

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
LEXINGTON DIVISION**

In re
Lexington Blue, Inc.
Debtor

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Case No: 25-
Chapter 11
Small Business Case

Hon.
United States Bankruptcy Judge

DECLARATION OF BRAD PAGEL IN SUPPORT OF CHAPTER 11 PETITION

I, Brad Pagel, under penalty of perjury hereby declares:

1. I am the 100% owner and chief executive officer of LEXINGTON BLUE, INC., the debtor and debtor in possession in the above captioned proceedings (“LB” or “the company”). I am duly authorized to submit this Declaration.
2. I am generally familiar with the operations and business of the company, but not fully versed in the financial affairs, the books and/or the records of the company because I had not been actively involved in the day-to-day operations of the company for some time.
3. LB ceased operations on April 20, 2025. LB does not have any funds on hand, does not have any staff or employees and has limited access to its business records.
4. LB has elected to file a petition for relief under chapter 11 of title 11 of the United States Bankruptcy Code (the “Code”) with the primary purpose of mitigating the losses that Lexington Blue customers would otherwise incur because of LB’s inability to fulfill a number of roofing and restoration contracts that remain incomplete, (the “Customer Contracts”).
5. To achieve this objective, LB intends to assume and then assign the Customer Contracts to qualified third party contractors who can fulfill LB’s obligations according to contract specifications.
6. I have come to understand that LB’s objective would not likely be achieved by filing under chapter 7 of the Code. I am furthermore advised that a chapter 11 could provide an effective way to assign the Customer Contracts, if at all possible, given the state of current affairs.
7. I submit this Declaration in support of the Chapter 11 filing and the First-Day Motions that are to be filed contemporaneously herewith.
8. All facts set forth in this Declaration are based on my personal knowledge, upon information supplied to me by others, upon my review of relevant documents, or in my opinion based upon my experience and knowledge of the company’s operations and financial condition.

9. I reserve the right to amend the statements made in this declaration if I become aware of additional facts that would make any of the statements made herein inaccurate.

Background.

10. Lexington Blue, Inc. was founded in 2015 in Lexington, Kentucky with a focus on insurance-funded residential roofing services.

11. Between 2016 and 2019, the company experienced steady growth, completing over 1,000 roofing projects annually across Central Kentucky.

12. In 2020, during the height of the COVID-19 pandemic, the company restructured and successfully repaid its first merchant cash advance (MCA) loan.

13. By 2021, LB had completed more than 7,500 projects and began actively exploring expansion into new markets.

14. Later that year, the company began relying on a series of high-interest MCA loans, initiating a cycle of aggressive repayment that quickly depleted the company's cash flow.

15. In April 2023, LB launched its Cincinnati branch, investing in office build-out, staff onboarding, and training initiatives.

16. By mid-2023, sales volume reached all-time highs; however, the surge in activity obscured mounting failures in backend collections and operational and administrative oversight.

17. In August 2023, LB switched from Central Bank to JPMorgan Chase, triggering account freezes, check holds, and cascading operational failures.

18. Throughout Fall 2023, LB struggled to pay vendors and subcontractors, leading to job delays and reputational damage.

19. Despite continued high sales in early 2024, liquidity deteriorated further as vendors suspended credit and demanded full prepayment for materials. Warranty claims surged in the spring of 2024 due to substandard installations performed the prior year, prompting dozens of re-roofing and repairs.

20. In April 2024, the Louisville branch was opened but struggled due to managerial instability and underperformance in sales.

21. In August 2024, the Cincinnati branch manager secretly formed a competing roofing company using LB staff and resources. The Cincinnati office was shuttered, and all equipment was repossessed from that location by Fall 2024.

22. Demand for refunds and other customer complaints overwhelmed customer service operations, and the company-initiated layoffs in February 2025 to reduce payroll and preserve cash.
23. In March 2025, the Louisville office closed permanently, and layoffs intensified amid widespread project delays.
24. I sold my personal residence to inject capital into the company. Nevertheless, LB formally ceased operations, retaining only a small team focused on winding down the company affairs.
25. On April 26, 2025, the company publicly announced its closure. Since that time numerous articles have featured stories of Lexington Blue customers whose restoration work had not been completed because of the closure. (the “LB Customers”).
26. A number of consumer protection lawsuits have been filed against LB. The KY Attorney General has launched an investigation into LB and has filed a civil suit in Fayette County Circuit Court.
27. LB does not have the means, resources, or the capital to answer for the losses incurred by the LB Customers.
28. LB seeks to do the only thing that it can do – assign the contracts to a qualified third party who is ready, willing and able to complete the work due to the LB Customers.
29. LB plans to seek relief that could help with the assignment of the Customer Contracts while reducing the impact on LB Customers and the estate.

FURTHER THE DECLARANT SAYETH NAUGHT

Executed under penalty of perjury



Brad Pagel (Jun 11, 2025 14:48 CDT)

Brad Pagel
LEXINGTON BLUE, INC.
Corporate Representative
DATED: Jun 11, 2025