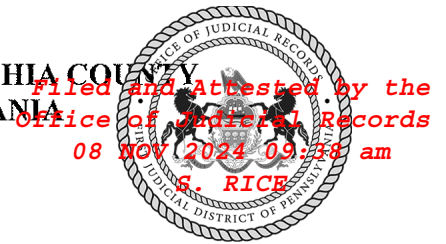


IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY  
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
CIVIL TRIAL DIVISION



COMMONWEALTH OF PENNSYLVANIA :  
BY ATTORNEY GENERAL :  
MICHELLE A. HENRY :

Petitioner :

v. :

INSPIRE ENERGY HOLDINGS, LLC :  
d/b/a INSPIRE CLEAN ENERGY :  
3402 Pico Blvd., Suite 300, :  
Santa Monica, CA 90405 :

Respondent :

No. \_\_\_\_\_

CIVIL ACTION – EQUITY

**ASSURANCE OF VOLUNTARY COMPLIANCE**

AND NOW, comes the Commonwealth of Pennsylvania, by the Office of Attorney General (“Commonwealth” and/or “Petitioner”) and Inspire Energy Holdings, LLC, doing business as Inspire Clean Energy (“Inspire” and/or “Respondent”) (collectively the “Parties”), entering into this Assurance of Voluntary Compliance (“Assurance”) pursuant to the Pennsylvania *Unfair Trade Practices and Consumer Protection Law*, 73 P.S. § 201-1, *et seq.* (“Consumer Protection Law”).

**THE PARTIES**

1. Petitioner is the Commonwealth of Pennsylvania, acting by Attorney General Michelle A. Henry, with offices located at 1600 Arch Street, Third Floor, Philadelphia, Pennsylvania 19103.
2. Respondent is a Delaware business corporation, registered with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations: Corporations Section

as a foreign limited liability company, with a principal office located at 3402 Pico Blvd., Suite 300, Santa Monica, CA 90405, and with National Registered Agents, Inc., Dauphin County, Pennsylvania as its registered agent in Pennsylvania.

3. Respondent formerly had offices in Pennsylvania, located at 30 S. 15<sup>th</sup> St., Suite 1400, Philadelphia, PA 19102.

4. Respondent is licensed by the Pennsylvania Public Utility Commission under docket number A-2013-2376082 as an Electric Generation Supplier.

### **DEFINITIONS**

5. For purposes of this Assurance, the following terms shall have the meanings set forth below:

A. “Blacklist” or “Blacklisting” shall mean permanently banning a Representative from marketing or selling goods and/or services on Respondent’s behalf.

B. “Consumer” shall mean any consumer who entered or enters into a contract with Respondent for the provision of goods and/or services to be provided to or for that consumer for a residential property located in the Commonwealth of Pennsylvania.

C. “Door-to-Door Sales” shall mean in-person solicitation and sales of Respondent’s goods and services, whereby Representatives visit Consumers’ residences located in the Commonwealth of Pennsylvania.

D. The “Effective Date” of this Assurance shall mean the day it is filed with the Court.

E. “EGS” shall mean a person or corporation, brokers and marketers, aggregators or any other entities, that sells to retail electric customers electricity or

related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company or that purchases, brokers, arranges or markets electricity or related services for sale to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company, as defined in 66 Pa.C.S. § 2803.

F. “Express Informed Consent” shall mean affirmative consent expressly indicated by a Consumer to enter into a contract after clear and conspicuous oral and/or written disclosure of all material terms and conditions of the contract. A pre-checked box shall not be considered evidence of Express Informed Consent.

G. “PTC Rerate” (or “Price to Compare Rerate”) shall mean the net difference between the amount a given Consumer would have paid to their default electric utility provider and the amount the Consumer paid to Respondent during the applicable time period.

H. “Representatives” shall mean Respondent’s third-party sales representatives and/or any other persons, individuals, corporations, partnerships, limited liability companies or other business entities, including subcontractors or independent contractors, acting on Respondent’s behalf or pursuant to a contract or agreement with Respondent, in the Commonwealth of Pennsylvania.

I. “Retail electric customer” shall mean a direct purchaser of electric power. The term excludes an occupant of a building or facility where the owners/operators manage the internal distribution system serving such building or facility and supply electric power and other related power services to occupants of the building or facility; where such owners/operators are direct purchasers of electric power; and where the occupants are not direct purchasers.

J. “Retail Sales” shall mean in-person marketing and sales of goods and services, whereby Representatives contact Consumers on the premises of, and/or in close proximity to, third-party retail establishments located in the Commonwealth of Pennsylvania.

### **FACTUAL BACKGROUND**

6. At all times relevant and material hereto, Respondent engaged in trade or commerce in the Commonwealth of Pennsylvania by marketing and selling residential EGS services to Consumers.

7. At all times relevant and material hereto, Respondent’s Representatives engaged in Door-to-Door Sales and Retail Sales in the Commonwealth of Pennsylvania.

8. The Commonwealth makes the following allegations:

A. In certain instances, during Door-to-Door and Retail Sales, Respondent’s Representatives allegedly made material misrepresentations to Consumers, including but not limited to: (a) that Consumers were merely participating in a survey or signing up for a mailing list to receive information about clean energy, when in fact they were being enrolled in Respondent’s EGS services; (b) that the Consumers’ energy costs would remain unchanged, or even decrease, if they signed up with Respondent, when in fact their costs increased in certain instances; (c) that the Consumers’ initial monthly cost would remain in effect for at least 12 months, when in fact their cost increased after the initial “trial term” expired, if the Consumer enrolled in a particular plan with an introductory price; (d) that the Representative and/or Respondent was affiliated with the government; and/or (e) that the Representative and/or Respondent was affiliated with another utility company.

B. In certain instances, third-party Representatives also allegedly photographed Consumers' electric bills without consent, failed to identify themselves as Representatives of Inspire, failed to provide the reason for their contact with the Consumer, and/or engaged in Door-to-Door Sales without compliance with the requirements of local peddling and solicitation ordinances.

C. In certain instances, Respondent's written materials allegedly failed to adequately disclose all material terms of Respondent's EGS plans including, but not limited to, terms pertaining to pricing and rates, cancellation policies, and the presence, purpose, and effect of trial periods.

9. As a result of the foregoing, the Commonwealth alleges that Respondent has engaged in "unfair methods of competition" or "unfair or deceptive acts or practices" in violation of Section 201-3 of the Consumer Protection Law, as defined by Section 201-2(4)(i), (ii), (iii), (v), and (xxi):

A. Passing off goods or services as those of another, 73 P.S. § 201-2(4)(i);

B. Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services, 73 P.S. § 201-2(4)(ii);

C. Causing likelihood of confusion or of misunderstanding as to affiliation, connection or association with, or certification by, another, 73 P.S. § 201-2(4)(iii);

D. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation or connection that he does not have, 73 P.S. § 201-2(4)(v); and

E. Engaging in any other fraudulent or deceptive conduct which creates the likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi).

10. Respondent denies all of the allegations stated or implied within this Assurance. Further, Respondent represents that it does not currently utilize the written materials referenced in Paragraph 8.C, and the Parties agree that the written materials referenced in Paragraph 8.C are the subject of these allegations.

11. Pursuant to Section 201-5 of the Consumer Protection Law, this Assurance shall not be considered an admission by Respondent of a violation of the Consumer Protection Law for any purpose, 73 P.S. § 201-5.

12. This Assurance is accepted by the Commonwealth pursuant to Section 201-5 of the Consumer Protection Law in order to resolve this matter, 73 P.S. § 201-5.

#### **SETTLEMENT TERMS**

**NOW THEREFORE**, having conducted trade and commerce within the Commonwealth, Respondent agrees for itself, its successors, assigns, officers, agents, representatives, and employees, and all other persons or corporate or business device acting on its behalf, jointly or individually, as follows:

**I. The above recitals are incorporated herein as though fully set forth.**

**II. Affirmative Relief**

A. Respondent shall comply with the Consumer Protection Law, and any future amendments thereto, including but not limited to the following:

i. Section 201-2(4)(i) of the Consumer Protection Law, which prohibits passing off goods or services as those of another, 73 P.S. § 201-2(4)(i);

ii. Section 201-2(4)(ii) of the Consumer Protection Law, which prohibits

causing a likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services, 73 P.S. § 201-2(4)(ii);

iii. Section 201-2(4)(iii) of the Consumer Protection Law, which prohibits causing a likelihood of confusion or of misunderstanding as to affiliation, connection or association with, or certification by, another, 73 P.S. § 201-2(4)(iii);

iv. Section 201-2(4)(v) of the Consumer Protection Law, which prohibits representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation or connection that he does not have, 73 P.S. § 201-2(4)(v); and

v. Section 201-2(4)(xxi) of the Consumer Protection Law, which prohibits engaging in fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi).

B. Respondent shall, in its written materials, clearly and conspicuously disclose all material terms of Respondent's EGS goods and services to Consumers including, but not limited to, terms pertaining to cancellation policies, pricing and rates, and the presence, purpose, and effect of trial periods.

C. Respondent shall not misrepresent to consumers its affiliation with other utilities providers.

D. Respondent shall create and implement, to the extent not already in existence, written policies and procedures requiring that its Representatives, during any and all Door-to-Door Sales or Retail Sales in Pennsylvania: (1) wear identification which is visible in plain view, disclosing the Representative's first name and Respondent's corporate name; and (2) state

the Representative's first name and that the Representative is offering to sell goods and/or services on behalf of Respondent.

E. Respondent shall not engage in Door-to-Door Sales without first making reasonable efforts to ensure that its Representatives obtain and maintain all required permits and/or licensure.

F. Respondent shall obtain Express Informed Consent from a Consumer prior to enrolling the Consumer in any of Respondent's residential EGS plans;

G. Respondent shall continue to investigate, with reasonable diligence, all disputes received on or after the Effective Date in which a Consumer claims they did not provide Express Informed Consent to Respondent.

H. For each such enrollment referenced in Paragraph 2.G., herein above, Respondent shall make a determination regarding whether the enrollment was completed with Express Informed Consent;

I. For any Consumer whose dispute is received on or after the Effective Date and whose enrollment is found to have been completed without Express Informed Consent—whether intentional or unintentional on the part of Respondent and/or its Representative—Respondent shall:

i. Remediate the complaint in a manner consistent with the resolution requested by the Consumer, including by providing a refund of all monies paid to Respondent by said Consumer within the first sixty (60) days of the Consumer's enrollment with Respondent; and



ii. Refund any cancellation fee or early termination fee charged by the Consumer's prior EGS when they were switched to Inspire as the result of an *unauthorized enrollment*, if the Consumer supplies documentation of the fee incurred.

J. Respondent shall, within ninety (90) days of the Effective Date of this Assurance, create and implement, to the extent not already in existence, written policies and procedures reasonably expected to create continuing compliance by Respondent and its Representatives with this Assurance and the Consumer Protection Law.

K. To the extent Respondent has not already done so, Respondent shall implement and/or maintain measures reasonably necessary to:

i. Oversee and train its Representatives and to monitor the performance of their duties, their compliance with Inspire policies, the terms of this Assurance, and the Consumer Protection Law;

ii. Investigate and discipline its Representatives in its discretion, up to and including the Blacklisting of, Representatives who fail to comply with Inspire policies, the terms of this Assurance, and the Consumer Protection Law; and

iii. Investigate complaints it receives from Consumers or regulatory or enforcement agencies in the Commonwealth, pertaining to Respondent's business practices.

L. Respondent shall transmit a copy of this Assurance to all of its partners that employ its third-party Representatives operating in Pennsylvania within thirty (30) days of the Effective Date of this Assurance. Respondent shall also transmit a copy of this Assurance to all partners that employ third-party Representatives with whom Respondent contracts to perform

direct-to-consumer sales in Pennsylvania, including Door-to-Door Sales or Retail Sales, after the Effective Date of this Assurance within thirty (30) days of the effective date of such contract.

M. Respondent shall comply, within sixty (60) days, with any written requests by the Commonwealth for information, records, and/or documentation related to compliance with this Assurance, including warnings issued, disciplinary action assessed, and Blacklisting effected by Respondent.

### **III. Monetary Relief**

A. Respondent shall pay to the Commonwealth of Pennsylvania, Office of Attorney General, the total amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the “Required Payment”), which shall be allocated in the following manner:

1. **Voluntary payment** in the amount of One Hundred Thousand Dollars (\$100,000.00) to be distributed to the Commonwealth of Pennsylvania, Office of Attorney General, to reimburse the costs and fees incurred in pursuing this enforcement action and to be expended as the Office of Attorney General determines in its sole discretion, including for public protection and education purposes, and shall be deposited into an interest-bearing account from which both principal and interest may be expended.
2. **Restitution** in the amount of One Hundred Fifty Thousand Dollars (\$150,000.00), pursuant to Section 201-4.1 of the Consumer Protection Law, which the Commonwealth may distribute to Eligible Consumers, in its sole discretion, in the following manner:
  - a. Pre-May 4, 2022: Eligible Consumers are those who (1) enrolled in Inspire’s EGS services on or after April 20, 2018, (2) contacted Inspire

with complaints prior to May 4, 2022, and (3) the Commonwealth identified to Respondent prior to the Effective Date.

b. Post-May 4, 2022: Eligible Consumers are those who (1) made at least one payment to Inspire, and (2) contacted Inspire with a complaint from May 5, 2022 through the Effective Date that falls into one of the following categories, as identified in Inspire’s systems:

- i. Disputed Enrollment
- ii. Government Assistance Miscommunication
- iii. Information Only
- iv. Intentional Slam
- v. Promised Savings
- vi. Rate Misinformation
- vii. Rep Misrepresented as Govt/Utility
- viii. Required to Enroll
- ix. Reward Misinformation
- x. Signing survey/petition to support clean power<sup>1</sup>
- xi. Subscription Full Bill vs. Supply Only
- xii. Unintentional Slam

c. For the Eligible Consumers identified in subparagraphs III.A.2.a and b above, Inspire agrees to provide the Commonwealth, within one hundred twenty (120) days of the Effective Date, with the following information: (1) first and last name, (2) last known address, (3) phone number, (4)

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<sup>1</sup> In the new sales case system, this category is titled “Signing Survey/Petition for Clean Power.”

email address, if known, (5) the total amount paid by the customer to Inspire, (6) the total amount the customer would have paid to the utility during the relevant time period, and (7) the calculated PTC Rerate. Inspire shall exclude the following customers from its report to the Commonwealth:

1. Customers who have already received a refund from Inspire and who stated that the refund resolved their complaint; and
  2. Customers who maintained their service with Inspire for 12 months or longer.
- d. Nothing in paragraph III.A.2.c shall be construed to prevent the Commonwealth from providing restitution to any customer who meets the criteria in paragraph III.A.2.b, and who contacts the Commonwealth after the Effective Date requesting restitution pursuant to this Assurance. The decision as to whether to provide restitution pursuant to any such requests shall be in the sole discretion of the Commonwealth.
- e. The parties agree that any amount paid to Eligible Consumers by the Office of Attorney General constitutes compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A)) intended to restore Consumers, in whole or in part, for any harm caused by Respondent's conduct as alleged herein, and that any amount paid to an individual Consumer is no greater than such alleged harm. No portion of the amount paid to the Office of Attorney General under this paragraph III.A.2 (i) represents reimbursement to the Commonwealth of

Pennsylvania for the costs of any investigation or litigation, (ii) is in lieu of any fine or penalty, or (iii) is properly characterized as disgorgement of the payment of statutory or other fines, penalties, punitive damages, or other punitive assessments; and

- f. After the Commonwealth or its Settlement Administrator has completed the distribution of restitution, including making reasonable attempts to contact payees of uncashed checks and waiting a reasonable period not less than ninety (90) calendar days, all uncashed checks may be voided. Once such uncashed checks have been voided, any remaining funds in the restitution account (including any accrued interest) will be distributed to the Commonwealth to be deposited in an interest-bearing account from which both principal and interest shall be expended for public protection and education purposes.

**B. Payment Terms:**

1. Respondent shall pay the Required Payment to the Commonwealth within ten (10) business days of the Effective Date.
2. Payments shall be made by wire transfer to an account designated by the Commonwealth or by certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, and forwarded to James S. Wise, Senior Deputy Attorney General, Pennsylvania Office of Attorney General, Bureau of Consumer Protection, 1600 Arch Street, Third Floor, Philadelphia, PA 19103.

C. The Commonwealth shall cause to be completed and timely filed a Form 1098-F with the Internal Revenue Service that identifies the amount paid to Eligible Consumers under Section III, Paragraph A.2 as “remediation/restoration,” and shall timely furnish Copy B of such Form 1098-F, or an acceptable substitute, to Respondent.

**IV. Release**

A. Following full payment of the Required Payment under Section III of this Assurance, the Commonwealth shall release and discharge Respondent from all civil claims, causes of action, damages, restitution, civil fines, costs, attorneys’ fees, and penalties that the Commonwealth could have brought under the Consumer Protection Law based on the covered conduct prior to the Effective Date. For purposes of Paragraph IV.A of this Assurance, “covered conduct” shall mean Respondent’s alleged misrepresentations, omissions, or other misconduct in the marketing and sale of its EGS products and services in the Commonwealth of Pennsylvania described in Paragraphs 6 through 9 of this Assurance. Nothing in this paragraph shall be construed to limit the ability of the Commonwealth to enforce the obligations that Respondent has under this Assurance.

**V. Miscellaneous Terms**

A. This Court shall maintain jurisdiction over the subject matter of this Assurance and over Respondent for the purpose of enforcing its terms.

B. Nothing in this Assurance shall be construed to waive any individual right of action by a consumer or a local, state, federal, or other governmental entity.

C. Seizo Welch, as Chief Executive Officer of Respondent, hereby states that he is authorized to enter into and execute this Assurance on behalf of Respondent.

D. This Assurance may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Assurance may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

E. This Assurance sets forth all of the promises, covenants, agreements, conditions and understandings between the Parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Assurance that are not fully expressed herein or attached hereto. Each party specifically warrants that this Assurance is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

F. Respondent agrees by the signing of this Assurance of Voluntary Compliance that Respondent shall abide by each of the aforementioned provisions and that the breach of any one of these terms shall be sufficient warrant for the Commonwealth of Pennsylvania to petition this Court, or any court of competent jurisdiction, to assess penalties provided for under Section 201-8(a) of the Consumer Protection Law, 73 P.S. § 201-8(a), and to seek any other equitable relief which the Court deems necessary or proper.

G. Should the Commonwealth believe that Respondent has failed to comply with this Assurance, prior to taking any enforcement action up to and including filing an action with the Court for the alleged violation of this Assurance and/or enforcement of its provisions, a representative of the Office of Attorney General shall notify Respondent in writing of the alleged violations, and Respondent shall then have thirty (30) days from receipt of such written notice to

provide a written response to the notification by the Office of Attorney General. The Respondent's response and any corrective or remedial action taken by Respondent shall be considered by the Commonwealth in determining whether further enforcement is necessary.

H. If the Commonwealth, in its sole discretion, concludes that a failure by Respondent to comply with this Assurance threatens the health or safety of the citizens of the Commonwealth of Pennsylvania or creates an emergency requiring immediate action, the Commonwealth is relieved of its obligation to notify Respondent in accordance with the terms of Paragraph V.H, herein above.

I. Any notice to Respondent relevant to or pursuant to the terms of this Assurance shall be made to:

Meghan Stoppel, Esq.  
Cozen O'Connor  
4875 Pearl East Circle, Suite 101  
Boulder, CO 80301  
mstoppel@cozen.com

J. Any failure of the Commonwealth to exercise any of its rights under this Assurance shall not constitute a waiver of its rights hereunder.

**[Signatures on the following pages]**



WHEREFORE, intending to be legally bound, the Parties have hereto set their hands and seals.

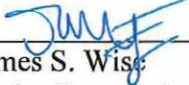
**FOR THE PETITIONER:**

COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF ATTORNEY GENERAL

MICHELLE A. HENRY  
ATTORNEY GENERAL

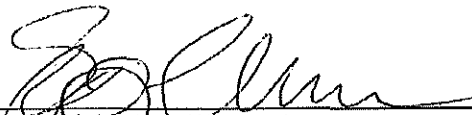
Date: 11/06/24

By: \_\_\_\_\_

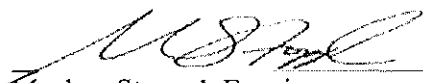
  
James S. Wise  
Senior Deputy Attorney General  
Attorney I.D. #314903  
Commonwealth of Pennsylvania  
Office of Attorney General  
1600 Arch Street, Third Floor  
Philadelphia, Pennsylvania 19103  
(215) 560-3684  
jwise@attorneygeneral.gov  
*Attorney for Petitioner*

**FOR THE RESPONDENT:  
INSPIRE ENERGY HOLDINGS, LLC**


Date: 11/5/2024

By:   
Seizo Welch, Chief Executive Officer  
Inspire Energy Holdings, LLC  
3402 Pico Blvd., Suite 300  
Santa Monica, CA 90405

Date: 11/05/2024

By:   
Meghan Stoppel, Esquire  
Cozen O'Connor  
4875 Pearl East Circle, Suite 101  
Boulder, CO 80301  
*Attorney for Respondent*

Date: 11/05/2024

By:   
Maria Colsey Heard  
Attorney I.D. #71487  
Cozen O'Connor  
2001 M Street, NW, Suite 500  
Washington, DC 20036  
mheard@cozen.com  
*Attorney for Respondent*

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY  
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
CIVIL TRIAL DIVISION

Filed and Attested by the  
Office of Judicial Records  
08 NOV 2024 09:38 am



COMMONWEALTH OF PENNSYLVANIA :  
BY ATTORNEY GENERAL :  
MICHELLE A. HENRY :

Petitioner :

v. :

INSPIRE ENERGY HOLDINGS, LLC :  
d/b/a INSPIRE CLEAN ENERGY :  
3402 Pico Blvd., Suite 300, :  
Santa Monica, CA 90405 :

Respondent :

No. \_\_\_\_\_

CIVIL ACTION – EQUITY

**CERTIFICATE OF SERVICE**

I, James S. Wise, do hereby certify that the Assurance of Voluntary Compliance was served upon Respondent, via USPS regular first class mail and electronic mail on November 8, 2024 at the following address:

Meghan Stoppel, Esq.  
Cozen O'Connor  
4875 Pearl East Circle, Suite 101  
Boulder, CO 80301  
mstoppel@cozen.com

Date: 11/8/24

By: 

James S. Wise  
Senior Deputy Attorney General  
Attorney I.D. Number 314913  
Commonwealth of Pennsylvania  
Office of Attorney General  
1600 Arch Street, Third Floor  
Philadelphia, Pennsylvania 19103  
Telephone: (215) 560-3684  
Fax: (215) 560-2494