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Supreme Court Upholds Penalties For New Jersey "Free Electricity" Promoter

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January 29, 2007 - Vermont Attorney General William H. Sorrell announced today that the Vermont Supreme Court has upheld a lower court's consumer fraud judgment against a New Jersey "free electricity" promoter, Dennis Lee, doing business as United Community Services of America (UCSA). The trial court imposed a permanent ban on Lee's doing business in Vermont and awarded \$20,000 in civil penalties and over \$20,000 in fees and costs to the State.

In a consumer fraud complaint filed with the Washington Superior Court in 2001, Attorney General Sorrell alleged that Lee ran deceptive advertisements in the Burlington Free Press and Caledonian Record to persuade Vermonters to attend a sales presentation that summer in Burlington. The ads contained the offer, "Sign up to get all your electricity for the rest of your life absolutely free!" However, UCSA admitted to the Attorney General's staff prior to the presentation that the "free electricity" did not exist. The Attorney General's court complaint also noted that on UCSA's website, the company marketed "dealerships" for \$30,000 or more.

In February 2004, the superior court found that Dennis Lee's ads included "patent falsehoods" and that "consumers were deceived into attending the exhibition by advertised falsehoods." The superior court also determined that Lee had not provided any evidence that his "technologies" actually existed.

The following year, the superior court permanently barred Lee from advertising, demonstrating, promoting or selling any goods or services in or into Vermont (including dealerships and rights to participate in any enterprise), and, through distributors in Vermont, from doing so anywhere else. The superior court also ordered Lee to disclose on any Internet website that he does not sell in or into Vermont. In addition, the court granted judgment in favor of the State in the amount of \$20,000 in consumer fraud penalties and \$18,177 in costs and fees, in addition to \$2,508 in fees previously awarded.

Last week, the Vermont Supreme Court rejected an appeal by Lee to various rulings by the trial court, finding that the superior court had acted within its discretion in issuing a temporary restraining order the day of Lee's show, in requiring Lee to respond to the State's discovery requests, and in imposing sanctions for his failure to comply with those orders. The Supreme Court also noted the "incontrovertible facts" that the advertisement for Lee's show offered "free electricity," that the technology for "free electricity" did not yet exist, and that Lee planned to engage in sales to Vermont consumers.

Commenting on the High Court's ruling, Attorney General Sorrell urged Vermonters to be extremely wary of advertising claims that are "too good to be true," including, at a time of consumer anxiety about high fuel prices, claims about energy savings.

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