



Why the Toronto Maple Leafs And Investors Need to Dump Just Energy Group Inc.

Description

If you've been to a Toronto Maple Leafs or Toronto Raptors game recently, you likely saw an advertisement for **Just Energy Group Inc.** (TSX:JE)(NYSE:JE), the official home energy supplier of Maple Leafs Sports and Entertainment.

Just Energy offers multi-year natural gas and electricity contracts to households and businesses, allowing these customers to lock in a fixed rate. So, what exactly is the problem?

Shady business practices

The vast majority of Just Energy's business comes from door-to-door salespeople. These salespeople are notorious for doing anything to gain a new customer, even if it crosses ethical and legal lines.

For instance, Just Energy representatives have told customers they can guarantee energy savings, even when that isn't true. Others have claimed that they work for the local utility, in an attempt to dupe the homeowner into signing a contract. Those who are most vulnerable—such as the elderly, people with disabilities, and people who don't speak English—have been targeted.

These aren't just one-off complaints about a few salespeople. According to an audit in Illinois, a Just Energy subsidiary in the state received 30,000 customer complaints in just one year. The company was fined \$1 million by the state, and has also been fined in Ohio, New York, and multiple times in Ontario. The Better Business Bureau has an F rating for Just Energy.

The company has shown no signs of reforming. According to the latest allegations, Just Energy engages in a practice called "slamming," in which a salesperson lies about the contents of a contract in order to secure a signature. Just Energy has also been accused of forging signatures.

Investors haven't fared much better

If that wasn't enough, Just Energy has used some very shady accounting practices according to Dr. Al Rosen of Accountability Research Corporation. Most notably, the company used an "adjusted EBITDA"

figure that reclassified some very legitimate expenses as investments.

As these problems started to catch up with Just Energy, the company really started to burn cash. Last year the company slashed its dividend from \$0.07 per month to \$0.125 per quarter. The stock sits just below \$7, less than half where it was three years ago.

Just say no

It is baffling that regulators haven't shut Just Energy down, given the company's history. But as long as the company continues to operate, there are still some things we can do.

First of all, if you own any Just Energy stock, you need to sell your shares. Secondly, if a Just Energy salesperson knocks on your door, make sure you're the one doing the slamming.

Finally, Maple Leaf Sports & Entertainment (MLSE) needs to get rid of Just Energy as a sponsor. Until that happens, MLSE is in a sense endorsing Just Energy's practices. It's time for that to stop.

CATEGORY

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