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MADIGAN FILES SUIT AGAINST U.S. ENERGY SAVINGS CORP.

Attorney General Alleges Company Used Misleading Sales Tactics to Sell Gas Contracts

Chicago - Attorney General Lisa Madigan filed a lawsuit Thursday in Cook County Circuit Court against U.S. Energy Savings Corp., for allegedly selling fixed-rate gas contracts using deceptive sales tactics that falsely promise significant consumer savings in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act.

“The lawsuit alleges that U.S. Energy’s door-to-door sales force sold its “Natural Gas Fixed Price Program” to the participants of Northern Illinois Gas Company’s (Nicor) Customer Select and Peoples Energy Choices for YouSM programs using various deceptive claims. Specifically, U.S. Energy sales people allegedly told consumers that the fixed-rate program would offer significant savings by locking them into a consistent gas price before rates allegedly spiked.

The complaint further alleges that U.S. Energy sales agents failed to tell consumers that the set price is actually higher than prices historically offered by regulated utility suppliers. Sales agents many times did not clarify that cancellation required a substantial penalty or indicated that consumers could cancel at any time without a penalty. The suit also alleges that some U.S. Energy sales agents negotiated contracts in English with non-English speakers.

“U.S. Energy is purposely deceiving consumers,” Attorney General Madigan said. “Many of these families signed up for this program based on the false claim that they would save on their monthly utility bills. Instead, U.S. Energy locked them into a contract that actually charged them more for natural gas.”

The complaint further alleges that customers are told during the solicitation that their bills will remain the same over the five-year contract. In fact, however, their bills may change every four months when U.S. Energy compares its estimated usage with actual usage. Moreover, when customers attempt to exercise their statutory three-day right to cancel the contract, the complaint alleges, some customers are instructed by automated message to call back at a different time, placed on hold indefinitely, transferred continuously, and/or disconnected without being able to cancel their contracts.

Madigan’s Consumer Fraud Bureau has received 457 complaints against U.S. Energy, many of which were filed by senior citizens, and has reviewed more

than 2,000 complaints from the Citizen's Utility Board and 254 filed with the Better Business Bureau.

Madigan's lawsuit asks the court to enter an order prohibiting U.S. Energy from engaging in these deceptive sales practices. It also asks for a civil penalty of \$50,000 for each violation committed with the intent to defraud and \$10,000 for each instance where a violation was committed against a person 65 years of age or older. Further, the suit asks the court to rescind the contracts signed as a result of these deceptive practices and offer full restitution to affected consumers. Finally, it asks the court require U.S. Energy to pay all costs associated with the investigation and prosecution of the lawsuit.

Assistant Attorney General Christine Nielsen is handling the case for Madigan's Consumer Fraud Bureau.

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