Proskauer

Price Gouging Weekly Round Up

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Price gouging enforcement and litigation is front and center for company counsel and business managers nationwide. Our weekly round up highlights some of the most relevant news and information to our clients and friends.

Hundreds of Virginians Report Price Gouging Amid Coronavirus Pandemic

Virginia Attorney General Mark Herring has received over 500 complaints of price gouging related to the COVID-19 pandemic. According to a spokeswoman for Herring, "Attorney General Herring and his team are reviewing all complaints and will be aggressively investigating any potential violations and pursuing violators." And no company is too small or large. As Herring stated, "online stores, small mom and pop shops, and large retailers are all being investigated." Herring's office also provided an example of the warning letter sent to businesses accused of price gouging. The letter explains that the Virginia Post-Disaster Anti-Price Gouging Act "prohibits suppliers from selling, leasing, or licensing, or offering to sell, lease, or license, any necessary goods and services at an unconscionable price within the area for which a state of emergency is declared." The letter goes on to request that companies provide documentation detailing the various prices the business charged during the relevant time period, as well as any evidence showing that the price increase was attributable solely to additional costs incurred by the business in relation to the relevant product. Although Herring hasn't had to take action to date, those who ignore the warning are subject to a penalty of up to $2,500 per violation.

Price Gouging Provisions Extended in North Carolina

While North Carolina's state of emergency declaration has ended, the State's price gouging restrictions remain in effect. On May 25, 2020, North Carolina Governor Roy Cooper extended price gouging restrictions until June 26, 2020. North Carolina's statute prohibits charging a price that is "unreasonably excessive under the circumstances." According to North Carolina Attorney General Josh Stein, "[t]his is not a set price like 10% or 20%. You may not know if it's price gouging, so you need to get in touch with my office so we can do an investigation." As states of emergency begin to expire, companies should be aware that many states' price gouging restrictions do not immediately expire, and may be in place for some time to come.

Rhode Island AG Investigating Hundreds of Price Gouging Complaints – Shocking the Conscience

Since March 11, 2020, 402 consumers have filed complaints related to COVID-19 price gouging with the Rhode Island Attorney General's Consumer Division. Rhode Island is one of the states that defines price gouging as an "unconscionably high price." When asked about this standard in a recent interview, Attorney General Peter Neronha stated, "[d]ouble the price? Triple the price? Quadruple the price? More than that? You kind of know it when you see it. For me, it's a price that really shocks the conscience." Neronha also commented on a recent price gouging matter involving an unidentified restaurant that is part of a national fast food chain, stating that the "restaurant that raised its prices on what it was charging. We got them to lower their prices."

AG Nessel Continues Crackdown on Price Gouging Cases

Complaints have continued to roll into the Attorney General's office since our last post on Michigan, with over 4,200 filed. According to the Attorney General Dana Nessel's office, "some of these complaints do not warrant further investigation, and many do not contain enough information to verify the complaints as legitimate." However, many complaints have warranted an investigation and have resulted in multiple companies entering into an Assurance of Voluntary Compliance ("AVC"). "This public emergency is not an excuse to rip people off, and my office will remain vigilant in our efforts to protect consumers from being taken advantage of," Nessel said. "I am committed to serving the people of Michigan and I will not allow predatory businesses to profit off vulnerable people who are concerned for their well-being and faced with the uncertainty surrounding this crisis."

Higher Gas Prices in Oregon

While gas prices remain low, some Oregon residents are seeing higher prices at the pump. The American Automobile Association lists the national average at $1.89 a gallon, and the statewide average at $2.39. However, some Wallowa County gas stations have been spotted charging $2.59 a gallon. When asked about the price difference, one gas station owner attributed prices to increased costs. “Being [the] last station in line” the owner stated, “we [] get charged a lot for delivery.” Another Wallowa County gas station owner stated that “[i]f this town was 50% bigger, we’d sell cheaper. I don’t think we’re gouging. I know the financial aspects of this business and I’m not going to reveal that, but we’re not gouging.”

Related Professionals

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