



HAGENS BERMAN

## **Hagens Berman: Ambit Energy Customers Sue, Alleging Company Defrauds Millions in Pyramid Scheme**

*Class action states Ambit preyed on and lied to its 13 million customers while it grew \$1 billion in revenue*

**SEATTLE** – Ambit Energy customers represented by national consumer-rights law firm, Hagens Berman, today filed a [class-action lawsuit against Ambit](#) alleging that the provider of electricity and natural gas services illegally operates a massive pyramid scheme, in which Ambit uses customers as consultants to market to friends and family, lures consumers to switch energy providers with the promise of lower rates, and causes the rates to increase, according to the complaint.

Attorneys representing the class of Ambit customers state that the energy company has defrauded its 13 million customers, growing its revenue from \$1 million in 2006 to \$1.2 billion today.

The lawsuit states that Ambit Energy Holdings LLC, Ambit Midwest LLC, Ambit Texas LLC, Ambit Northeast LLC, Ambit New York LLC, Ambit Marketing LLC, Jere Thompson Jr. and Chris Chambliss have violated the Racketeer Influenced Corrupt Organizations Act (“RICO”) by “preying upon consumers in the deregulated energy market.”

The [31-page lawsuit](#) filed on Mar. 26, 2015 in the U.S. District Court for the Northern District of Illinois accuses the company of maintaining a pyramid scheme which “promises – and fails – to provide affordable electricity and gas to its customers through the utilization of a deceptive marketing campaign.”

“Ambit takes advantage of deregulation in the retail residential gas and electricity market by aggressive marketing which lures consumers into switching energy suppliers based on offers of ‘low, competitive rates’ and ‘consistent savings.’ ...Ambit offers free energy and other perks to customers, which it calls ‘Consultants,’ who sign up new customers. Once a customer reaches 15 referrals, they purportedly start earning free energy and other benefits,” the complaint reads.

“We believe Ambit has created a massive pyramid scheme built on a deceptive, illegal marketing campaign,” said Steve Berman, managing partner of Hagens Berman. “Our investigation has shown that not only does Ambit use deceptive tactics to reel in its customers, but it then exploits them for its own gains – calling them ‘consultants’ and developing more pawns in its twisted scheme for higher profits.”

Consumers who are Ambit customers or who have been Ambit “consultants” may contact Hagens Berman by emailing [Ambit@hbsslaw.com](mailto:Ambit@hbsslaw.com) or by calling 206-623-7292. Additional information about the investigation is available at <http://www.hbsslaw.com/cases-and-investigations/cases/Ambit-Energy>.

The complaint states that Ambit’s marketing “fails to deliver on its representations,” and fails to inform consumers who switch to Ambit that they will see their energy rates “skyrocket.”

“We believe Ambit should be held accountable for these massive overcharges passed on to its customers,” Berman said. “Ambit’s way of business is nothing short of illegal – from using its customers to develop fraudulent business, to failing to offer its energy at a fixed monthly rate – it’s a rotten business.”

The lawsuit’s named plaintiff, Oleg Kostovetsky, is a resident of Skokie, Illinois who was approached in September 2013 by an Ambit consultant who told Kostovetsky that he would receive lower energy bills and consistent savings if he became an Ambit Consultant and switched to Ambit from his current energy provider. After switching to Ambit, Kostovetsky’s bills doubled compared to his rate with his previous supplier.

According to the complaint, Ambit's marketing methods preach consistency and savings while failing to warn customers of the factors affecting Ambit's variable energy rates. In effect, Ambit hedges its exposure to fluctuating energy prices by placing the variable burden onto unsuspecting customers.

Consumers who are Ambit customers or who have been Ambit "consultants" may contact Hagens Berman by emailing [Ambit@hbsslaw.com](mailto:Ambit@hbsslaw.com) or by calling 206-623-7292. Find out more about the [lawsuit against Ambit](#).

# # #

#### **About Hagens Berman**

Hagens Berman Sobol Shapiro LLP is a consumer-rights class-action law firm with offices in nine cities. The firm has been named to the National Law Journal's Plaintiffs' Hot List eight times. More about the law firm and its successes can be found at [www.hbsslaw.com](http://www.hbsslaw.com). Follow the firm for updates and news at [@ClassActionLaw](#).

#### **Media Contact**

Ashley Klann  
[ashleyk@hbsslaw.com](mailto:ashleyk@hbsslaw.com)  
206-268-9363