

Price Gouging Takedowns – The Online Platforms Have a Say

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Over the past month, state enforcers have declared a war on price gouging, but some of the most effective enforcers have not been the states. Online platforms and other large retailers have taken extraordinary steps to restrict price gouging, and their monitoring has already led to hundreds of thousands of items pulled from e-commerce websites. With entire countries engaging in social distancing, e-commerce has become de-facto commerce for many, and this dramatic and sudden shift gives online sellers enormous influence on price gouging enforcement.

Online platforms were some of the first to take action on price gouging. For example, on February 28, before most states had declared a state of emergency, eBay [reminded](#) sellers that price increases during an emergency can be considered violations of eBay's listing policies. And on March 5, eBay [decided](#) to block all listings of facemasks, hand sanitizer, and disinfecting wipes, citing "regulatory restrictions" across the United States.

Similarly, Amazon has [reminded](#) sellers it "has zero tolerance for price gouging." By partnering with local law enforcement and using automated monitoring, in the month of March alone, Amazon suspended thousands of accounts for "violating [Amazon's] fair pricing policies," and removed hundreds of thousands of items from its online marketplace. Walmart took a similar tack by "automatically depublish[ing] listings that price items substantially in excess of other listings. (See [Politico](#)).

Despite active enforcement online, many State Attorneys General do not think the platforms are doing enough. In a March 25th [letter](#) to major online platforms, 32 attorneys general cited high prices for hand sanitizer and face masks on Craigslist and eBay during the month of March. The AGs wrote that the major online marketplaces "have an obligation to stop illegal price gouging," and the AGs' letter includes recommendations for doing so. Notably, these recommendations include "creating and enforcing strong policies that prevent sellers from deviating in any significant way from the product's price before the emergency," and creating a portal for customer price gouging complaints.

It is important to note that many of the entities being taken down do not appear to be well-established retailers. Nevertheless, reputable sellers likewise may want to monitor their sales and pricing, as well as the sales of their resellers. Also, firms using algorithmic pricing can consider monitoring these algorithms to prevent sudden price spikes as part of their compliance efforts.

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