Civil Action No.: 1:25-cv-04081-GPG

ADT LLC, a Delaware limited liability company,

Plaintiff,

v.

IMPULSE ALARM LLC, a Nevada limited liability company; and
VERONICA GOLIN, an individual.

Defendants.

DEFENDANTS' ANSWER TO PLAINTIFF'S COMPLAINT AND IMPULSE ALARM LLC'S COUNTERCLAIM

COMES NOW, Defendants Impulse Alarm, LLC ("Impulse") and Veronica Golin ("Golin," and together, "Defendants"), by and through undersigned counsel, and hereby files their Answer to Plaintiff's Complaint as follows:

THE PARTIES

1. Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 1, and therefore, deny the same.

2. In response to paragraph 2, Defendants admit that ADT provides security, automation, and smart-home services and equipment. Defendants are without sufficient information to form a belief as to the truth of the remaining allegations contained in paragraph 2, and therefore, deny the same.

3. Defendants admit the allegations contained in paragraph 3.

4. Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 4, and therefore, deny the same.

5. Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 5, and therefore, deny the same.

6. In response to paragraph 6, Defendants admit only that Impulse's principal place of business is and was 1810 E. Sahara Ave, Ste 324, Las Vegas, Nevada at all times relevant to Plaintiff's Complaint and that Impulse was an authorized dealer for ADT. Defendants deny the remaining allegations contained in paragraph 6.

7. Defendants admit only that Golin is the owner and Chief Executive Officer of Impulse Alarm and that her business address is 1810 E. Sahara Ave, Ste 324, Las Vegas, Nevada. Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants deny the remaining allegations contained in paragraph 7.

JURISDICTION AND VENUE

8. Defendants deny the allegations contained in paragraph 8.

9. In response to the allegations contained in paragraph 9, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants deny the allegations contained in paragraph 9.

10. Defendants deny the allegations contained in paragraph 10.

BACKGROUND FACTS

11. Defendants admit only that Plaintiff has an Authorized Dealer program. In response to the remaining allegations contained in paragraph 11, Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 11, and therefore, deny the same.

12. In response to the allegations contained in paragraph 12, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants deny the allegations contained in paragraph 12.

13. In response to the allegations contained in paragraph 13, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants deny the allegations contained in paragraph 13.

14. Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 14, and therefore, deny the same.

15. In response to the allegations contained in paragraph 15, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants deny the allegations contained in paragraph 15.

16. In response to the allegations contained in paragraph 16, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants state that paragraph 16 contains a legal conclusion regarding the party responsible for all obligations to which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 16.

17. In response to the allegations contained in paragraph 17, Defendants state that any applicable agreement speaks for itself and to the extent further response is required, Defendants state that paragraph 17 contains a legal conclusion regarding contract interpretation to which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 17.

18. In response to the allegations contained in paragraph 18, Defendants admit only that they sent correspondence terminating the applicable agreement with Plaintiff and that Plaintiff issued a response. Defendants deny the remaining allegations contained in paragraph 18.

19. In response to the allegations contained in paragraph 19, Defendants state that any correspondence speaks for itself and to the extent further response is required, Defendants state that paragraph 19 contains a legal conclusion regarding contract interpretation and legal obligations to which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 19.

20. Defendants deny the allegations contained in paragraph 20.

21. In response to the allegations contained in paragraph 21, Defendants state that paragraph 21 contains a legal conclusion regarding the financial obligations of Defendants to

which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 21.

FIRST CLAIM FOR RELIEF
(Breach of Contract)

22. In response to paragraph 22, Defendants repeat and reallege their response to all preceding paragraphs as though fully set forth therein.

23. In response to paragraph 23, Defendants admit only that there are agreements they entered into with ADT and that any such agreements speak for themselves. To the extent further response is required, Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 23, and therefore, deny the same.

24. Defendants deny the allegations contained in paragraph 24.

25. Defendants deny the allegations contained in paragraph 25.

26. Defendants deny the allegations contained in paragraph 26.

27. Defendants deny the allegations contained in paragraph 27.

SECOND CLAIM FOR RELIEF
(Unjust Enrichment)

28. In response to paragraph 28, Defendants repeat and reallege their response to all preceding paragraphs as though fully set forth therein.

29. Defendants deny the allegations contained in paragraph 29.

30. Defendants deny the allegations contained in paragraph 30.

31. Defendants deny the allegations contained in paragraph 31.

32. Defendants deny the allegations contained in paragraph 32.

THIRD CLAIM FOR RELIEF
(Declaratory Relief)

33. In response to paragraph 33, Defendants repeat and reallege their response to all preceding paragraphs as though fully set forth therein.

34. In response to the allegations contained in paragraph 34, Defendants state that paragraph 34 contains legal conclusions to which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 34.

35. In response to paragraph 35, Defendants admit only that there is a dispute between Defendants and Plaintiff. Defendants deny the remaining allegations contained in paragraph 35.

36. In response to the allegations contained in paragraph 36, Defendants state that paragraph 36 contains legal conclusions to which Defendants are unable to admit or deny. To the extent further response is required, Defendants deny the allegations contained in paragraph 36.

GENERAL DENIAL

Defendants specifically and generally deny all allegations not explicitly admitted herein and that Plaintiff is entitled to any of the damages claimed.

AFFIRMATIVE DEFENSES

1. Plaintiff's Complaint fails to state a claim upon which relief can be granted.

2. Plaintiff has failed to mitigate its damages, if any.

3. Plaintiff's claims are precluded by the applicable statutes of limitation and repose.

4. Plaintiff's claims are barred by the doctrines of waiver, laches, fraudulent inducement, ratification, estoppel, and/or unclean hands.

5. Plaintiff's actions are in direct contravention of the understood, logical assumptions and/or expectations of the applicable contract.

6. Plaintiff's damages, if any, are the result of the acts or omissions of a third party over whom Defendants had no control.

7. Any applicable contract between the parties is so one-sided as to be unconscionable.

8. At all times described in the Complaint, Plaintiff consented to any and all conduct alleged therein.

9. Defendants are informed and believe that Plaintiff and/or its agents failed to preserve and permitted the spoliation of material evidence. Such conduct bars recovery from Defendants and/or gives rise to liability for damages payable to these Defendants.

10. Plaintiff acted in bad faith.

11. Plaintiff's damages, if any, were caused in whole or in part or were contributed to by Plaintiff's own breaches, acts, omissions, conditions, misrepresentations, fraud and/or misconduct.

12. Defendants' conduct was not the cause in fact nor the proximate cause of any injury, loss, or damage alleged by Plaintiff.

13. Plaintiff's damages, if any, were caused in whole or in part by Plaintiff's willful misconduct.

14. Plaintiff was the first breaching party under any applicable contract such that Defendants are relieved from having to perform under any contract and Plaintiff's claims are barred.

15. Plaintiff's claims are offset in full or in part by Plaintiff's own breach of contract.

16. If Plaintiff is allowed to recover from Defendants, Plaintiff would be unjustly enriched.

17. Defendants have valid and/or equitable excuses for any claims raised by Plaintiff.

18. Plaintiff failed to perform conditions precedent under any applicable contract.

19. Defendants are excused from performance by frustration of purpose.

20. Defendants are excused from performance because Plaintiff's damages were caused in whole or in part by the operation of an improper franchise-like business whereby ADT essentially operates under a franchise model while disclaiming the legal obligations required under a franchise classification, which allowed ADT to artificially manipulate sales in favor of preferred dealers while financially punishing other authorized dealers like Impulse.

21. Plaintiff's claims are offset in full or in part by Plaintiff's violation of the Colorado Consumer Protection Act, the Colorado State Antitrust Act of 2023, the Sherman Antitrust Act, the Clayton Antitrust Act, and/or the Racketeer Influenced and Corrupt Organizations (RICO) Act.

22. Defendants are excused from performance due to impossibility and/or impracticability.

23. This litigation is in the initial stages. As the case progresses, additional defenses may become known to Defendants. As such, Defendants reserve the right to amend this Answer to assert any and all affirmative defenses available, including all defenses set forth in Rules 8 and 12 of the Federal Rules of Civil Procedure, each of which is incorporated herein by reference.

COUNTERCLAIM

Defendant Impulse Alarm LLC ("Impulse"), hereby files its Counterclaim against Plaintiff ADT LLC ("ADT"), and alleges as follows:

ALLEGATIONS COMMON TO ALL CLAIMS

1. This action does not arise from a routine contract dispute, an isolated accounting disagreement, or a dealer's failure to pay a bill. It arises from a years-long, ADT-designed fraud and retaliation scheme in which ADT knowingly tolerated, concealed, and monetized systemic misconduct within its authorized dealer ecosystem, while deliberately shifting the resulting financial losses onto Impulse.

2. At all relevant times, ADT—not Impulse—designed, controlled, and exclusively administered the systems that governed customer approval, credit evaluation, fraud detection, account retention, billing, customer service, and chargeback enforcement. ADT exercised unilateral control over these systems, withheld material information about their operation, and prevented Impulse from independently verifying how purported losses were generated or who ultimately benefited from them.

3. Through those systems, ADT knowingly permitted fraudulent and improper customer acquisition practices because they were profitable to ADT. Fraudulent and unqualified accounts were initially funded and reported by ADT as subscriber growth, inflating ADT's revenue and performance metrics. When those same accounts later failed, ADT retroactively imposed chargebacks on Impulse, while retaining, re-signing, or otherwise monetizing many of the very

customers it claimed had defaulted—allowing ADT to recover value twice from the same accounts.

4. ADT's chargebacks were not discrete historical debits or one-time reconciliations. They were imposed as part of a continuing standardized enforcement regime in which ADT repeatedly recalculated, enforced, refused to credit, and carried forward alleged balances over time. That regime continued through and beyond Impulse's termination in 2025, while ADT simultaneously denied Impulse access to the data, systems, and information necessary to test or contest the claimed amounts.

5. Throughout the relationship, Impulse repeatedly raised concerns about systemic fraud, improper customer acquisition, manipulation of credit and approval processes, and the resulting chargebacks. ADT responded not with transparency or remediation, but with assurances, partial disclosures, and omissions that concealed the scope of the misconduct and induced Impulse to remain in the relationship while the scheme continued.

6. As part of its operations, ADT perverted the very terms and guidelines to which it held Impulse in order to maximize ADT's own profits and those of certain other dealers who did not question ADT's methods.

7. By 2025, Impulse escalated its reporting and sought to exit the relationship after concluding that ADT was knowingly tolerating and exploiting misconduct rather than correcting it. Only then—after termination and the breakdown of ADT's information control—did Impulse begin to uncover the full extent of ADT's conduct, including ADT's retention and monetization of charged-back customers, the recalculation and continuation of chargebacks, and the systematic withholding of material accounting information.

8. ADT responded to Impulse's attempted exit and reporting not by investigating or correcting its systems, but by retaliating. ADT recharacterized the termination, invoked a knowingly defective lien and maintained another spurious lien, interfered with Impulse's relationships with third parties, escalated collection pressure, and filed this lawsuit in an effort to launder its course of conduct into a collection action and suppress scrutiny of the underlying scheme.

9. As a result of ADT's continuing misconduct, concealment, and retaliation, Impulse suffered severe and ongoing economic harm that crystallized in 2025 and continues to this day, including the damage to its viable business stemming from a loss of revenue, reputational damage, and the wrongful extraction of substantial value by ADT.

PARTIES

10. Impulse is a Nevada limited liability company with its principal place of business at 1810 E. Sahara Ave, Ste 324, Las Vegas, NV 89104, duly authorized and qualified to do business in the state of Nevada.

11. ADT is a Delaware limited liability company with its principal place of business at 1501 Yamato Road, Boca Raton, FL 33431 and with operations across the United States.

JURISDICTION AND VENUE

12. Jurisdiction and venue are proper before the United States District Court, District of Colorado as the parties are from different states and the amount in controversy exceeds $75,000.00.

13. The facts, acts, events and circumstances herein mentioned, alleged and described occurred in the District of Colorado.

THE 2025 DISCOVERY AND COMPLETION OF ADT'S FRAUD SCHEME AND RESULTING RETALIATION

14. ADT's misconduct did not consist of isolated or completed acts that accrued and expired years ago. It constituted a single, integrated scheme that unfolded over time, was deliberately concealed from Impulse, and was not discoverable in its full scope until 2025.

15. Conduct occurring prior to 2025—including conduct dating to 2018 through 2022—formed part of the same ongoing scheme by which ADT designed, implemented, and refined systems that tolerated fraud, shifted losses onto Impulse, and concealed ADT's retention and monetization of charged back customers.[1] That earlier conduct provides critical background evidence of ADT's knowledge, intent, system design, and concealment, but did not, standing alone, reveal the operative fraud or the resulting injury.

16. Throughout the relationship, ADT's exclusive control over customer data, account status, retention activity, and chargeback calculations prevented Impulse from discovering that ADT was retaining, re-signing, and monetizing customers for whom it had imposed chargebacks, or that chargebacks were being recalculated, carried forward, and enforced as part of a continuing regime rather than as discrete historical adjustments.

17. In 2025, after years of internal reporting and escalating concerns, Impulse undertook a final effort to expose the misconduct and to exit the relationship. That effort marked the point at which ADT's concealment began to fail and the scheme reached its completion.

18. Only after termination in 2025 did Impulse discover facts previously concealed by ADT, including that ADT had continued to monetize charged-back customers, had repeatedly

[1] A "chargeback" is where an authorized dealer would be financially penalized if an account defaulted or was cancelled within a certain timeframe.

recalculated and enforced chargebacks into the present period, and had withheld material accounting information necessary to verify the legitimacy of its claimed losses.

19. ADT immediately responded to Impulse's reporting and attempted exit by retaliating, including by recharacterizing the termination, asserting a knowingly defective lien, interfering with third-party relationships, interfering with customer relationships, escalating collection pressure, and filing this action as a means of reframing its conduct as a collection dispute and suppressing scrutiny of the underlying scheme.

20. Impulse's claims therefore accrued no earlier than 2025, when the injury became knowable, ADT's concealment was exposed, and its retaliatory conduct inflicted concrete and ongoing harm. To the extent any earlier conduct is referenced, it is pleaded as part of the same continuing course of misconduct, as background proof of intent and knowledge, and as conduct whose effects continued into and through the limitations period.

FACTUAL BACKGROUND

21. ADT holds itself out to be "the oldest, largest, and best-known provider of electronic security, automation, and smart home services and equipment in the United States." *Complaint* at ¶ 1.

22. Through ADT's centralized control and uniform authorized dealer program, ADT promises its dealers that they have the potential to earn millions of dollars through funding opportunities and multiple revenue streams—all with ADT's world-class support and the power of a trusted brand.

23. It was because of these promises and representations that Impulse was induced to become an ADT authorized dealer on or about June 10, 2015, when Impulse, under its original ownership, entered into the Authorized Dealer Agreement (the "Agreement").

24. On or about May 9, 2016, Impulse executed the Change in Ownership Amendment to the Agreement.

The ADT Dealer Relationship and Structural Asymmetry

25. From the outset of the relationship, ADT structured its authorized dealer program so that ADT retained unilateral control over critical aspects of dealer operations while shifting economic risk downstream to dealers like Impulse. Although Impulse was presented as an "independent" business, ADT dictated the rules governing customer approval, account funding, retention, and post-installation control and service over customer accounts, creating a structural asymmetry that left Impulse dependent on ADT for information, revenue, and continued viability.

26. Initially, Impulse was led to believe that its relationship with ADT as an authorized dealer was full of promise and opportunity; however, slowly over the course of approximately 10 years, what began as a standard authorized dealer relationship deteriorated into systematic misconduct by ADT that ultimately caused significant, ongoing, and substantial harm to Impulse.

27. In order to be an authorized dealer with ADT, Impulse was required to follow specific guidelines and cede significant control to ADT, which included: that all customer-facing materials must display the ADT trademark; dealers were required to tell customers that they were an ADT authorized dealer; that dealers exclusively sell for ADT; dealers were required to purchase yard signs and stickers bearing the ADT trademark from ADT; and dealers had to follow unreasonably strict marketing guidelines that effectively prevented them from utilizing digital marketing opportunities under threat of severe penalties if the dealer marketed in a way ADT did not like.

28. ADT even had full control over many aspects of Impulse's business, including the mandatory use of ADT-approved equipment; control over Impulse's funding through the use of

funding grids; unilateral changes to compensation terms and dealer guidelines; exclusivity with ADT only; territory control; and exclusive control over all customer relationships post-installation, including all control over customer service, billing, monitoring, and system support.

29. As Impulse's relationship with ADT went on, Impulse learned of serious and concerning issues related to the operation and tactics of other authorized dealers that ADT not only ignored, but often rewarded.

30. ADT intentionally structures its dealer program to incentivize dealers to push aggressive, legally questionable sales tactics that allow ADT to profit from the program at every stage—when fraudulent accounts initially fund, ADT reports subscriber growth to Wall Street; but when they fail, ADT charges back dealers and then reuses the dealer's installed equipment to re-sign and charge the customer—a model ADT continued to operate and enforce over time.

31. ADT maintains the facade of using "independent" businesses to deflect liability while exercising franchise-level control over operations, effectively outsourcing the aggressive door-to-door tactics, high-pressure sales, and regulatory violations that ADT cannot openly engage in—then disclaiming responsibility when dealers get caught.

32. ADT has a pattern and history of taking a hands-off approach when some authorized dealers engage in inappropriate conduct, which often meant individuals with serious criminal histories, including a person convicted of lascivious conduct with a minor, were permitted to sell ADT systems door-to-door to unsuspecting customers. ADT even actively enabled and covered up this information, so that these sales people could continue to sell to customers, even after multiple reports of the criminal histories.

33. When a dealer like Impulse refuses to engage in such practices or calls into question such practices, ADT punishes the dealer by withholding or otherwise disregarding the non-

complying dealer for business opportunities, such as exclusive territory assignments and increased business leads.

34. This structural imbalance was not incidental. It formed the foundation for ADT's later ability to tolerate misconduct, conceal its scope, and impose financial consequences on Impulse while insulating itself from scrutiny—an imbalance that would become decisive as ADT's systems were increasingly exploited and enforced over time.

Systematic Fraud and ADT's Knowing Tolerance: Project Rome and the Manipulation of Customer Credit and Dealer Disputes

35. Beginning no later than 2019, ADT implemented and operated a set of internal practices designed to manipulate customer credit report timing, dealer disputes, and account allocation in ways that systematically favored preferred dealers such as Safe Streets, Safe Haven, Direct Protection Security, and Secure24 (the "Preferred Dealers"), and ADT itself at the expense of dealers like Impulse. These practices were not disclosed to Impulse and were embedded within ADT-controlled systems that Impulse could not independently audit or challenge.

36. As part of its standard business practices, ADT systematically manipulates its own system that is designed to direct funds to itself and Preferred Dealers to the financial and professional detriment of Impulse.

37. Impulse later learned that this manipulation was part of a system that ADT referred to internally as "Project Rome."

38. As part of Project Rome, ADT would allow its Preferred Dealers to run a potential customer's credit before the customer had legal possession of a home, which was in direct contravention of ADT's own dealer agreement and dealer guidelines that require contracts to be signed by the "homeowner," which were in place to prevent Impulse and other dealers from

running a potential customer's credit before the customer officially took ownership of the home and could legally enter into contract.

39. When Impulse would later run the same potential customer's credit at the proper time, it would trigger a "first ink" flag that would result in a dealer dispute, and, because the Preferred Dealer was permitted to run credit before the person actually owned the home, the Preferred Dealer was credited with signing the account and received financial benefits in the form of a deduction from Impulse's funding, even though Impulse was the first to have the customer actually sign a contract and was the installer of any equipment.

40. ADT also levied "first ink" or dealer dispute penalties against Impulse on accounts where a system was never installed by Impulse or any other party.

41. To further compound this financial penalty, because the false sale triggered an automatic dealer dispute that was awarded to the Preferred Dealer who improperly ran a credit report first, ADT would deduct between $500.00 to $1,000.00 directly from Impulse as a "dealer dispute fee" that it would then award either directly to itself or the Preferred Dealer.

42. This "first ink" policy was a way for ADT to generate a direct revenue stream built from Impulse's hard work because ADT allowed non-disclosed preferential treatment for certain of its dealers.

43. With ADT's manipulation of sales and lead routing to its Preferred Dealers, it was difficult, if not impossible, for Impulse to avoid this dealer dispute fee and loss of revenue.

44. As part of Project Rome, ADT would also send its Preferred Dealers thousands of leads each month and allowed Preferred Dealers to create the appearance that they were the exclusive ADT providers.

45. Competitors such as Safe Haven and Safe Streets were encouraged to represent that they were "from ADT" rather than from an authorized dealer, phone numbers listed as belonging to ADT were routed directly to Safe Streets or other Preferred Dealers, adtsecurity.com is actually owned and operated by Safe Streets, and ADT's website, adt.com, hosted Safe Streets on its domain, leading prospective salespeople to join Safe Streets.

46. Customers searching ADT on the internet or calling ADT's listed phone numbers would reach the Preferred Dealers and no other dealers were permitted this direct access to customers seeking ADT.

47. ADT created the illusion that such competitors were the only "legitimate" sellers of ADT equipment and services, which over the course of several years has resulted in significant financial and reputational harm to Impulse.

48. ADT also allowed Preferred Dealers, specifically Safe Haven, to become the exclusive provider to large-scale home builders and developers without offering the same opportunities to non-preferred dealers based on "builder guidelines" that have never been provided to Impulse, which redirected more than 60,000 potential customers annually and resulted in complete territory exclusion, thus creating a quasi-franchise model in violation of the terms of the Agreement and to the detriment of Impulse.

49. ADT also acquired a competitor company called Defenders. Impulse later learned that ADT had actually been directing thousands of potential corporate leads each month before and after the acquisition, meaning that a competitor authorized dealer was never an "independent" competitor, as Impulse and other non-preferred dealers were led to believe, but rather Defenders had effectively been operating as a covert ADT franchise for years.

50. These diversionary and preferential practices were not disclosed to Impulse and were concealed through ADT's control of branding, lead routing, territory control, customer access, and dealer guidelines. Impulse had no visibility into how leads, customers, or opportunities were being allocated or withheld, nor any way to discover that its inability to grow was the product of systemic exclusion rather than business performance. The effects of these practices continued into and through 2025, contributing to the financial harm that ultimately became knowable only when Impulse attempted to exit the relationship.

51. In fact, after the implementation of Project Rome, "first ink," and similar manipulative policies, Impulse experienced a statistically improbable 89 percent dealer dispute loss rate.

Dealer Disputes as an Enforcement and Revenue Mechanism

52. ADT's dealer dispute process was not a neutral adjudicative mechanism, but an enforcement and revenue tool embedded within its dealer program. ADT unilaterally controlled dispute initiation, evidence, decision-making, and financial consequences, while denying dealers any meaningful opportunity to review, challenge, or appeal dispute outcomes. The absence of transparency or process was not incidental—it allowed ADT to systematically allocate disputed accounts and associated revenue in accordance with its internal dealer classifications rather than objective performance or contractual compliance.

53. By design, ADT's exclusive control over dispute evidence, outcomes, and downstream account treatment prevented Impulse from discovering that disputed accounts were being retained, reallocated, or monetized by ADT or Preferred Dealers while chargebacks and dispute penalties continued to be enforced against Impulse.

54. Dealer disputes functioned as a complementary enforcement mechanism to Project Rome and ADT's preferred-dealer system. Disputes were routinely resolved in favor of Preferred Dealers or ADT-controlled entities, even where Impulse was the first to obtain a signed contract and perform installation work. Through this process, ADT simultaneously diverted revenue-generating accounts away from Impulse, imposed dispute fees, and insulated Preferred Dealers from economic risk—while concealing the internal criteria and allocation logic that governed those outcomes.

55. ADT decides dealer disputes in its sole and absolute discretion and provides neither supporting documentation nor a method of appeal to dealers. ADT also failed to disclose the true nature and extent of the dealer dispute fees or that ADT would engage in systematic manipulation of the very system it created to artificially increase the likelihood of such fees being levied against Impulse, which resulted in a significant material change to how Impulse was compensated.

56. Impulse is now aware of at least 156 instances of ADT's manipulation of the credit system where it allowed another dealer to engage in pre-ownership credit pulls, which resulted in no less than $81,000.00 of contrived penalty fees levied against Impulse.

57. At no time prior to entering into the Agreement or anytime thereafter, did ADT advise Impulse of the existence and terms of Project Rome or that it would result in such financial losses nor was Impulse ever advised as to how to attain the same status as the Preferred Dealers.

58. At no time prior to entering into the Agreement or anytime thereafter did ADT advise Impulse that direct competitors would be permitted to circumvent the very guidelines and standards to which Impulse was held.

59. At the time these practices were implemented and enforced, ADT's exclusive control over credit timing, dispute resolution, and supporting documentation prevented Impulse

from discovering that these losses were the product of a designed system rather than legitimate dealer performance issues and concealed the extent to which Project Rome functioned as a revenue and enforcement mechanism over time.

60. Through Project Rome, ADT's franchise-like model, and ADT's ongoing, systematic manipulation of customers and authorized dealers, ADT has been able to financially benefit from its own faulty model to the detriment of Impulse and other authorized dealers who have been prevented from growing their businesses in the way ADT represented was possible. The resulting loss of revenue is in the tens of millions of dollars.

Systematic Fraud and ADT's Knowing Tolerance: Customer Diversion, Preferential Treatment, and Franchise-Like Control

61. In tandem with Project Rome, ADT operated a broader customer diversion and preferential-treatment system that routed leads, branding advantages, and exclusive opportunities to Preferred Dealers and ADT-owned entities, while holding non-Preferred Dealers like Impulse to restrictive guidelines that were selectively enforced.

62. ADT's preferential treatment of certain dealers was not incidental or ad hoc, but reflected an internal, two-tier dealer structure in which ADT classified dealers differently for purposes of lead allocation, credit treatment, dispute resolution, and economic risk. Dealers granted preferred status were insulated from many of the adverse consequences imposed on non-preferred dealers like Impulse, including exposure to chargebacks, loss of disputed accounts, and adverse credit determinations, while simultaneously receiving disproportionate access to customers and revenue opportunities.

63. ADT did not disclose the existence, criteria, or consequences of this two-tier system to Impulse. Nor did ADT advise Impulse that competitors were permitted to circumvent dealer guidelines, able to access customers directly through ADT-controlled branding and channels or

receive favorable treatment in disputes and account retention. By concealing the structure and operation of this preferred-dealer system, ADT masked the true causes of Impulse's declining performance and shifted the financial consequences of ADT's own allocation and enforcement decisions onto Impulse while retaining the economic upside for itself and Preferred Dealers.

Systematic Fraud and ADT's Knowing Tolerance: Credit Score Manipulation, Auto-Approvals, and Concealed Risk Shifting

64. ADT manipulated customer credit outcomes through undisclosed credit-scoring practices, system overrides, and custom models that distorted risk assessment in ways that benefited ADT financially while transferring hidden risk to Impulse and harm to customers.

65. ADT's complete market control to the exclusion of other authorized dealers; forced use of ADT's trademark; level of control asserted by ADT over authorized dealers' finances, territory, and customer relationships; and fees authorized dealers pay to ADT has allowed ADT to essentially operate a large-scale franchise operation in all respects except in name—all while circumventing the legal obligations of a franchise model.

66. ADT also permits, participates in and/or tacitly condones, "white-paging" (the artificial manipulation of customer credit score with the origin of the term coming from going to the "white pages" and finding a person at random in order to adopt their credit profile).

67. Impulse first became aware of such issues on or about December 3, 2022, at 1 p.m., when Impulse ran the credit of a potential customer whose score came back too low and failed minimum standards to contract for and install an ADT system. This same person's credit was run again an hour later by Direct Protection Security, a different ADT authorized dealer. ADT allowed Direct Protection Security to use the last four digits of "0000" as the social security number coupled with a fraudulent variation or use of another customer's name to pull a credit report

showing an excellent credit score that was improperly used for the failing customer, allowing system installation approval.

68. ADT's enabling of the use of "0000" in place of the real customer's social security number allowed another unsuspecting person's credit report to attach to the customer in question in order to artificially increase account approvals even though the actual customer would not have otherwise been approved.

69. When Impulse brought this and other instances of fraudulent manipulation of the credit system to ADT's attention, Impulse was advised that it was not ADT's problem and that fraudulent accounts were Impulse's problem to manage, despite Impulse having no authority over the perpetrators or other way to change ADT's internal policies.

70. After being advised of the issues with white-paging, ADT explicitly refused to close the loophole, which allowed unscrupulous dealers and ADT to take advantage of this loophole and exploit customers and non-customers alike.

71. ADT also fraudulently manipulated credit scores by commissioning Equifax to create a custom credit model that leads to increased approval when compared to other industry-standard models, which ADT never communicated to Impulse.

72. Impulse learned that ADT would report artificially lower scores for customers who actually had high credit scores, which led to increased costs for the customer who would be denied preferred pricing offered to those with high credit scores, and decreased profits for Impulse who did not get the financial benefit of signing up a high-credit customer.

73. By using its custom credit model, ADT was able to artificially increase or otherwise misrepresent customer credit scores, which allowed ADT to financially take advantage of Impulse because ADT would approve higher-risk customers without advising Impulse, which

led to more customer defaults and chargeback payments to ADT, and, for high-credit customers, ADT avoided paying Impulse higher compensation because it would mischaracterize those customers as having lower credit-worthiness.

74. ADT's predatory practices further harmed customers, including especially vulnerable populations where ADT would falsify credit score records to induce a dealer to install a system that the customer should have never been approved for and lock them into monthly contracts; and those customers at the other end of the spectrum whose credit ratings indicated that they should have been offered more favorable terms, but instead ADT reported a lower score and then charged those customers higher amounts.

75. In late 2023, Impulse contacted Equifax directly to better understand the "CM19" credit model that Equifax was administering for ADT. Equifax advised that this credit model was "custom" and "available to ADT only." Thereafter and through 2025, Impulse compared the credit scores of its in-house financing customers against the scores ADT assigned, which revealed systematic discrepancies. After further analysis of the data, Impulse discovered the true nature and extent of ADT's widespread manipulation and bilateral compression of customer credit scores.

76. ADT's integration with Equifax suffered frequent system failures, and Impulse later learned that the default outcome during such failures was to auto-approve customers at Level B (credit-worthy) such that when Impulse would run customer credit checks during those failures, the customer would appear to have good credit and there would be no indication that a check was not properly completed, leaving Impulse to unknowingly sign customers who were not credit-worthy and bear the risks associated therewith or unknowingly sign customers who were credit-worthy at less favorable terms than they would have otherwise qualified for, thereby reducing Impulse's compensation.

77. When questioned by Impulse, ADT explicitly advised that its credit model was intentionally designed to feel "seamless," such that dealers like Impulse would have no visibility into whether a credit check was properly completed, while simultaneously promising to correct the auto-approval mechanism so that customers would not be automatically approved during frequent ADT credit-check system failures.

Chargebacks as Continuing, Recalculated Enforcement (Not Discrete Events), Revenue Sharing and Compensation Withholding

78. Although chargebacks were represented as discrete, account-specific reconciliations tied to individual customer outcomes, ADT treated them in practice as a continuing and recalculated enforcement mechanism. Chargeback balances were repeatedly carried forward, re-imposed, and enforced over time without regard to subsequent account retention, revenue recovery, or transfer to other dealers. By withholding accurate account status and revenue information, ADT transformed chargebacks into rolling dealer liabilities that persisted long after any asserted loss had been economically offset, extending their financial impact into and through 2025.

79. In addition to manipulating credit approvals and chargeback enforcement, ADT controlled and administered all dealer compensation and revenue-sharing determinations, including the pricing tiers, funding levels, and payout amounts applied to each customer account. Those compensation determinations were based on ADT's internal credit classifications and account designations; such classifications/designations and manipulation thereof were not disclosed to Impulse and were not subject to independent verification, audit, or correction.

80. As a result of ADT's undisclosed credit reclassification practices, Impulse was routinely deprived of compensation to which it was contractually entitled for qualified, credit-worthy customers. ADT reported artificially lower credit scores or applied downgraded

classifications to customers who should have qualified for higher compensation tiers, thereby reducing Impulse's revenue while retaining the full economic benefit of those customer accounts. These underpayments were ongoing, recurring, and embedded in ADT's centralized compensation systems rather than isolated or one-time events.

81. ADT did not disclose these compensation reductions to Impulse, did not provide account-level explanations or reconciliations, and did not permit meaningful review of the underlying credit or pricing determinations. Because ADT retained exclusive control over the data and systems governing credit classification, pricing, and dealer compensation, Impulse could not reasonably discover that it was being systematically underpaid until the broader pattern of discrepancies, chargebacks, and concealed account treatment came into focus as the relationship deteriorated and termination approached.

Systematic Fraud and ADT's Knowing Tolerance: Concealment of Chargeback Reversals and Retained Accounts

82. Separate and apart from the manipulation of credit approvals and dealer disputes, and operating in tandem with those practices, ADT engaged in a distinct but related scheme to conceal the reversal, retention, and continued monetization of accounts for which it imposed chargebacks on Impulse. Under ADT's own dealer program rules, chargebacks were premised on the asserted loss or failure of a customer account. In practice, however, ADT frequently retained, re-signed, transferred, or otherwise continued to monetize those same accounts while continuing to enforce chargebacks against Impulse.

83. ADT exclusively controlled all information concerning pre- and post-chargeback account status, including what actions ADT was taking or not taking to address customer default issues, and then whether customers were retained, reactivated, transferred to Preferred Dealers, or continued to generate recurring revenue. That information, including if and when a customer

account was even subject to a chargeback, was not disclosed to Impulse, was not visible through the dealer portal, and could not be independently verified. As a result, Impulse was systematically denied the ability to determine whether chargebacks were valid, should have been reversed, or had already been economically offset by ADT's continued receipt of customer revenue, despite dealer-program provisions requiring accurate reporting and reconciliation of account status and chargeback activity.

84. Rather than crediting or reversing chargebacks when accounts were retained or monetized, ADT recalculated, re-imposed, and carried forward chargeback balances over time, treating them as fixed dealer liabilities while concealing the underlying revenue flows. This concealment caused what was represented as discrete historical adjustments to function as a rolling enforcement mechanism that persisted into and through 2025.

85. Because ADT withheld material accounting information and retained unilateral control over chargeback enforcement and account reporting, Impulse could not reasonably discover that chargebacks were being enforced notwithstanding ADT's continued retention and monetization of the same customers until after the relationship deteriorated, and Impulse realized that it needed to and did begin to conduct its own internal account auditing in late 2024 and into 2025.

ADT Financially Benefits from its Manipulation of its Chargeback Model

86. As an inducement to its dealers to sell accounts to those customers most likely to qualify for and maintain a home system account, ADT relies on its chargeback model**.**

87. The chargeback model is governed by dealer guidelines, which often changed without sufficient notice to authorized dealers such that the guidelines became a moving target that became impossible to hit.

88. The caveat to this chargeback model is that dealers would have a very brief window in which to dispute the chargeback without being provided any notice that a chargeback was being assessed, and with no way of tracking which accounts may be subject to reinstatement or chargeback reversal.

89. With ADT monopolizing all communication with the customers, authorized dealers like Impulse had absolutely no way to provide any type of customer service to determine whether the chargeback issue could be remedied.

90. This model deprived the authorized dealer of its profits, prevented the authorized dealer from mitigating any issues, and lined ADT's pockets.

91. ADT further manipulated the system to levy millions of dollars in fees against Impulse on accounts that did not actually result in any financial loss to ADT because the customer was enticed to move its account to ADT or another authorized dealer, moved residences but maintained service, brought the account current, or where a new owner would take over the existing account. These instances should have either (1) never resulted in a chargeback, or (2) resulted in a chargeback reversal to prevent bad faith penalization of Impulse.

92. Even though ADT retained, re-signed, and again monetized existing accounts, ADT would still issue a chargeback fee to Impulse, creating a rolling and continuing mechanism of value extraction from ADT's authorized dealers.

93. ADT would also still penalize Impulse with a full chargeback even after a "first ink" dispute, such that even though Impulse was already penalized for between $500.00 and $1,000.00, Impulse was still financially liable for the entire customer default amount, meaning that ADT created a model where it could funnel customer payments and financial benefits from signing a new customer to itself and Preferred Dealers, charge Impulse with a dealer dispute fee because

ADT allowed a Preferred Dealer to improperly run a credit report to "reserve" the customer, and then charge Impulse with a chargeback fee over a customer that defaulted and over whom Impulse had no control or ability to provide customer service. This allowed ADT and/or its Preferred Dealers to profit from the dealer dispute fees without undertaking the risks associated with the customer.

94. ADT further penalized Impulse on accounts where ADT was inflating lower credit scores for customers with poor credit who were statistically more likely to default without notice to Impulse.

95. One of ADT's most egregious manipulations of the chargeback model as part of Project Rome is ADT's levying a chargeback against Impulse when a customer, thinking they were reaching ADT directly, would call an ADT-labeled phone number or visit adtsecurity.com only to be rerouted to Preferred Dealers who would then re-sign the customer and offer them "free" equipment because Impulse had already installed the existing equipment.

96. This led to significant and catastrophic defaults on Impulse accounts despite Impulse having no control over the credit pulls or customer communication and because ADT was artificially manipulating credit scores.

97. ADT's chargeback model transfers the risk solely to Impulse, while simultaneously allowing ADT to report inflated new subscriber numbers, which makes it look more profitable to shareholders.

98. Under its chargeback model, ADT has created a perverse financial incentive whereby ADT can neglect collections and customer service to trigger a default, which allows ADT to retain monthly payments already made (approximately $50.00 per month for 13 to 36 months), often charge a dealer dispute fee (approximately $500 to $1,000.00), chargeback the dealer the full

value of the contract ($1,500.00 to $2,500.00), retain the dealer's equipment ($500.00 to $800.00), and then re-sign the same customer to begin the revenue stream over again. Under this model, ADT profits significantly more from allowing accounts to default and issuing chargebacks than from offering proper customer service and successfully collecting ongoing payments.

99. ADT's conduct was designed to shift economic risk and cost back onto Impulse after ADT had already acquired the subscriber accounts and recurring revenue streams.

100. ADT has and continues to recalculate, re-impose, and enforce baseless chargebacks without any analysis of whether the chargeback was properly levied, through continued concealment of account status and actual account revenue flows, and through withholding of dealer compensation.

Impulse Reports Fraud to ADT

101. Over the course of several years, Impulse made multiple attempts to identify and rectify the issues it observed, which ADT halfheartedly addressed or fully disclaimed.

102. ADT would further placate Impulse by making false promises that ADT would help Impulse grow its company and find ways for there to be a stronger partnership between the companies.

103. For example, in or about 2018, Impulse began to work closely with ADT to share the quality assurance system that Impulse developed specifically for ADT to flag potential issues with customer accounts, which was to be implemented in a partnership between Impulse and ADT.

104. Impulse allowed ADT to pilot the program for approximately two years, with the understanding that the program would be implemented in conjunction with a licensing agreement and compensation to Impulse.

105. Upon information and belief, rather than move forward with Impulse's system, ADT contacted a different company to reverse engineer Impulse's proprietary quality assurance system that ADT then implemented, which if the system is in fact based on Impulse's proprietary intellectual property, such implementation would be in violation of the non-disclosure agreement between Impulse and ADT.

106. In August of 2021, ADT's Vice President of Dealer Channel Sales Ken Rosen told Impulse, "I want to work with you on making some concessions to avoid slowing you guy down... My goal is to find a path that we all win. You are literally the only dealer I am open to making adjustments for."

107. When ADT's promises continued to prove false, Impulse increased its efforts to uncover ADT's wrongdoing following ongoing and significant financial and reputational impact to Impulse, which could no longer be explained away by market downturn, the effects of Covid-19, and other standard issues that often impact a company's sales—things with ADT were literally and figuratively not adding up.

108. The evidence that ADT was not the company Impulse was led to believe it was kept mounting, and no longer could Impulse ignore that ADT imposed millions of dollars in chargebacks on Impulse—retroactive debits that clawed back prior payments unsupported by quantifiable data—while quietly retaining and re-signing many of the very customers it claimed had failed, allowing ADT to profit twice from the same misconduct.

109. Over the course of two years from 2022 to 2024, Impulse had frequent, ongoing conversations with ADT about negotiating a renewal agreement that it believed would actually materialize, which ADT promised would include financial incentives, as well as provisions to

"make Impulse whole" in Impulse's areas of concern including dealer dispute penalties, chargeback reversals, improper crediting, fraud, and even Impulse's intellectual property.

110. In or about October 2024, Impulse finally learned more about ADT's actions, and through its own investigation thereafter was able to further analyze many of the attrition chargeback penalties and institute its own customer retention policies, and discovered ADT's systematic and detrimental concealment of issues, that, if known, would have allowed Impulse to avoid past chargeback penalties.

111. On November 4, 2024, ADT Regional Director John Lamke emailed Impulse, and said, "I want to assure you that I am taking every measure possible to provide answers regarding dealer disputes [...] Rest assured, if I find there has been any 'gaming' of our systems or processes I will engage with the proper internal teams, bring my evidence to [Mr. Rosen] and it will be dealt with swiftly."

112. On November 12, 2024, Mr. Lamke organized a meeting with ADT's dealer program leadership, including Mr. Rosen and Joe Nuccio, President of ADT Dealer Partnerships, and Impulse, which Impulse was led to believe was finally going to be ADT's opportunity to "make Impulse whole," but instead ADT continued to brush off Impulse's concerns.

113. On December 3, 2024, Mr. Lamke admitted that ADT issued chargebacks on several accounts beyond the 13-month window, which resulted in chargebacks that should have never been levied against Impulse because the customer maintained its account for the required 13-month period.

114. In the months preceding termination, Impulse was led to believe that ADT was negotiating in good faith, and that ADT's repeated promises that they would "make things right"

and "find a way forward" would be honored. Instead, ADT started an industry-wide campaign to spread negative comments about Impulse and caused Impulse's sales force to leave.

115. Even in the final weeks before termination, Mr. Rosen kept promising Impulse that he would "take care of" Impulse.

116. Instead, ADT did and continues to systematically withhold revenue sharing while simultaneously refusing to provide any accounting in support of the withholding despite months of repeated requests.

117. Even as of late February 2025, Mr. Lamke repeatedly promised to investigate Impulse's concerns, but no investigations actually took place and ADT has, to date, failed to produce reports with any accuracy that justifies the withholding. Regardless of Impulse's efforts, ADT still controlled all the systems that approved customers, detected fraud, and retained accounts, and ADT deliberately chose not to act because the fraud was profitable to ADT and inflated its subscriber metrics.

Escalation of Reporting, Attempted Exit, and ADT's Retaliation

118. By late 2024 and into 2025, Impulse escalated its reporting of systemic misconduct after concluding that ADT was knowingly tolerating and exploiting practices that harmed dealers and customers alike. Despite repeated assurances that issues would be addressed, ADT failed to remediate the misconduct or provide meaningful transparency, leaving Impulse with no viable option but to attempt to exit the relationship.

119. ADT has also engaged in other means of customer interference. In 2024, Impulse introduced a consumer financing option for home security equipment, which provided customers with a more robust home security system by financing the additional equipment directly through Impulse and paying for it over time. This meant that a subset of Impulse's ADT customers had

two contracts: (1) an ADT monitoring agreement, and (2) an equipment financing agreement directly with Impulse.

120. Upon information and belief, in addition to Impulse's analysis of its own customer data, ADT is intentionally sabotaging the accounts that have equipment financing agreements with Impulse at a rate of more than double the regular account base.

121. Multiple Impulse customers have reported to Impulse that they are explicitly being told by ADT to cancel their equipment financing agreements with Impulse, the portfolio of which is valued at least $4 million.

Impulse Terminates its Agreement with ADT and ADT Retaliates

122. Impulse finally had enough and formally terminated the Agreement with ADT by providing its 30-day notice to terminate on or about February 17, 2025.

123. ADT's initial response was to advise its third-party equipment provider ADI to immediately and prematurely strip Impulse of all access to equipment, despite Impulse having numerous pending installations and weeks until the termination was official.

124. After Impulse called ADT's actions into question, ADT claimed its direction to ADI to cut off Impulse's access to equipment was "an accident," but this "accident" had the prejudicial effect of destroying Impulse's industry reputation that led Impulse's sales force and other industry representatives to believe that Impulse was kicked out of the dealer program or was otherwise stripped of access because Impulse was having financial trouble.

125. On March 13, 2025, ADT issued a formal response to the termination notice where ADT attempted to mischaracterize the termination as a mutual parting, another incident in a long line of ADT's manipulation of the facts and circumstances surrounding its relationship with Impulse.

126. ADT then also sent correspondence to Impulse's customers, including Impulse's own in-house monitoring customers, advising them of Impulse's "termination" and directed those customers to contact Preferred Dealer Safe Streets in order to systematically divert customers away from Impulse to increase the likelihood that ADT could issue a chargeback for every account ADT successfully diverted.

127. On or about April 2, 2025, Impulse became an authorized dealer with the Brinks Home ("Brinks") dealer program, which was announced to the public.

128. On or about May 7, 2025, in order to interfere with the new partnership, Mr. Nuccio contacted Brinks directly and demanded Brinks divert payment from Impulse to ADT based on a spurious lien filed in California.

129. When Brinks requested information to support this demand, ADT failed to respond, but the damage to Impulse was already done.

130. ADT's interference chilled the relationship between Impulse and Brinks; it harmed the growing partnership and reputation that Impulse was building with Brinks and Brinks' leadership, which undermined Impulse's ability to obtain favorable financing terms that led to a loss of profits.

131. ADT also maintains a spurious lien in Colorado despite representations that the lien would be released.

132. Following the termination, Impulse sent ADT a UCC-accounting demand letter requesting information that supported ADT's claim that Impulse owes hundreds of thousands of dollars in chargebacks, but ADT did not respond within the requisite timeline set by the UCC nor has ADT responded to other requests for accounting to support the chargebacks it claims Impulse owes, despite representations that such accounting would be provided.

133. Instead, ADT told Impulse to access the dealer portal, while simultaneously locking Impulse out of the system, again leaving Impulse with no ability to evaluate the damages ADT claims is due and owing.

134. Since Impulse terminated its relationship, Impulse has been advised by other dealers/professionals in the home security industry that ADT or someone purporting to work on ADT's behalf has been quite vocal about ADT's lawsuit against Impulse and is actively telling others in the industry that Impulse is on the verge of bankruptcy.

135. Now when customers contact ADT regarding service related to an Impulse account, ADT offers no actual assistance or guidance, which has led to more customer cancellations or transfers from Impulse to one of ADT's Preferred Dealers, which is increasing the chargeback penalties.

136. As a result of the discovery of the extent of the continuing systematic fraud, Impulse has been damaged in an amount that is in the tens of millions of dollars as a result of fraudulently levied chargeback and dealer dispute penalties, lost profits, and reputational damage.

137. Because ADT concealed the operation, failures, and effects of its credit systems—and retained exclusive control over approval logic and reporting—Impulse could not reasonably discover that it was being induced to install systems for unqualified customers or deprived of compensation for qualified customers until well into the relationship and closer to its termination in 2025, when the resulting defaults, chargebacks, and discrepancies became unavoidable and following Impulse's own investigation into ADT's actions.

138. ADT's retaliation following Impulse's reporting and termination was not an independent dispute, but the culmination of the same concealed, years-long scheme through which ADT designed, controlled, and exploited its dealer systems. Through post-termination chargeback

enforcement, customer diversion, third-party interference, and the assertion of knowingly defective liens, ADT continued the same course of conduct while suppressing Impulse's ability to obtain a meaningful accounting. It was through this retaliation and continuing enforcement that the full scope of ADT's fraud, the continuation of its misconduct into 2025, and the resulting injury to Impulse became unavoidable and fully knowable.

FIRST CAUSE OF ACTION
(Fraud and Fraudulent Concealment)

139. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

140. Based the foregoing facts, Impulse alleges that ADT engaged in fraud and fraudulent concealment designed to maximize ADT's profits while penalizing Impulse and its customers, resulting in millions of dollars in fraudulently assessed chargeback and dealer dispute penalties and withholding of income due and owing to Impulse.

141. ADT had and has a pattern and practice of engaging in a scheme-based and predatory business operation that capitalized on systematic manipulations of customer accounts and credit ratings; permitted the misuse of a "first ink" policy where ADT allowed Preferred Dealers to usurp the first customer contact in direct contravention of ADT's own guidelines; and allowed and actively participated in customer diversion from Impulse to ADT or its Preferred Dealers.

142. ADT has and had a pattern and practice of enabling customer identity theft via "white-paging" by qualifying customers with another, unsuspecting customer's credit profile using "0000" as a loophole rather than the customer's actual given social security number and willfully ignoring any requests to close the loophole as it would result in less sales of ADT systems.

143. Rather than address the ongoing issues as Impulse brought them to ADT's attention, ADT made false and fraudulent promises that it would investigate the issues, address any gaming of the system, and ensure the accuracy of the amounts levied against Impulse.

144. ADT made numerous false and fraudulent promises that it would work with Impulse to grow rather than harm its business.

145. ADT engaged in knowing concealment of systematic misconduct and enabling of identity theft via "white-paging", including but not limited to, allowing misuse of the credit report system where unscrupulous dealers and ADT representatives would enter "0000" in place of a real social security number that allowed for increased contract approvals, but resulted in increased account defaults; allowing representatives to report higher or lower credit scores for customers; and operating a franchise-like model where it controlled authorized dealers' businesses, forced use of ADT-approved sales tactics, and exerted territorial control in favor of Preferred Dealers.

146. ADT fraudulently represented the credibility of its business operations knowing that such representations were false, that its account metrics and chargeback calculations were based on ADT's own fraudulent manipulation of its system, and allowed Preferred Dealers to engage in predatory tactics to gain an unfair competitive edge over Impulse.

147. ADT fraudulently concealed its actual method of operations from Impulse, and fraudulently represented to Impulse that ADT would accurately and fairly levy customer account chargeback penalties.

148. ADT fraudulently concealed that it would levy inflated or manipulated dealer dispute fees after ADT allowed Preferred Dealers to perform credit checks before a customer even had legal possession of a home in direct violation of ADT guidelines that it forced Impulse to follow.

149. ADT presented inaccurate chargeback amounts that it knew or should have known were false, resulting in Impulse losing millions of dollars in income with ADT still financially benefitting from the very customer accounts it used to punish Impulse.

150. ADT fraudulently represented to Impulse on multiple occasions over time that it would address and correct issues related to its operations and would "make Impulse whole," to prevent Impulse from leaving its dealer program and force Impulse to remain in a system that would allow ADT to continue to levy significant chargeback fees.

151. ADT knew that its representations were false.

152. ADT knowingly concealed material facts that, if known, would have allowed Impulse to reevaluate its relationship with ADT much sooner and would have allowed Impulse to avoid the millions of dollars in damages Impulse has suffered as a result of ADT's fraudulent scheme.

153. Impulse's reliance on ADT was justified because ADT is and was in the best position to provide an accurate accounting of any chargebacks and to address any predatory sales tactics being used by other authorized dealers.

154. Impulse did not know that ADT's repeated promises to fix the ongoing issues and "make Impulse whole" were false.

155. Impulse did not know that ADT had enacted Project Rome and similar operations that were designed to maximize ADT's profits by increasing the probability of dealer disputes and customer defaults that allowed ADT to charge Impulse with multiple penalties.

156. Impulse did not know that ADT would allow competitor dealers to use an ADT-labeled phone number and adtsecurity.com to create the illusion that customers were dealing with ADT or that ADT would divert Impulse's customers right to this competitor.

157. Had Impulse known of ADT's tactics prior to its termination, then Impulse would have never entered into contract with ADT, would have never allowed ADT to take advantage of Impulse and Impulse's customers, and would not have suffered such significant financial and reputational harm.

158. This is not the first time that ADT's chargeback model and weaponization tactics when a dealer leaves the program have been called into question. *See* Arapahoe County Court Case No. 16CV30481, *SWS LLC v. ADT LLC*.

159. ADT has an ongoing pattern and practice of defrauding its dealers and customers, such conduct was willful, wanton, done with malicious intent, and was and is so egregious that such conduct should be deterred through an award of punitive damages.

160. As a direct and proximate result of ADT's years-long scheme, Impulse suffered significant financial and reputational harm in an amount to be determined at trial.

SECOND CAUSE OF ACTION
(Constructive Fraud)

161. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

162. ADT owed a duty to Impulse to act in a manner that was not fraudulent, deceptive, or otherwise harmful to Impulse based on the ongoing contractual relationship between the parties.

163. ADT breached this duty when it made deceptive material representations related to the validity and credibility of its operations, imposition of fees, calculation of revenue, fostering of fair trade practices, and review and approval of customers based on legitimate and accurate credit reporting; and then remaining silent and failing to address systematic failure of its systems.

164. Impulse justifiably relied on ADT's multiple representations that it was an industry leader upheld to the standards of the profession, that ADT would investigate and correct issues that resulted in unfair and fraudulent penalization of Impulse and its customers, and that ADT would act to render Impulse "whole."

165. As a result of Impulse's reliance on ADT's multiple fraudulent misrepresentations, Impulse suffered significant financial and reputational harm, which is ongoing.

166. ADT's fraudulent misrepresentations allowed ADT to gain a significant financial and market advantage over Impulse wherein ADT profited from Impulse by denying Impulse revenue and imposing financial penalties that should have never been charged.

167. ADT has and had a pattern and practice of enabling customer identity theft via "white-paging" by qualifying customers with another, unsuspecting customer's credit profile using "0000" as a loophole rather than the customer's actual given social security number and willfully ignoring any requests to close the loophole as it would result in less sales of ADT systems.

168. ADT's actions deceived Impulse and other similarly situated dealers; violated the private and public confidence in ADT because ADT's practices resulted in customers being taken advantage of because they were locked into financial obligations that they would have never otherwise qualified for, were denied better pricing, and/or were otherwise led to believe that Impulse was unable to provide customer service; and injured the public interests because customers were misled by ADT as to who was servicing their accounts and because ADT's practices resulted in numerous customers being financially harmed. ADT has an ongoing pattern and practice of defrauding its dealers and customers, such conduct was willful, wanton, done with malicious intent, and was and is so egregious that such conduct should be deterred through an award of punitive damages.

169. As a direct and proximate result of ADT's years-long scheme, Impulse suffered significant financial and reputational harm in an amount to be determined at trial.

THIRD CAUSE OF ACTION
(Breach of Contract)

170. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

171. On or about June 10, 2015, Impulse entered into the Agreement with ADT to become an authorized dealer.

172. On or about May 9, 2016, Impulse executed the Change in Ownership Amendment to the Agreement.

173. ADT artificially manipulated how it evaluates customers to increase subscriber numbers while passing on the financial liability onto Impulse, in violation of ADT's contractual obligation to accurately calculate Impulse's compensation.

174. ADT failed to provide proper customer service to retain customers and properly collect owed amounts, which increased the rate of chargebacks to Impulse.

175. ADT failed to identify and remedy ongoing fraudulent actions that led to non-producing, canceled, or otherwise fraudulent accounts, which resulted in inflated chargebacks to Impulse.

176. ADT frequently exceeded chargeback timeframes and amounts that could be levied on accounts that defaulted after the 13-month defaulting period expired.

177. ADT failed to offset the penalties and other financial contributions from Impulse, which allowed ADT to be twice compensated for the same customer when ADT would retain the total payments made by a customer before default, but then charge back the entire contract amount to Impulse, only to then retain the customer under a different contract and utilizing Impulse's installed equipment.

178. ADT operated a discretionary chargeback reversal system that systematically failed to notify Impulse of reversals while giving preferential treatment to Preferred Dealers, which led to an artificial increase in financial penalties without ADT actually determining the validity of such chargebacks.

179. Pursuant to the Agreement, when a previously charged-back customer either (1) moves and re-signs with ADT at a new address, or (2) becomes current and continues service, ADT is contractually obligated to reverse the chargeback, which it failed or otherwise refused to do because it was not financially beneficial to ADT.

180. Unilaterally and without notice, ADT fundamentally altered the Agreement's financial terms by imposing dealer dispute and other penalties not contemplated in the Agreement.

181. Impulse has performed all conditions and promises required on its part to be performed under the Agreement, except as said performance has been waived, excused or prevented by ADT's breach of the Agreement.

182. As a direct and proximate result of ADT's multiple breaches of the terms of the Agreement, Impulse suffered significant financial and reputational harm in an amount to be determined at trial.

FOURTH CAUSE OF ACTION
(Breach of the Covenant of Good Faith and Fair Dealing)

183. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

184. Among other obligations in the Agreement, Colorado law imposes on ADT an obligation of good faith and fair dealing.

185. ADT maintained control in its relationship with Impulse, forcing Impulse to use ADT's trademark, controlling Impulse's finances and customer relationships, controlling Impulse's ability to sell or not sell to certain customers, and requiring Impulse to comply with constantly changing dealer guidelines.

186. Impulse reasonably expected that ADT would exercise its discretion in a manner that was not arbitrary, capricious, or inconsistent with the Agreement or Impulse's reasonable expectations pursuant to the Agreement, not to undermine Impulse's business prospects and customer relationships.

187. ADT breached the implied covenant of good faith and fair dealing by unfairly exercising its discretion:

a. Arbitrarily and for improper purposes;

b. By acting in a manner inconsistent with prior course of dealing and industry standards;

c. To retroactively alter the economic terms of the Agreement by inconsistently applying the dealer guidelines;

d. To deprive Impulse of earned compensation and expected benefits;

e. To deprive Impulse of earned revenue share;

f. To prefer other dealers over Impulse, providing those dealers with a competitive advantage and preventing Impulse from acquiring customers or hiring talented salespeople based on arbitrary criteria, without any notice to Impulse, and without any process that would provide Impulse with similar opportunities;

g. To charge excessive chargebacks in a manner inconsistent with the Agreement and contractual standards and based on fraudulent and systematic manipulation by ADT that was designed to maximize the penalties to Impulse and the profits to ADT;

h. To allow other dealers to violate dealer guidelines in a manner that cost Impulse customers, chargeback penalties, and dealer dispute fees; and

i. By mismanaging, misrepresenting, and falsifying customer credit scores that allowed vulnerable populations to be financially taken advantage of by assigning a higher credit score to lock them into a financial obligation that they otherwise would not have qualified for, or for assigning a lower credit rating that deprived the customer of preferred pricing and Impulse higher revenue.

188. ADT's conduct was intentional, knowing, and undertaken with conscious disregard for Impulse's contractual rights.

189. ADTs actions deprived Impulse of the benefits reasonably expected under the Agreement, including access to customers, fair dispute resolution, ability to mitigate chargebacks and dealer penalty fees, and the opportunity to earn profits.

190. ADT breached the covenant of good faith and fair dealing present in all Colorado contracts by exercising its discretion in a manner detrimental to Impulse's contractual rights.

191. As a direct and proximate result, Impulse suffered damages including, but not limited to:

a. Improper chargebacks and withheld payments;

b. Improper dealer dispute fees;

c. Lost profits and diminished enterprise value;

d. Increased operating costs;

e. Loss of goodwill and industry relationships; and

f. Loss of customer accounts.

FIFTH CAUSE OF ACTION
(Unjust Enrichment/Disgorgement)

192. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

193. ADT profited and retained payments made by Impulse as a result of improper chargebacks, re-signing existing customers, and dealer dispute fees.

194. Impulse relied on ADT's representations and expected to be appropriately compensated by ADT for its participation as an authorized dealer.

195. ADT accepted and retained the benefits of its relationship with Impulse with knowledge that Impulse expected compensation.

196. ADT has been enriched by retaining the benefits.

197. ADT's retention of the benefits without compensating Impulse is unjust under the circumstances.

198. Impulse is entitled to equitable relief for ADT's unjust enrichment at Impulse's expense because Impulse conferred substantial benefits upon ADT, and it would be unjust for ADT to retain those benefits without compensating Impulse.

199. Impulse seeks restitution and disgorgement of the benefits wrongfully retained by ADT in an amount to be determined at trial.

SIXTH CAUSE OF ACTION
(Tortious Interference with a Contract and/or Prospective Business Relationship)

200. Impulse repeats the allegations set forth in all preceding paragraphs as though fully set forth herein.

201. On or about February 17, 2025, Impulse provided ADT with its 30-day notice to terminate the contract.

202. On March 3, 2025, with over two weeks remaining in the 30-day notice period, ADT instructed third-party equipment provider ADI to remove Impulse's access to equipment.

203. As of March 3, 2025, Impulse had valid and enforceable contracts with new customers who were anticipating equipment installation.

204. Through its improper conduct of preventing Impulse from accessing ADI for equipment, ADT improperly interfered with Impulse's relationship with its customers.

205. ADT has also instituted a corporate-level policy to willfully fail to provide Impulse customers still with ADT with any level of proper customer service, including failing to provide assistance with resolution of issues or actively pursuing any collections from customers, and instead redirects customers to sign up with ADT or a Preferred Dealer to induce a customer default in order to financially harm Impulse.

206. ADT is also willfully and actively trying to cause Impulse customers with separate equipment financing agreements to cancel or default on their contracts with Impulse, which could result in a multi-million dollar loss to Impulse.

207. ADT is also willfully and actively trying to cause customers with in-house contracts with Impulse to leave Impulse for ADT and/or a Preferred Dealer.

208. In 2025, Impulse had an existing and prospective business and contractual relationship with Brinks, a home security company.

209. ADT was aware of this contractual relationship.

210. ADT falsely informed Brinks that ADT held an enforceable California lien against Impulse and that ADT was entitled to collect more than $80,000.00 of income Brinks owed to Impulse.

211. Through its improper conduct, ADT has intentionally and improperly interfered with Impulse's relationship with Brinks by, among other things, causing Brinks to believe that Impulse is not a worthy company with which to contract and fails to pay its outstanding debts.

212. As a result of ADT's conduct, Impulse has suffered significant reputational and financial harm.

213. ADT or its representatives are also actively spreading negative and false information regarding Impulse's current financial situation and information related to the dispute between Impulse and ADT in order to interfere with Impulse's ability to retain its sales force, sign new customers, and maintain its reputation in the professional community.

214. As a direct and proximate consequence of ADT's interference in its customer and business contracts and relationships, Impulse suffered reputational harm, loss of profits, and damages associated with ADT chargebacks on those accounts Impulse was unable to complete or were otherwise cancelled as a direct result of ADT's interference in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION
(Intentional Interference with a Contract and/or Prospective Business Relationship)

215. Impulse repeats the allegations set forth in all preceding paragraphs as though fully set forth herein.

216. On or about February 17, 2025, Impulse provided ADT with its 30-day notice to terminate the contract.

217. On March 3, 2025, with over two weeks remaining in the 30-day notice period, ADT instructed third-party equipment provider ADI to remove Impulse's access to equipment.

218. As of March 3, 2025, Impulse had valid and enforceable contracts with new customers who were anticipating equipment installation.

219. Through its improper conduct of preventing Impulse from accessing ADI for equipment, ADT improperly interfered with Impulse's relationship with its customers.

220. ADT has also instituted a corporate-level policy to willfully fail to provide Impulse customers still with ADT with any level of proper customer service, including failing to provide assistance with resolution of issues or actively pursuing any collections from customers, and instead redirects customers to sign up with ADT or a Preferred Dealer to induce a customer default in order to financially harm Impulse.

221. ADT is also willfully and actively trying to cause Impulse customers with separate equipment financing agreements to cancel or default on their contracts with Impulse, which could result in a multi-million dollar loss to Impulse.

222. ADT is also willfully and actively trying to cause customers with in-house contracts with Impulse to leave Impulse for ADT and/or a Preferred Dealer.

223. In 2025, Impulse had an existing and prospective business and contractual relationship with Brinks, a home security company.

224. ADT was aware of this contractual relationship.

225. ADT falsely informed Brinks that ADT held an enforceable California lien against Impulse and that ADT was entitled to collect more than $80,000.00 of income Brinks owed to Impulse.

226. Through its improper conduct, ADT has intentionally and improperly interfered with Impulse's relationship with Brinks by, among other things, causing Brinks to believe that Impulse is not a worthy company with which to contract and fails to pay its outstanding debts.

227. As a result of ADT's conduct, Impulse has suffered significant reputational and financial harm.

228. As a direct and proximate consequence of ADT's interference in its customer and business contracts and relationships, Impulse suffered reputational harm, loss of profits, and damages associated with ADT chargebacks on those accounts Impulse was unable to complete or were otherwise cancelled as a direct result of ADT's interference in an amount to be determined at trial.

EIGHTH CAUSE OF ACTION
(Violation of Colorado Unfair Practices Act, C.R.S. § 6-2-108)

229. Impulse repeats the allegations in all preceding paragraphs as though fully set forth herein.

230. Unbeknownst to Impulse and all other non-preferred authorized dealers, certain Preferred Dealers were allowed to run credit checks before a customer owned their home in direct contravention of ADT's own guidelines.

231. Thereafter, when Impulse or another dealer would attempt to engage the customer and run a proper credit check, a "first ink" dealer dispute would be commenced, ADT would resolve the dispute in favor of the Preferred Dealer who was permitted to prematurely run a credit

check, and Impulse would be required to pay a dealer dispute fee for "losing" the unfairly stacked dispute ranging from $500.00 to $1,000.00 for each occurrence.

232. Impulse was able to identify 156 times this occurred, but upon information and belief, this unfair practice was perpetrated countless other times.

233. ADT's practice of allowing only certain dealers to break ADT's own rule requiring that credit checks only be run once a potential customer owned the home extended special privileges to certain Preferred Dealers, thus making it impossible for Impulse to fairly compete.

234. Impulse was injured as a result of the "first ink" dealer dispute charges, in addition to lost revenue resulting from those disputes almost always being decided in favor of the Preferred Dealers who were permitted to violate ADT's contracting guidelines.

235. Furthermore, as part of Project Rome, ADT's Preferred Dealers were given access to adt.com, adtsecurity.com, and had phone calls routed directly to them, privileges not granted to Impulse and other non-Preferred Dealers.

236. ADT would also provide its Preferred Dealers such as Safe Streets and Safe Haven with increased leads and control over extensive territory pursuant to builder guidelines that have never been produced and without Impulse having the same or similar opportunities based on fair and ascertainable criteria.

237. ADT also acquired competitor Defenders and engaged in preferential treatment and diversion of customers to its own interested company and to the detriment of Impulse.

238. ADT has also maintained an improper franchise model in all but name, but without adhering to the legal requirements of maintaining such a model, with ADT maintaining significant control over Impulse and other dealers; forced use of ADT's trademark, equipment, and compensation models, and materials; requiring an exclusivity agreement from dealers; ADT control over all aspects of customer service to the detriment of dealers; ADT controlling and assigning dealer territory; and mandatory fees paid by Impulse and other dealers to ADT.

239. ADT's actions has had the effect of destroying competition, inducing customer defaults, and imposing fraudulent fees and therefore amount to unfair competition, false advertising, and other deceptive trade practices in violation of C.R.S. § 6-2-108.

240. As a result of ADT's violation of C.R.S. § 6-2-108, Impulse has suffered, and will continue to suffer, damages and losses in an amount to be determined at trial.

NINTH CAUSE OF ACTION
(Violation of Colorado Consumer Protection Act, C.R.S. § 6-2-105)

241. Impulse repeats the allegations of all preceding paragraphs as though fully set forth herein.

242. ADT's knowing concealment of systematic misconduct, including but not limited to, allowing misuse of the credit report system where unscrupulous dealers and ADT representatives would enter "0000" in place of a real social security number that allowed for increased contract approvals, but resulted in increased account defaults; allowing representatives to report higher or lower credit scores for customers; and maintaining a system that defaulted to approvals when credit was checked during failures of ADT's credit system harmed both customers and dealers.

243. ADT knowingly enabled and encouraged identity theft via "white-paging" by allowing dealers to enter "0000" as the last four digits of a social security number that allowed a dealer to pull the credit report for a different, unsuspecting person whose credit file would be attached to the customer account because the customer would not have qualified otherwise.

244. ADT's predatory practices further harmed low-credit customers where ADT would falsely inflate their credit score records to induce a dealer to install a system that the customer should have never been approved for and lock them into monthly contracts.

245. ADT's predatory practices also harmed those customers whose high credit ratings indicated that they should have been offered more favorable terms, but instead ADT reported a lower score and then charged those customers higher amounts.

246. ADT knowingly or recklessly violated the CCPA, C.R.S. § 6-1-105(1)(rrr) by causing Impulse to enter contracts with customers for whom Impulse was not properly informed of an accurate credit rating.

247. ADT's violations of the CCPA have a substantial public impact. ADT put profits over people and jeopardized the income of Impulse and the credit scores of customers. On information and belief, ADT engages in this behavior with multiple dealers, compounding the harm to the public who get locked into unaffordable contracts or who are refused preferable rates. The conduct described herein is part of ADT's usual business routine.

248. Impulse notified ADT of the faulty credit approvals associated with the default approvals and the "0000" social security numbers and was promised by ADT that the system would be remedied to prevent such inappropriate credit approvals during system failures.

249. As a result of ADT's CCPA violations, Impulse has suffered, and will continue to suffer, damages and losses in an amount to be determined at trial.

TENTH CAUSE OF ACTION
(Defamation, Defamation *Per Se,* and Libel)

250. Impulse repeats the allegations set forth in all preceding paragraphs as though fully set forth herein.

251. ADT's statement that Impulse is considering filing for bankruptcy constitutes a statement of fact and not an opinion.

252. ADT made this assertion to other dealers and home security industry members.

253. ADT's statement that Impulse is considering filing for bankruptcy is false and was false at the time it was made.

254. ADT's statement that Impulse is considering filing for bankruptcy is contrary to the true facts and a reasonable person hearing the assertion would be likely to think significantly less favorably about Impulse's economic wellbeing than they would if they knew the true facts.

255. ADTs statement that Impulse was considering filing for bankruptcy was made with knowledge that it was false or with a reckless disregard of the truth.

256. ADT's written and/or verbal statements that Impulse is considering filing for bankruptcy are so inherently damaging because it calls into question Impulse's professional conduct that such statements constitute *per se* defamation and Impulse's damages are presumed.

257. ADT's statement has caused Impulse to suffer specific monetary losses in an amount to be determined at trial.

258. ADT's statement has caused Impulse to suffer impairment of its reputation and loss of income in an amount to be determined at trial.

ELEVENTH CAUSE OF ACTION

(Conversion/Civil Theft of Intellectual Property in Violation of the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-101 *et seq.*)

259. Impulse repeats the allegations of all preceding paragraphs as though fully set forth herein.

260. In 2018, Impulse shared the quality assurance system that Impulse developed specifically for ADT to flag and address potential issues with customer accounts.

261. Impulse allowed ADT to pilot the program for approximately two years, with the understanding that the program would be implemented in conjunction with a licensing agreement and compensation to Impulse.

262. Upon information and belief, rather than move forward with Impulse's system, ADT contacted a different company to reverse engineer Impulse's proprietary quality assurance system.

263. Upon information and belief, ADT implemented a similar system that was based on Impulse's unlicensed but proprietary intellectual property in violation of the non-disclosure agreement between Impulse and ADT.

264. Upon information and belief, ADT wrongfully intended to take Impulse's intellectual property for the purpose of depriving Impulse of its intellectual property without proper compensation to Impulse.

265. Impulse had a valid legal right to its intellectual property.

266. Impulse's proprietary trade secret information is a protected trade secret that had an independent economic and commercial value because it was not generally known or readily ascertainable by individuals outside Impulse.

267. ADT had a contractual duty to preserve and maintain the confidentiality of Impulse's proprietary trade secret information.

268. ADT had an independent duty to preserve and maintain the confidentiality of Impulse's proprietary trade secret information.

269. In breach of its duties, ADT unlawfully acquired, disclosed, used, or otherwise misappropriated Impulse's proprietary trade secret information for ADT's own personal gain and for the gain of an unrelated company.

270. ADT knowingly and unlawfully acquired Impulse's proprietary trade secret information, including how the quality assurance system was created and coded, without expending any money or resources of its own.

271. ADT used Impulse's proprietary trade secret information to interfere with Impulse's business and opportunities related to its proprietary trade secret information.

272. ADT's willful and malicious misappropriation continues to this day.

273. ADT's prior and ongoing misappropriation of Impulse's proprietary trade secret information violates the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-101 *et seq*., and Colorado common law principles against misappropriation of trade secrets.

274. Such disclosure of Impulse's proprietary trade secret information is and was without Impulse's implied or express knowledge or consent.

275. As a direct and proximate result of ADT's actual and inevitable misappropriation, disclosure, and use of Impulse's proprietary trade secret information, Impulse has suffered and will continue to suffer injury, harm, and damage.

276. As a result of ADT's conduct, Impulse has incurred damages, including, without limitation, of its competitive position in the marketplace, diminution of value of its proprietary

trade secret information, loss of the ability to license the use of its system, and other economic damages in an amount to be proven at trial.

277. ADT's misappropriation of Impulse's proprietary trade secret information has and will continue to damage Impulse, entitling Impulse to an award of actual and compensatory damages, as well as damages for unjust enrichment, in an amount to be determined at trial.

278. ADT's misappropriation of Impulse's proprietary trade secret information is attended by circumstances of fraud, malice, or willful and wanton disregard of Impulse's rights, thereby entitling Impulse to an award of exemplary damages as provided for under the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-104, and all other recoverable costs and fees, including attorneys' fees.

TWELFTH CAUSE OF ACTION
(Declaratory Relief)

279. Impulse repeats the allegations of all preceding paragraphs as though fully set forth herein.

280. A dispute has arisen and an actual controversy now exists between Impulse and ADT with respect to ADT's alleged right to withhold Impulse's compensation and to collect attrition chargeback amounts. ADT asserts that it has the right to withhold income and/or collect $518,920.53 as of November 5, 2025, which continues to accrue.

281. Impulse contends that ADT has improperly interfered with Impulse's customer accounts, has fraudulently manipulated customer information and/or has provided false or incorrect information to Impulse's customers all to artificially increase the amount of the attrition chargebacks.

282. A declaration of rights, responsibilities and obligations of Impulse and ADT is essential to determine their respective obligations in connection with the applicable contracts, if any.

WHEREFORE, Impulse prays for judgment in its favor and against ADT as follows:

1. General and special damages in an amount to be proven at trial;

2. Punitive damages as a result of ADT's willful, wanton, malicious and egregious conduct;

3. Damages for unjust enrichment, including without limitation restitution or disgorgement of all profits made by ADT, in the past and future.

4. Punitive and exemplary damages recoverable under applicable law, including without limitation, the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-104;

5. For an award of attorneys' fees, costs, and expenses incurred in this litigation, pursuant to any and all applicable provisions of law or the contracts alleged herein, incurred by Impulse in defending against ADT's claims and in prosecuting this Counterclaim;

6. A declaration that (1) Impulse does not have a continuing obligation to reimburse ADT for alleged attrition chargebacks unless or until ADT can provide sufficient evidence that such amounts are owed and are not the result of interference by ADT to artificially increase the attrition chargebacks; and (2) that ADT does not have the right to improperly withhold Impulse's income.

7. Pre-judgment and post-judgment interest as provided by law; and

8. For such other and further relief as the Court deems just and proper.

DATED: February 13, 2026.

LEX DOMUS LAW, LLC

By: */s/ Brandi M. Segura*

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CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of November 2025, a true and correct copy of the foregoing DEFENDANTS' ANSWER TO PLAINTIFF'S COMPLAINT AND IMPULSE ALARM LLC'S COUNTERCLAIM was electronically filed with the Clerk of the Court, utilizing the ECF system.

/s/ Brandi M. Segura
An employee of Lex Domus Law