Proskauer

Price Gouging Weekly Round Up

January 19, 2021

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 for our clients and friends.

Report by Consumer Watchdog Exposes Pandemic Price Gouging

The U.S. Public Interest Research Group, a consumer watchdog organization, recently published a report reviewing 750 products showing the fluctuations of a variety of essential products during the pandemic. The report, comparing price listings on Amazon from Dec. 1, 2019 to Dec. 1, 2020, found that of the 750 products, “409 saw price increases of more than 20% and 136 at least doubled in price.” Notably, “patio heaters showed the 10 largest price increases by percentage,” and “of the 409 listings with price increases of more than 20%, approximately 1 in 7 were sold directly by Amazon.” Among the products that the report found the greatest increases in were cloth masks, surgical gloves, eye protection, toilet paper, paper towels, facial tissues, disinfectant wipes, hand sanitizers, hand soaps, cough syrups, oral thermometers, pulse oximeters, patio heaters, computer monitors, and WiFi mesh systems.

Virginia Attorney General Settles Price Gouging Action

On January 12, 2021, Virginia Attorney General Mark Herring announced that his office secured a settlement with a Virginia-based pharmacy for "alleged violations of the Virginia Post-Disaster Anti-Price Gouging Act." Attorney General Herring alleges that between March 20 and March 25, 2020, the pharmacy charged $22 per 16-oz bottle of rubbing alcohol which they purchased for $12.75. This settlement is part of the more than 500 complaints the Virginia Attorney General's Office has received during the COVID-19 emergency. In connection with the settlement, Attorney General Herring stated that "[m]y team has been closely monitoring and investigating any complaints of alleged price gouging in the Commonwealth" and "I hope this settlement sends a message to any other businesses that price gouging will not be tolerated in Virginia."

Price Gouging Update in Illinois

On January 8, 2021, the Illinois Attorney General's office reported 1,820 price gouging complaints have been made since the beginning of the COVID-19 pandemic. The Attorney General's office stated that "when [they] receive a price gouging complaint, we attempt to mediate that complaint and focus on trying to resolve the issue for the consumer through this mediation process." While Illinois' price gouging statute only applies to petroleum products, "increases in the selling price of goods or services, including medical supplies, protective equipment, medications and other commodities intended to assist in the prevention of or treatment and recovery of COVID-19" are currently prohibited via executive order during the COVID-19 state of emergency.

More Counties Cap Third-Party Food Delivery Fees

On January 12, 2021, Schenectady County became the latest county to place a limit on third-party delivery fees at restaurants. According to county legislator Sara Mae Pratt, "[w]hile third-party delivery services . . . offer some benefits to locally owned restaurants, such as a boost in visibility and increased volume, the fees assessed on restaurants always left little-to-no room for the small business to profit." Under the new law, third-party delivery companies may not charge a restaurant greater than 15% of an online order, while orders for pickup are limited to a 5% markup.

Similarly, one day later on January 13, 2021, the City Council in St. Paul, Minnesota approved an emergency order capping the fees charged by third-party food delivery services. Under the order, which Council President Amy Brendmoen described as enacted to “avoid further harm to such valuable and important establishments in the city,” third-party food delivery service fees are limited to 15 percent of the order. For more information on third-party delivery fees, read our blog post.

Related Professionals

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