Proskauer

Price Gouging Weekly Round Up

October 12, 2020

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.

Illinois Businessman Charged with Price Gouging Under the Defense Production Act

On October 8, 2020, the U.S. attorney's office for Chicago announced that an Illinois businessman was charged with price gouging protective masks during the height of the pandemic, in violation of the Defense Production Act. The businessman is accused of accumulating about 80,000 masks in March and April for approximately $5 each. The businessman allegedly then sold nearly 40,000 masks to consumers for as high as $19.95 apiece. In a written statement, U.S. Attorney John Lausch stated "[a]massing and reselling personal protective equipment at large markups during a global health crisis is not only greedy, it's illegal under the Defense Production Act." In response to the accusations, the businessman's attorney stated that it is unfortunate that the businessman was charged "with something that he absolutely did not do."

Grocer President and CEO Has Nothing But Praise for Oklahoma Grocers

President and CEO of the Oklahoma Grocers Association, Rob Edgmon, stated in a recent interview that Oklahoma grocers have "done everything they can" during the pandemic. Edgmon stated that if grocers "were charged $1 today and $2 tomorrow, they would have to put an acceptable markup on that for the new cost of goods. And a lot of times – the consumer does not understand this – but there was no price gouging going on. I know several that were accused of it, but I don't know of any that were convicted of price gouging in Oklahoma." According to the interviewer, Edgmon has only "praise for the grocers in Oklahoma."

Iowa Attorney General Discusses Price Gouging Response Following Derecho

In a Law360 article, Iowa Attorney General Tom Miller discussed the state's response to the recent derecho that swept across Iowa. According to Attorney General Miller, "COVID-19 prepared us for the derecho in many respects. As did many Attorney General offices, we received a huge increase in price gouging complaints and other calls from consumers during the first three months of the pandemic." Iowa's Consumer Protection Division was therefore able to react more quickly than usual by streamlining the process. In response to the derecho, Attorney General Miller stated that his office "reached out to sellers immediately" and "were able to get retailers and sellers to take down internet sale postings that appeared to be price-gouging, to reduce prices and even to remove questionable products from their shelves, addressing the complaints before they increased." Attorney General Miller further stated that given Iowa's price gouging law was adopted in 1993, "[n]ow is a great time . . . to reexamine our consumer protection laws to ensure they are serving constituents. For example, we've asked legislators for years to strengthen laws to address fraud by home-improvement contractors. As more people repair damage from storms, it may be time to make another push."

Alabama Extends Price Gouging Law as Hurricane Approaches

On October 6, 2020, Alabama Governor Kay Ivey issued a state of emergency as Hurricane Delta approaches the state. According to Alabama Attorney General Steve Marshall, Alabama's price gouging law is "still in effect for the ongoing States of Emergency from COVID-19 and Hurricane Sally." Attorney General Marshall reminded Alabama residents that "[a]s our Gulf Coast struggles to recover from Hurricane Sally, now residents and businesses are bracing themselves for the approach of yet another dangerous storm. They should remain on guard for price gouging and home repair fraud in the advance and aftermath of Hurricane Delta." The Attorney General's Office has received 52 complaints related to allegations of price gouging and fraud from Hurricane Sally.

Related Professionals

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  Partner

- **John R. Ingrassia**
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- **Kelly Landers Hawthorne**
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