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April 16, 2020

Private Companies and Government Regulators Crack Down on Coronavirus-related Price Gouging



Two brothers in Tennessee made national news in early March after cleaning out local stores of products in high demand because of COVID-19 in order to sell them for exorbitant prices on online marketplaces.

In the end, however, both Amazon and eBay implemented policies resulting in some or all listings involving price gouging being pulled from their platforms, so the pair was left with a garage full of nearly 18,000 bottles of sanitizer and an investigation into their activities by the Tennessee Attorney General's. While this story generated a lot of media attention, state regulators continue to act against incidents of suspected price-gouging. For example, March enforcement actions included the following:

- An Ace Hardware in Manhattan was fined by the New York State AG for selling 1200mL bottles of hand sanitizer for \$79.99 and a City Fresh Market in Queens received a warning letter for [similar practices](#).
- New York City officials reportedly [issued](#) over 550 fines, totaling over \$275,000, to COVID-19 related product price gougers.
- The Michigan AG [sent](#) a cease and desist letter to the home-improvement company Menards, accusing them of selling facemasks, bleach, and other products at unconscionable prices.
- The Pennsylvania AG's office [reported](#) that, as of March 16, they had received at least 744 price gouging reports and later [announced](#) that they will launch a COVID-19 Task Force to combat coronavirus-related fraud.
- The President signed an executive order prohibiting the hoarding of unnecessary quantities of health and medical supplies in excess of personal needs or for the purpose of selling them above fair market value.
- The FTC, who had already [sent](#) warning letters to advertisers for making unsubstantiated claims about products that allegedly treat and prevent coronavirus, released a [statement](#) in late March indicating that it may take a more active role in coronavirus-related price-gouging enforcement.
- More than 30 state AGs sent letters to ecommerce platforms like Craigslist, Walmart, eBay, and Facebook asking them to increase efforts to stop price gouging on their platforms.

These examples are merely a snapshot of what is going on across the country, as AGs and regulators from [various states](#) have started to enforce against price gougers, launching COVID-19 price gouging task forces, educating consumers, and calling for consumers to report instances of price gouging. Many of these states have [statutes](#) that generally prohibit selling health-related products and services at unconscionably excessive prices during emergencies. **Takeaways:**

- Online marketplaces and government regulators are cracking down on price gouging sales of health-related and essential products.
- Even a single [tweet](#) from a consumer who suspects price gouging could result in an investigation from a state AG, so businesses should exercise caution when raising prices on health-related and essential products during the COVID-19 pandemic.

Authors

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