

Price Gouging Weekly Round Up

April 26, 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.

[Ohio City Caps “Third Party” Food Delivery Fees](#)

The city of Cleveland Heights passed an ordinance placing a 15% cap on fees charged for delivery and pickup orders placed with third-party food delivery services. The city council unanimously voted to institute the limit after hearing that some food delivery services could charge 30% commissions above the regular restaurant price. According to City Council Vice President Kahlil Seren, the “astronomical” delivery fees are akin to extreme price increases on emergency supplies during shortages. As with similar ordinances enacted in Cleveland and Columbus, the Cleveland Heights pricing restriction remains in effect up to 90 days after the Governor lifts the statewide health emergency declared in March 2020. As we’ve discussed in [earlier postings](#), similar caps have been instated in several large cities.

[Prosecutors Point to Businessman’s Text Messages in Price Gouging Case](#)

Filings in federal court in Chicago reveal that a local businessman facing price gouging allegations sent incriminating text messages bragging about his financial gains. The owner of a health supply store, allegedly wrote “I made a quarter million dollars last week...profit on masks...who is going to report me?” Prosecutors allege the man, in March 2020, purchased 79,160 respirator masks for between \$4.27 to \$7 each and later sold 11,492 of the masks for prices up to \$19.95 each. He has been charged under [federal law prohibiting](#) accumulating scarce items during a national emergency in order to resell those items “in excess of prevailing market prices.” In his defense, the businessman argues that the federal government had offered no guidance on “prevailing market prices” in March and April of 2020.

California Grocer Pleads Guilty to Price Gouging

A grocery store in Pleasanton, California pled guilty to two counts of price gouging relating to food items such as instant noodles, tea, yellow onions, and red yams. County and state prosecutors filed the charges against the store, following an investigation and allegations of 60-400% price increases after the California Governor declared a state of emergency on March 4, 2020. The grocery will donate \$20,000 to the Alameda County Community Food Bank, pay a \$240 fine for restitution, and spend a year under probation. California has since relaxed some of its [pricing restrictions](#).

Chicago's Third Party Delivery Fee Cap Has Expired

In November 2020, the City of Chicago passed an ordinance to limit the amount of fees third-party delivery services could charge for restaurant orders. The ordinance was due to sunset when indoor dining capacity reached 40% for 60 consecutive days, a milestone achieved this past weekend. Last weekend, that 15% cap was removed. The members of the City Council have proposed reinstituting the pricing limits and extending them until the fall. The draft resolution has not been voted on.

Related Professionals

- **Christopher E. Odeck**
Partner
- **John R. Ingrassia**
Partner
- **Kelly Landers Hawthorne**
Associate
- **Shannon D. McGowan**
Associate