Consumer complaints filed with the Attorney General’s office against Lexington Blue from November 2023 through the time of filing this Complaint, reveal a consistent pattern of unlawful conduct whereby Lexington Blue would accept large deposits to begin roof and/or gutter repairs without initiating or completing the agreed-upon work.

23. Other unlawful conduct subsequently reported to the Attorney General’s Office includes Lexington Blue, through Bradly Pagel, Jr. and Alex Southwell, instructing employees to create fake user accounts and post positive online reviews about the company.

24. Lexington Blue also trained its employees how to damage a roof during an inspection in order to have the replacement/repair approved for insurance coverage.

25. To pacify and quiet complaining consumers who had waited several months for work to begin, Lexington Blue further deceived consumers through what it termed as “Project

485,” wherein staff were required to revisit consumers, make an excuse to reinspect the roof when reinspection was unwarranted, and demand additional funds for the deposit in order to begin work if an initial deposit had not previously been paid.

26. Lexington Blue, through Bradly Pagel, Jr. and Alex Southwell, pressured employees to sell Lexington Blue’s services and required consumers to pay substantial deposits knowing the company was unable to fulfill the services offered.

27. Mr. Pagel used Lexington Blue’s operating funds, which were collected from consumer deposits, for his personal use and other expenditures unrelated to consumer projects.

28. The deposits received from consumers were used, among other things, to pay unjustified consulting fees to the Shell Entities.

29. At least 200–300 consumers, and likely more, have paid large deposits for which Lexington Blue has never provided any products or services.

30. All of Defendants’ conduct described herein was committed willfully.

III. CLAIMS

COUNT I

THE KENTUCKY CONSUMER PROTECTION ACT

KY. REV. STAT. 367.110, *et seq.*¹ (AGAINST ALL DEFENDANTS)

31. The Commonwealth re-alleges and incorporates by reference all prior paragraphs of this Complaint.

32. Pursuant to KRS 367.170, “[u]nfair, false, misleading or deceptive acts or practices in the conduct of any trade or commerce are declared unlawful.”

33. Pursuant to KRS 367.190, “[w]henver the Attorney General has reason to believe

¹ As codified, KY. REV. STATS. 367.110 to 367.360 are referred to as the “Consumer Protection Act;” however, as used herein “Kentucky Consumer Protection Act” and “KCPA” refer to all provisions under Kentucky Revised Statutes Title 29, Chapter 367, entitled “Consumer Protection” and codified at KY. REV. STATS. 367.110 to 367.993.

that any person is using, has used, or is about to use any method, act or practice declared by KRS 367.170 to be unlawful, and that proceedings would be in the public interest, he may immediately move in the name of the Commonwealth in a Circuit Court for a restraining order or temporary or permanent injunction to prohibit the use of such method, act or practice.”

34. Pursuant to KRS 367.200, “[t]he court may make such additional orders or judgments as may be necessary to restore to any person in interest any moneys or property, real or personal, which may have been paid out as a result of any practice declared to be unlawful by KRS 367.130 to KRS 367.300..”

35. Pursuant to KRS 367.990(2), if the court finds a person is willfully violating or has willfully violated the KCPA, the Attorney General may recover a civil penalty on behalf of the Commonwealth of “not more than two thousand dollars (\$2,000.00) per violation, or where the defendant's conduct is directed at a person aged sixty (60) or older, a civil penalty of not more than ten thousand dollars (\$10,000) per violation, if the trier of fact determines that the defendant knew or should have known that the person aged sixty (60) or older is substantially more vulnerable than other members of the public.”

36. By engaging in the conduct described in this Complaint, the Defendants have repeatedly violated the KCPA by engaging in the unfair, false, misleading, and deceptive practices.

37. By making misrepresentations about the capabilities of the services and products offered by Lexington Blue, Bradly Pagel, Jr., Alex Southwell, and Lexington Blue, have engaged in unfair, false, misleading, and deceptive practices that are prohibited by the KCPA.

38. Lexington Blue, and its agents knew the representations they were making were not true but made these representations anyway to sell their services and collect deposits from unsuspecting consumers.

39. Lexington Blue and its agents' misrepresentations about consumer eligibility for insurance coverage for roof replacement/repairs are also violations of the KCPA.

40. Lexington Blue's consumer contracts contain misrepresentations regarding the warranties being offered to consumers. Lexington Blue entered into these contracts knowing it did not intend to honor these warranties.

41. Lexington Blue and its agents misrepresented that the company would provide roofing, gutter, and other installations service in a timely and workman-like manner. Lexington Blue and its agents entered into contracts with consumers knowing that the installs would be delayed, not occur, or performed by unqualified individuals who lacked appropriate supervision and training.

42. Lexington Blue and its agents knew or should have known that their unfair, false, misleading, and deceptive trade practices were directed at persons aged sixty (60) or older who were substantially more vulnerable than other members of the public. Therefore, the Defendants are subject to a civil penalty of up to ten thousand dollars (\$10,000) for each unfair, false, misleading, or deceptive trade practice directed at such persons. KRS 367.990(2).

43. Bradly Pagel, Jr. and Alex Southwell are also liable in their individual capacity as a result of these and other actions they took constituting multiple separate violations of the KCPA, including, but not limited to authorizing, encouraging, and directing Lexington Blue employees to use misleading and untrue representations to induce transactions.

44. The Shell Entities, Bradly Pagel, Jr., and Alex Southwell are believed to have received ill-gotten funds or otherwise benefitted from funds that are the proceeds of Lexington Blue Inc.'s unlawful acts and practices.

45. The conduct, practices, and actions described in this Complaint occurred as part of

a joint or common enterprise between the Defendants.

46. The Defendants are jointly and severally liable for Lexington Blue and its agents' unlawful contracts and conduct.

47. As a direct result of Defendants' violations of KRS 367.170, Defendants have caused harm, loss, or injury to Persons² in the Commonwealth, including, but not limited to, depriving Persons of money and property by means of unfair, false, misleading, or deceptive business practices.

COUNT 2
ACTS PROHIBITED FOR ROOFING CONTRACTOR
KY. REV. STAT. 367.628
(AGAINST LEXINGTON BLUE, BRADLY PAGEL, JR., AND ALEX SOUTHWELL)

48. The Commonwealth re-alleges and incorporates by reference all prior paragraphs of this Complaint.

49. Pursuant to KRS 367.628, "Where the goods or services are expected to be paid from the proceeds of a property and casualty policy, a roofing contractor or person representing a roofing contractor shall not: (a) Cause damage to any part of a roof system in order to increase the scope of repair or replacement, or encourage a person to cause damage to any part of a roof system in order to secure a contract for repair or replacement[.]"

50. Pursuant to KRS 367.627(1)(b), "If the court finds based on evidence presented by the plaintiff that the defendant is violating or has violated any of the provisions of KRS 367.620 to 367.628, the court shall enjoin the defendant from continuing the violations."

51. Pursuant to KRS 367.627(1)(c), "It shall not be necessary that actual economic damages be alleged or proved by the plaintiff in order for the court to enjoin violations."

² As defined in KRS 367.110 (1), "'Person' means natural persons, corporations, trusts, partnerships, incorporated or unincorporated associations, and any other legal entity."

52. “In addition to injunctive relief, the plaintiff in the action shall be entitled to recover from the defendant two (2) times the amount of any actual economic damages sustained.” KRS 367.627(2).

53. Lexington Blue sales representatives intentionally caused damaged to consumer roofs in order to increase the scope of repair/replacement, secure a contract for repair or replacement, and to secure insurance coverage for the repair/replacement.

54. Consumers should be refunded for monies paid to Lexington Blue and up to two (2) times the amount of any economic damages sustained.

55. Lexington Blue is liable to consumers for its agents’ violations under KRS 367.628.

56. Bradly Pagel, Jr., and Alex Southwell are also liable in their individual capacity because all actions in violation of KRS 367.628 detailed herein were committed pursuant to their express authorization, direction, and control.

57. On information and belief, Bradly Pagel, Jr., and Alex Southwell have misappropriated for their personal use and diverted to the Shell Entities consumers’ deposit money obtained as a result of the forgoing of violations under KRS 367.628.

58. Bradly Pagel, Jr., and Alex Southwell should be required to return the misappropriated funds to consumers.

59. Defendants are jointly and severally liable for the unlawful acts under KRS 367.628.

COUNT 3
UNJUST ENRICHMENT
(AGAINST ALL DEFENDANTS)

60. The Commonwealth re-alleges and incorporates by reference all prior paragraphs of this Complaint.

61. The Shell Entities, Bradly Pagel, Jr., and Alex Southwell are believed to have received ill-gotten funds or otherwise benefitted from funds that are the proceeds of Lexington Blue Inc.'s unlawful acts and practices.

62. The Shell Entities, Bradly Pagel, Jr., and Alex Southwell have no legitimate claim to the ill-gotten funds in their possession and will be unjustly enriched if they are not required to disgorge the funds or the value of the benefit it received as a result of Lexington Blue's unlawful acts and practices.

63. For the reasons stated above, the Shell Entities, Bradly Pagel, Jr., and Alex Southwell hold the proceeds of Lexington Blue's unlawful acts and practices in a constructive trust for the benefit of injured consumers.

64. The Shell Entities, Bradly Pagel, Jr., and Alex Southwell should be required to disgorge the ill-gotten funds or the value of the benefit they received as a consequence of the Lexington Blue's unlawful acts and practices.

PRAYER FOR RELIEF

WHEREFORE, the Commonwealth prays for a judgment against Defendants as follows:

- a) That Defendants, and their representatives and agents, be permanently enjoined and prohibited from violating KRS 367.170;
- b) That Defendants be ordered to cease operation of the Lexington Blue, Inc.;
- c) That the Commonwealth may enter the premises of Lexington Blue and seize documents;
- d) For a judgment finding willful violations of KRS 367.170 as to Defendants;
- e) For restitution and restoration of property pursuant to KRS 367.200;
- f) For disgorgement of funds pursuant to KRS 15.020, KRS 367.110 to KRS 367.990,

and Kentucky common law;

g) For each and every violation of the KCPA, order each Defendant to separately pay civil penalties to the Commonwealth of Kentucky of not more than \$2,000 per violation of the KCPA, or \$10,000 per violation of the KCPA where Defendants' conduct was directed at a person aged sixty (60) or older and substantially more vulnerable than other members of the public, as provided by KRS 367.990(2) with interest at the statutory rate for civil judgments, for each willful violation of KRS 367.170;

h) For the Commonwealth to be awarded its costs and expenses herein, including litigation and investigation;

i) For a trial by jury on all issues so triable;

j) Any and all other relief to which the Commonwealth may appear to be entitled.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL

/s/ Gary W. Thompson

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