



April 9, 2018

MADIGAN FILES ANOTHER ACTION AGAINST ALTERNATIVE RETAIL ELECTRIC SUPPLIER FOR LURING CUSTOMERS INTO EXPENSIVE CONTRACTS

Madigan Alleges Major Energy Electric Services Charged Customers Nearly \$2.5 Million More for Electricity than Traditional Utility Companies

Chicago — Attorney General Lisa Madigan today filed a lawsuit against Major Energy Electric Services LLC (Major Energy), an alternative retail electric supplier (ARES), for misleading thousands of Illinois customers about the company's costly electricity contracts using high-pressure sales tactics to push people to enroll without explaining the service or the costs. Madigan was joined by consumer advocates with AARP, the Better Business Bureau and U.S. PIRG to announce her lawsuit.

The deceptive sales pitches have resulted in nearly all Major Energy customers consistently paying higher rates for electricity. Since April 2012, Major Energy customers have paid nearly \$2.5 million more in rates and extra fees than they would have paid if they had remained with the regulated utility.

Madigan's lawsuit, filed in Cook County Circuit Court, alleges that Major Energy and its sales representatives used aggressive and deceptive sales tactics to enroll customers in the ComEd territory into expensive contracts for electricity. Major Energy sales agents failed to tell customers critical information, including the price and length of the contracts and that customers would be charged a monthly fee. Madigan alleged many customers were given the false impression they were signing up for a discounted rate from ComEd when in reality, they were switched to Major Energy, where they routinely paid higher prices for their electricity.

"Major Energy's business model is nothing more than outright fraud, and unfortunately, Major Energy is not the only company engaged in this fraud," Madigan said. "But through my lawsuit today, we can put this bad company out of business for good in Illinois."

Madigan's lawsuit stems from Major Energy's sales pitches, delivered mainly through telemarketing calls and door-to-door sales, which misinformed customers that the company would give them a lower rate because of changes to the law due to deregulation. Madigan's suit alleges that company sales representatives made no effort to accurately describe the product in the sales pitch. Instead, Major Energy sales representatives offered to apply a "rate reduction" and spoke in ambiguities to confuse consumers into thinking that Major Energy is somehow affiliated with ComEd. The sales representatives employed the deceptive tactics in order to obtain the customer's account number and then push them into an automated third-party verification to complete the transaction—at times without the consumer even knowing that they had been sold anything.

Madigan's lawsuit also alleges Major Energy sales agents aggressively contacted consumers who had previously canceled Major Energy's service through "win-back" calls in which sales representatives tell people they have been "illegally switched" to a different supplier and then switch them back to Major Energy without fully explaining the terms and conditions. Madigan also alleges that Major Energy sales representatives misrepresented the applicable ComEd rate and failed to inform customers that fixed rates only applied for a certain period of time, after which the customer would be switched to a month-to-month variable rate plan that was far more expensive.

Currently in Illinois, there are at least 98 alternative retail electric suppliers, or ARES, authorized to sell electricity, and data shows their customers generally are paying higher prices than customers with traditional utilities. According to the Illinois Commerce Commission (ICC), ARES customers in the ComEd territory as a whole have paid more than \$198 million more for electricity than traditional utility customers from June 1, 2016 through May 31, 2017. Statewide, residential and small commercial customers enrolled with ARES have paid almost \$400 million more in electricity costs in the last three years.

The lawsuit against Major Energy is Madigan's latest against an alternative retail electricity supplier. Her office previously settled with Ethical Electric Inc. and PALMco Power IL LLC and is in ongoing litigation with Sperian Energy Corp. Madigan is pursuing investigations into other ARES.

Madigan's office is asking the court to provide full restitution of nearly \$2.5 million to impacted consumers and to revoke Major Energy's license to do business in the state of Illinois.

Madigan is currently pursuing legislation to require stronger oversight of alternative retail electric and gas suppliers.

Madigan offered the following advice:

- NEVER answer the door to a stranger, especially if they are trying to get you to switch your utility service.
- NEVER show or share your utility bill or account number with someone who comes to your door.
- Do not sign anything!
- Be wary of any offer that promises or guarantees savings.
- No alternative supplier is affiliated with or endorsed by your utility or the government. If you sign up for service with an alternative supplier, you are entering a new contract with a different company.

Assistant Attorneys General Caitlyn McEllis, Aaron Chait, Anna Crane, Ron Jolly, Darren Kinhead, Tom Verticchio and Chicago Public Utilities Bureau Chief Janice Dale are handling the lawsuit for Madigan's Public Interest Division.

**Note: An audio recording of a Major Energy sales call is available upon request.*

-30-

[Return to April 2018 Press Releases](#)

