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Canadian energy company stalked by controversy over its sales methods

By Bruce Livesey

“Just Energy” is a multi-billion dollar company with an army of salespeople – signing people up for electricity and gas contracts – right at their door. But as a 16x9 investigation found – the company is also highly controversial.

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One bitterly cold evening last winter, Terry-Ann Duitman received a knock at the door at her modest home in Calgary, Alberta. When she opened she found three young salespeople on her stoop. “I let them come in it because it was cold out there,” she recalls.

It was a decision Duitman would come to regret. The salespeople worked for Just Energy Group Inc., a \$3.6-billion Toronto-based energy marketing company. They asked Duitman if they could look at her gas bill. When she showed it to them, “they said they could give me a better rate,” she remembers. “They made it sound excellent.”

Duitman agreed to sign up with Just Energy. But a few weeks later, when her first bill arrived, she received a shock.

“My first bill was for two weeks and it was for higher than an (entire) month with the local utility,” says Duitman.

When she tried to find out why, she says she had a hard time reaching anyone at Just Energy who could answer her questions.

Given the number of complaints and fines that have been leveled against Just Energy over the years, Duitman’s experience is far from uncommon.

As an energy marketing company, Just Energy doesn’t actually produce any energy itself. Employing armies of door-to-door salespeople, it merely offers customers contracts for gas and electricity set at fixed

rates. The selling point is giving customers peace of mind, knowing that their energy costs won't suddenly go up. Just Energy has signed up five million retail and commercial clients in North America using this pitch.

Yet the Citizens Utility Board (CUB), a consumers' watchdog in Chicago, has estimated that 90 per cent of all Just Energy contracts lose money for their customers. "Their sales people often say, 'Hey, this is guaranteed savings' or 'You're going to save on your gas bill,'" says David Kolata, executive director of CUB. "But in practice what we've found is that the vast majority of these offers are money-losers. So not a particularly good deal."

In fact, CUB, the Better Business Bureau (BBB), the Ontario Energy Board, among others, have been inundated with complaints from consumers about the sales methods employed by Just Energy. The most common grievance is Just Energy promises people savings that don't materialize. But other complaints include signing up people who don't speak English, signing up elderly people who have dementia, or tricking people into signing a contract, or even forging client's names. Indeed, in 2010, three Just Energy sales people in Alberta were convicted for doing just that.

Complaints were so numerous that CUB tried to get Just Energy's license pulled in Illinois. The Illinois state's attorney office laid consumer fraud charges against the company in 2008, which resulted in the company paying \$1 million back to customers. Part of that settlement involved Just Energy conducting an audit of its sales practices, which revealed the company had received 30,000 complaints in one year alone in Illinois. Both Ohio and New York have fined the company too, while the Ontario Energy Board has slapped Just Energy with a total of \$570,000 in penalties over the past three years.

READ MORE: [Just Energy accused of 'slamming' to sign up customers](#)

The person behind Just Energy is Rebecca MacDonald, one of Canada's richest and most well-connected women, who's attracted accusations over whether she's misled investors in her company.

MacDonald has raked in an estimated \$150 million from the company since she established it back in the 1990s. MacDonald has become a fixture in business circles, sitting on the board of Canadian Pacific Railway Ltd. and the Royal Ontario Museum, and is a recipient of an honorary doctorate from the University of Victoria. She lives in a mansion in the Bridle Path, one of Canada's wealthiest neighbourhoods, and vacations at her US\$20 million, 40,000 square foot beachside villa in the Dominican Republic.

MacDonald is also close to the federal Tories, counting Foreign Affairs minister John Baird among her chums, and was even appointed to be an economic adviser to Joe Oliver, the federal finance minister, this past summer.

But as an executive of a publicly-traded company, regulators take a dim view if you falsify your credentials, as it's seen as a way to garner unwarranted credibility with investors.

In various media accounts and biographical notes, MacDonald has claimed that she's attended medical school, has a medical degree, and even practiced medicine, and was the daughter of one of Yugoslavia's energy ministers.

According to Mike Jankovic, MacDonald's first husband who married her in 1974, MacDonald told him she never attended medical school. He says she also never mentioned that her father was an energy minister in Yugoslavia either. "Her father was never, to the best of my knowledge, the minister of energy," says Jankovic, who works as an engineer in the oil patch in Calgary. "Or any other minister in (former Yugoslavian president Josip) Tito's government... He never told me he was Minister of Energy ever."

But that's not the only way Just Energy might have misled investors. Once a popular investment on Bay Street, by 2012 the company was losing money and had accumulated almost \$1 billion worth of debt. That's when two of Canada's top forensic accounting firms released reports on Just Energy, claiming it was using an unregulated form of accounting to paint a much rosier picture of the company's financial situation.

"Very basic expenses were not being counted by them," says Dr. Al Rosen, one of Canada's foremost forensic accountants, whose firm, Accountability Research Corp., investigated Just Energy. "And therefore they showed this artificial profit."

"The moral of the story is investors need to be careful of situations where it's just too good to be true," adds **Anthony Scilipoti**, president of **Veritas Investment Research Corp.**, an investment research firm that has long tracked Just Energy.

"Where you have charismatic leaders, where you have significant debt. Where you have questionable accounting."

While MacDonald declined 16x9's request for an interview, Just Energy's co-CEO Deborah Merril did sit down with us. She defended the company's sales track record, saying customer's contracts are verified before they are signed. "Now not everything happens the way we want it to all the time, so we have an incredibly robust system making sure that when the complaint occurs, we follow up on it rather quickly," says Merril.

"If issues arise, we very quickly take action and make sure that people are either retrained or taken off the field... We can't control everything but we do our absolute best to make sure that everybody does what we tell them to do. And if they don't, we take very swift action."

Merril seemed unaware of the concerns raised by the Bay Street forensic accountants over Just Energy's financial reporting, but did say they're regularly audited by Ernst & Young. She also would not answer questions about MacDonald's past, except to say "I can tell you for me personally she's been a pleasure to work with."