

<p>DISTRICT COURT, COUNTY OF JEFFERSON, STATE OF COLORADO 100 Jefferson County Pkwy Golden, CO 80401</p> <hr/> <p>STATE OF COLORADO, ex rel. CYNTHIA H. COFFMAN, ATTORNEY GENERAL</p> <p>Plaintiff, v.</p> <p>KEVIN RYDER, an individual; INNERSOL GLOBAL, LLC; GUARANTEED SOLAR, LLC; RIZE POWER, LLC</p> <p>Defendants.</p>	<p>DATE FILED: November 22, 2016 12:20 PM FILING ID: B0B30795E766A CASE NUMBER: 2016CV31812</p> <p style="text-align: center;">▲ COURT USE ONLY ▲</p>
<p>CYNTHIA H. COFFMAN, Attorney General JAY B. SIMONSON, 24077* First Assistant Attorney General JEFFREY M. LEAKE, 38338* JOHN FEENEY-COYLE, 44970* Assistant Attorneys General Ralph L. Carr Judicial Center 1300 Broadway, 10th Floor Denver, CO 80203 jeffrey.leake@state.co.us Telephone: (720) 508-6000 FAX: (720) 508-6040 *Counsel of Record</p>	<p>Case No. Div.:</p>
<p>COMPLAINT</p>	

Plaintiff, the State of Colorado, upon relation of Cynthia H. Coffman, Attorney General for the State of Colorado, by and through undersigned counsel, states and alleges as follows:

INTRODUCTION

1. This is an action brought by the State of Colorado pursuant to the Colorado Consumer Protection Act, §§ 6-1-101 *et seq.*, C.R.S. (2015) (“CCPA”), to enjoin and restrain Defendants from engaging in certain unlawful deceptive trade practices, for restitution to injured consumers, for statutorily mandated civil penalties, for disgorgement, and other relief as provided in the CCPA.

PARTIES

2. Cynthia H. Coffman is the duly elected Attorney General of the State of Colorado and is authorized under Colo. Rev. Stat. § 6-1-103 (2016) to enforce the provisions of the CCPA.

3. Defendant Kevin M. Ryder (“Ryder”) is an individual who owns and operates Innersol Global, LLC, Guaranteed Solar, LLC, and Rize Power, LLC. Ryder resides at 6363 Umber Circle, Golden, CO.

4. Defendant Innersol Global, LLC is a Colorado limited liability corporation, located at 10200 E. Girard Avenue, Suite B224, Denver, CO 80231.

5. Defendant Guaranteed Solar, LLC, is a Colorado limited liability corporation located at 10200 E. Girard Avenue, Suite B224, Denver, CO 80231.

6. Defendant Rize Power, LLC is a Colorado limited liability corporation located at 1746 Cole Blvd., Suite 225, Lakewood, CO 80401.

JURISDICTION AND VENUE

7. Pursuant to Colo. Rev. Stat. §§ 6-1-103 and 6-1-110(1) (2016), this Court has jurisdiction to enter appropriate orders prior to and following an ultimate determination of liability.

8. Defendants engaged in deceptive trade practices in Jefferson County. Defendant Kevin Ryder resides in Jefferson County and has most recently operated from an office in Jefferson County. Accordingly, venue is proper in Jefferson County, Colorado, pursuant to Colo. Rev. Stat. § 6-1-103 (2015) and Colo. R. Civ. P. 98.

RELEVANT TIMES

9. The conduct that gives rise to the claims for relief contained in this Complaint began in 2015, and has been ongoing through the present.

10. This action is timely brought pursuant to Colo. Rev. Stat. § 6-1-115 (2016) in that it is brought within three years of the date on which false, misleading, and deceptive acts or practices occurred or were discovered and said practices are ongoing.

PUBLIC INTEREST

11. Through the unlawful practices of their business or occupation, Defendants have inflicted financial injury on at least fifteen Colorado consumers. These legal proceedings are in the public interest and are necessary to safeguard citizens from Defendants' unlawful business activities. Defendants' actions have also injured businesses which operate legitimately and do not engage in deceptive and unfair business practices.

GENERAL ALLEGATIONS

I. Kevin Ryder and his company, Innersol Global, deceived Colorado consumers into purchasing expensive solar energy systems with no intention of delivery.

12. Between May and December of 2015, Ryder defrauded at least fifteen (15) Colorado consumers of approximately \$450,000 through the sale of residential solar energy systems never delivered. **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶¶8-9.

13. At the start of 2015, Kevin Ryder worked briefly as a representative for a Colorado-based residential solar company named Go Solar. Go Solar dismissed Ryder in mid-April of 2015 for selling residential solar energy system packages that were not financially feasible for the company to install without suffering a loss. Ryder was able to secure a commission from these sales prior to Go Solar's accounting department realizing that he had changed the company's standard package prices. **Exhibit 6, Affidavit of Robert Leonard, Go Solar Senior V.P. of Sales and Marketing.**

14. After being let go by Go Solar, Kevin Ryder formed Innersol Global, LLC ("Innersol"). **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶¶12-13.

15. Ryder recruited several former Go Solar coworkers representing that his new company was fully capitalized and suggesting that they would be paid large commissions working for him. *Id.* at ¶¶15-17.

16. During the spring and summer of 2015, Innersol hired canvassers to walk residential neighborhoods throughout the Denver metro area and set up in-home appointments with its sales representatives. *Id.* at ¶26; **See Exhibits 7-16, Consumer affidavits.**

17. Ryder himself often closed sales in consumers' homes. When asked about Innersol's lack of history and consumer reviews, Ryder falsely represented that Innersol had previously done "mostly commercial" work. Ryder and Innersol failed to disclose that his new company consisted primarily of sales representatives with virtually no actual installation capacity. **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶26; **Exhibit 7, Affidavit of consumer B.C.**

18. Kevin Ryder and Innersol's sales representatives encouraged consumers to take out home equity loans to pay for their solar energy systems. Ryder and Innersol referred consumers to KeyBank, where Ryder had made arrangements for consumers to obtain immediately-funding "bridge" loans while they awaited processing of their home equity loans. The funds were transferred directly by Key Bank to Innersol Global. **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶34; **See Exhibits 7-16, Consumer affidavits.**

19. Ryder insisted that consumers take out these bridge loans even when consumers had sufficient funds and did not need a loan. **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶34; **Exhibit 7, Affidavit of consumer B.C.**

20. In addition to canvassing neighborhoods, Kevin Ryder personally targeted firefighters. **Exhibit 9, Affidavit of consumer J.B.**

21. In April of 2015, Kevin Ryder's girlfriend and Innersol Global employee, Diane Durbin (a.k.a. Diane Brady), solicited an Arvada fire station. Durbin introduced herself to firefighters as a salesperson for Go Solar, Ryder's former company. Durbin told the firefighters that Go Solar was in the process of a name change to Innersol Global. **Exhibit 9, Affidavit of consumer J.B.**

22. After the presentation, one of the firefighters, consumer J.B., reviewed Innersol's website and noted that Innersol claimed to help teachers and firefighters reduce their energy bills. *Id.*

23. On July 30, 2015, after a series of in-home presentations from Kevin Ryder, J.B. paid Innersol \$46,000 to install solar energy systems in both his home and his rental property. J.B. has not received the purchased solar energy systems or a refund. Neither have 14 additional consumer victims who contracted with Defendants. *Id.*

II. Ryder has failed to provide consumers with the solar energy systems that they paid for, or a refund, within a reasonable time.

24. Ryder and Innersol led consumers to believe that Innersol would install their system within 8 to 10 weeks of signing their contracts, with most consumers expecting installation between August and the early fall of 2015. **Exhibit 1**, *Affidavit of Investigator Kenneth King* at ¶29; **See Exhibits 7-16**, *Consumer affidavits*.

25. After consumers paid a deposit, ranging from 30% to 100% of the total cost, communications from Innersol stopped, and any subsequent contact with Innersol was initiated by the consumers themselves. **See Exhibits 7-16**, *Consumer affidavits*.

26. Installation dates passed with no delivery of the promised solar system. Ryder told complaining consumers that their installation had been delayed due to a myriad of excuses; weather, employee turnover, holiday break, “rebranding” to a new company name (Guaranteed Solar), personal illness, staff illness, difficulties with subcontractors, building department delays, and employee theft. *Id.*

27. On October 1, 2015, Ryder formed a new company, Guaranteed Solar, LLC. In late December of 2015, Ryder shut down the Innersol Global website and abandoned his Denver office located at 10200 E. Girard Avenue. Consumer victims, unable to reach Ryder, began contacting law enforcement agencies and the Better Business Bureau. **Exhibit 17**, *Colorado Secretary of State, Articles of Incorporation, Guaranteed Solar, LLC*; **Exhibit 10**, *Affidavit of consumer I.T.*; **Exhibit 7**, *Affidavit of B.C., Attachment 2- Letter to Customers, Kevin Ryder*; **Exhibit 1**, *Affidavit of Investigator Kenneth King* at ¶35.

28. In January of 2016, Investigator Ron Miller of the Adams County District Attorney’s Office began investigating victim complaints against Kevin Ryder and Innersol. Investigator Miller brought Ryder in for an interview. **Exhibit 1**, *Affidavit of Investigator Kenneth King* at ¶¶6, 27.

29. Ryder told Investigator Miller that former employees had stolen all of the company's funds and business records. Investigator Miller conducted an investigation into Ryder's embezzlement defense claim and after interviewing former employees, and reviewing subpoenaed Innersol's bank records, he determined that Ryder's embezzlement allegations were not true. *Id.*

30. The Colorado Attorney General's Office ("AG") also reviewed Innersol's bank records, interviewed the same former employees, and uncovered no evidence to support Ryder's claim that funds were stolen from Innersol's bank accounts. The AG's financial document review showed that Innersol immediately spent funds once they were deposited. The review showed frequent payment of monies to Kevin Ryder and his girlfriend, and spending of that money, not on materials or subcontractors, but for personal use. *Id.*

31. In March of 2016, after months of delays and numerous excuses, consumer B.C. met with Kevin Ryder and requested a refund of the \$66,000 he and his wife had paid to Ryder. Ryder responded by referring to the supposed employee theft, the first time B.C. had heard that particular excuse. **Exhibit 7, Affidavit of consumer B.C.**

32. The following day, Ryder sent B.C. a letter regarding the employee theft. In the letter, Ryder claimed that he was in the process of contacting all relevant district attorneys and that "we have already spoken with Ronald Miller, the Senior Investigator for the 17th Judicial District Adams & Broomfield counties." *Id.*

33. Consumer B.C., however, had already reported Ryder to the Lakewood Police Department in February of 2016, had previously spoken with Investigator Miller, and was well aware that Ryder was the target of the investigation. *Id.*

34. At this time, Ryder was working out of a new office, located at 1746 Cole Blvd. in Lakewood. During a visit to Ryder's office, consumer B.C. took photos of an Operating Agreement, showing that Ryder had once again started a new residential solar company, Rize Power, LLC, on March 16, 2016. *Id.*

III. Ryder's business practices demonstrate that he had no realistic intent of actually providing consumers with the systems they had paid for.

35. Two Innersol employees quit after becoming alarmed by Ryder's unwillingness to pay for building permits, hire installers, or purchase materials,

even after collecting hundreds of thousands of dollars from consumers. **Exhibit 1, Affidavit of Investigator Kenneth King** at ¶19.

36. Ryder paid himself and his girlfriend, Diane Durbin, \$14,000 a month and spent company funds on clothes, meals, and personal trips. *Id.* at ¶¶18, 26.

37. In September of 2015, as consumers began to complain about the undelivered solar systems, and employees expressed frustration about Ryder's expenditures, Innersol's electrician/bookkeeper suggested that the company use money received from new customers to complete outstanding orders. *Id.* at ¶19.

38. In response to that suggestion, Ryder allowed two installations to go forward. Ryder then demanded that Innersol "buy out" his girlfriend's shares of the company, and directed that a \$10,000 check be written to her. At this point, employees began to leave the company. *Id.*

39. Ryder utilized a cash flow projection showing large anticipated profits to entice Go Solar employees to work for Innersol. The Attorney General's Office review of this projection compared to Innersol's actual business records showed that Ryder's cash flow projection was completely contrived. *Id.* at ¶¶25-28.

40. According to a former Innersol employee, Ryder never mentioned Innersol's customers, or their pending installations, when discussing where Innersol needed to direct its funds. In an October 21, 2015 response to that employee's resignation, Ryder wrote "I want you to get your \$3,000.00 and will put it in cue (sic) to pay you, however my priorities have not changed. Pay leads, pay employees, pay vendors, pay owners, pay things with my name on it, and then pay everything else." *Id.* at ¶26.

41. At the time Ryder made that statement, Innersol had fifteen unfulfilled contracts, ranging from the first customer contracts signed in May of 2015, to the most recent contract signed in October of 2015. *Id.* at ¶9; **See Exhibits 7-16, Consumer affidavits.**

IV. Ryder failed to disclose his prior history of defrauding his investment clients' money.

42. Kevin Ryder pitched solar energy systems to consumers as an "investment," and additionally promoted his own ability to guide them with their

finances and debt reduction. **Exhibit 1**, *Affidavit of Investigator Kenneth King*, at ¶32; **Exhibit 8**, *Affidavit of consumer D.H.*

43. During his meetings with consumers, Ryder requested specific information about their financial holdings and investments. Ryder offered ongoing financial planning services to his solar energy system customers who wished to upgrade from the “Silver” or “Gold” solar energy packages to the “Platinum” package.” *Id.*

44. Innersol’s sales receipts for the Platinum package, totaled the consumer’s “net investment,” and listed Ryder’s financial planning and debt reduction services along with the solar energy system components:

Platinum System:	\$66,000
51 Solar Modules	
51 Enphase Micro Inverters (M250-M265)	
30 Year Production Guarantee	
25 Year Manufacturer’s Warranty on Panels	
30 Year Extended Warranty on Micro Inverters	
30 Year Extended Workmanship Warranty	
<u>Extensive Debt Planning</u>	
<u>3rd Party Tax Evaluation with Accountant</u>	
<u>Business Set Up if Applicable</u>	
<u>Step by Step Hand Held guidance for Platinum Program</u>	
<u>Your Debt pays(sic) off in Record Time</u>	
<u>3rd Party Infinite Banking Referral and Set Up</u>	
System comes Wired for Future Expansion (1,500 kW system)	
30% Federal Tax Credit	\$(19,800)
Total Net Investment	\$46,200

Exhibit 7, *Affidavit of consumer B.C., Attachment 1-Sales Receipt and Contract* (emphasis added).

45. Ryder, however, failed to disclose to consumers that he lacks qualifications to act as a financial planner and that he has a history of defrauding consumers who have entrusted him with their finances.

46. Despite selling himself as a financial advisor, Ryder has never been registered as a financial advisor with FINRA or through the State of Colorado.

Nor is Ryder a registered “debt-management services” provider as defined in C.R.S. § 12-14.5-202. **Exhibit 1**, *Affidavit of Investigator Kenneth King* at ¶134.

47. From 2007 through 2009, Kevin Ryder and his company, K.C. Financial Services, sold promissory notes in Oklahoma that he claimed were secured by real estate and would pay a 50% return. In 2010, the State of Oklahoma, Department of Securities, issued an Order to Cease and Desist to Ryder in regards to the sale of unregistered securities. **Exhibit 2**, *Order to Cease and Desist, State of Oklahoma*.

48. In April of 2009, Ryder formed Acceleration Financial Solutions, LLC, a Colorado limited liability corporation, representing that the company used the “best legal, accounting and debt elimination tools in the most efficient mathematical sequences to ensure your financial success with the quickest results possible.” **Exhibit 3**, *Civil Complaint, Jefferson County District Court, 2015CV31134*.

49. Beginning in December of 2010 through 2013, Ryder and Accelerated Financial Solutions defrauded Thelma Miller, an elderly Denver widow, of almost \$300,000, her entire retirement savings. Ryder promised Ms. Miller a 20% annual return if she invested with him. *Id.*

50. Ryder’s proposed “investment” was a loan to a debt-management services company that Kevin Ryder created, Complete Capital Services, LLC. *Id.*

51. Over the course of three years, Ryder provided Ms. Miller with only a few rudimentary statements supposedly showing the status of her investments. Ryder frequently traveled to her home to convince her to invest more. When her family became concerned about the status of the investments, and she sought to withdraw her funds, Ryder provided a litany of excuses as to why he could not return the funds, including that the money was tied up in a hedge fund. By June of 2014, Ryder stopped responding to the family’s requests that he return her investment funds. **Exhibit 3**, *Civil Complaint, Jefferson County District Court, 2015CV31134*.

52. Ms. Miller filed a civil theft case in Jefferson County District Court on June 30, 2015 against Ryder, his girlfriend, Diane Durbin, and his companies. Ryder did not respond to the pleadings, and on January 7, 2016, the Court issued a Default Judgment. During the case, Kevin Ryder failed to show up for required proceedings, and is the subject of a current arrest warrant.

Exhibit 4, *Order of Default Judgment, Jefferson County District Court, 2015CV31134*.; **Exhibit 5**, *Arrest Warrant Order, Jefferson County District Court, 2015CV31134*.

53. Kevin Ryder’s victims would never have entrusted Ryder with their personal savings, or allowed the proceeds from home equity loans to flow to him, had Ryder disclosed his history of investment fraud and his lack of qualifications to engage in financial or debt reduction counseling.

54. To date, Ryder has failed to provide the solar energy systems that his consumer victims paid for in 2015, and has been unwilling to refund their money. Ryder’s fraudulent actions have caused great financial harm to the consumers he has victimized, causing them to lose their personal savings and/or leaving them to pay tens of thousands of dollars in home equity loan payments, plus interest, for solar energy systems that were never installed.

FIRST CLAIM FOR RELIEF

(Employs “bait and switch” advertising, which is advertising accompanied by an effort to sell goods, services, or property other than those advertised or on terms other than those advertised and which is also accompanied by the following practice: failure to make deliveries of the goods, services or property, within a reasonable time or to make a refund therefor, in violation of C.R.S. § 6-1-105(1)(n)(VII))

55. Plaintiff incorporates herein by reference all allegations set forth above.

56. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants advertised goods, specifically, residential solar energy systems, that would be installed within a reasonable time, and then failed to make deliveries on those goods within a reasonable time or failed to make a refund therefor.

57. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

SECOND CLAIM FOR RELIEF

(Advertises services with intent to not sell them as advertised, C.R.S. § 6-1-105(1)(i))

58. Plaintiff incorporates herein by reference all of the allegations set forth above.

59. Through the above-described conduct in the course of their business, occupation or vocation, Defendants have violated the Colorado Consumer Protection Act, C.R.S. § 6-1-105(1) (i) by advertising residential solar energy systems with no intent to actually provide and install them.

60. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from Colorado consumers.

THIRD CLAIM FOR RELIEF

(Fails to disclose material information concerning goods, services, or property which information was known at the time of an advertisement or sale if such failure to disclose such information was intended to induce the consumer to enter into a transaction, in violation of C.R.S. § 6-1-105(u)

61. Plaintiff incorporates herein by reference all allegations set forth above.

62. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants failed to disclose to consumers Ryder's history of defrauding those who entrusted money to him, and his lack of qualification to engage in financial and debt reduction counseling, in order to induce consumers to purchase solar energy systems, financial planning and debt reduction services from them.

63. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

RELIEF REQUESTED

WHEREFORE, Plaintiff prays for judgment against the Defendants and the following relief:

A. An order declaring Defendants' above-described conduct to be in violation of the Colorado Consumer Protection Act, Colo. Rev. Stat. § 6-1-105(1)(n)(VII), (i) and (u).

B. An order permanently enjoining Defendants, their officers, directors, successors, assigns, agents, employees, and anyone in active concert or participation with any Defendant with notice of such injunctive orders, from engaging in any deceptive trade practices as defined in and proscribed by the CCPA and as set forth in this Complaint.

C. Appropriate orders necessary to prevent Defendants' continued or future deceptive trade practices.

D. For a judgment in an amount to be determined at trial for restitution, disgorgement, or other equitable relief pursuant to Colo. Rev. Stat. § 6-1-110(1).

E. An order requiring Defendants to forfeit and pay to the General Fund of the State of Colorado, civil penalties in an amount not to exceed \$2,000 per violation pursuant to Colo. Rev. Stat. § 6-1-112(1)(a), or \$10,000 per violation pursuant to Colo. Rev. Stat. § 6-1-112(1)(c).

F. An order requiring Defendants to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff's attorney fees, pursuant to Colo. Rev. Stat. § 6-1-113(4).

G. Any such further orders as the Court may deem just and proper to effectuate the purposes of the CCPA.

Dated this 22ND day of November, 2016.

CYNTHIA H. COFFMAN
Attorney General

s/ Jeffrey M. Leake

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