

CLIENT ALERT

Consumers Hold Businesses Accountable During the COVID-19 Crisis

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Attorneys General continue to support consumers complaining about unfair business practices in light of COVID-19. On May 15, District of Columbia Attorney General Karl Racine released his Office of Consumer Protection's "[Coronavirus Consumer Complaint Report](#)" summarizing issues consumers have noted during the District's state of emergency. The report states that, between March 11 and May 11, the office received 634 complaints, more than double the number it received in January and February. About 70% of the complaints revolved around price gouging or other business practices related to the COVID-19 crisis. The report also states that the issues most frequently complained about were billing and cancellation problems, and the first week of April saw the "highest surge in billing and cancellation complaints" because it was when consumers began being charged membership fees for services they could not use during the emergency. Health clubs and spas represented the industry receiving the most frequent complaints, followed by general merchandise retail stores and grocery stores. At least 23 of the price gouging complaints were confirmed through in-person investigations, resulting in cease and desist letters and one lawsuit against a Ward 7 retailer.

The District of Columbia is not alone in receiving a high volume of consumer complaints related to price gouging and other practices. On May 19, Florida Attorney General Ashley Moody thanked her price gouging hotline team members for their work to protect consumers during the COVID-19 emergency. Attorney General Moody's press release stated that since Florida's Price Gouging Hotline was activated, her office has received about [4,500 consumer complaints](#) about price gouging of essential commodities and secured over \$503,000 in refunds related to product purchases, travel, and leisure. Attorney General Moody's Office has also issued 73 subpoenas in connection with price gouging investigations. Pennsylvania Attorney General Josh Shapiro estimated that his office had received over [4,500 price gouging complaints](#) in late April, calling the volume of complaints "extraordinary" and stated that his office has never received so many complaints about a specific subject. In the same time period, North Carolina Attorney General John Stein reported receiving over [1,600 price gouging complaints](#). In late March, New York Attorney General Letitia James' Office noted that it had already received over [2,000 price gouging complaints](#).

The fact that consumers are actively complaining about COVID-19 business practices and Attorneys General are carefully investigating these complaints should continue to put businesses on notice. Businesses should take the time to carefully ensure they are not engaging in any actions that exposes them to consumer complaints, even if they do not believe they are violating any laws, since states and the District are carefully watching the marketplace during the pandemic. They should also be prepared to back up any price increases through documentation of supply cost increases or other explanations, such as increases do not.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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