

# On the Frontlines of Price Gouging

*By James Hurst*

Prior to COVID-19, the work of a Department of Consumer and Worker Protection (DCWP) inspector was not easy. Our inspectors typically traveled on foot from business to business, carried a heavy weight set to test scales, needed to know many different regulations, and inspected up to 10 different businesses a day. And when inspectors occasionally found a violation, they patiently and politely informed the business on the reasons for the violation.

After COVID-19 struck New York City, everything changed. Price gouging complaints poured into the City's 311 hotline. We passed an emergency rule that made it illegal to excessively raise prices on the goods or services needed to treat the virus or to prevent or limit its spread. As the number of complaints grew exponentially and many businesses shut down, the enforcement of this rule became the principal task of our inspectors.

Inspectors found this work rewarding. In early March, the very first inspector to conduct a price gouging inspection walked to a counter and observed a few consumers yelling at a business owner for selling 20 cloth masks for \$400.00. One of the consumers was telling the owner that the City would not allow him to charge the prices he was charging. The inspector heard his cue, politely announced that he was a DCWP inspector, and said he was there to charge the business with a violation for price gouging. That earned him cheers of gratitude and a round of applause, which is not the typical reaction a DCWP inspector receives when issuing a violation.

In those first few weeks, before the City shut down, inspectors saw many consumers respond positively to their arrival and knew they were doing good work. But as time passed and hospitalization rates increased, price gouging became even more common in the stores that still had products on their shelves. Businesses anticipated their arrival and started to hide products behind counters and even under hats on display.

Even more concerning, many businesses began to react aggressively to our inspectors; grabbing them, threatening them, and screaming in their face. Like so many other frontline workers, they

had to manage these almost routine conflicts while protecting their own health and safety, taking care of their now home-schooled children, and worrying about the well-being of sick family members.

Between March and June, as infection rates peaked and waned, we conducted nearly 3,000 price gouging inspections and issued more than 11,800 violations in response to thousands of consumer complaints about businesses in all five boroughs. Judges have ordered businesses to pay thousands of dollars in penalties after finding them guilty. Despite the potential penalties of \$500 per item, businesses are still doing it.

I suspect that some business owners believe it is their right to raise prices and maximize profits. That sentiment may hold true under different circumstances, but during a state of emergency, price gouging on these products threatens public health. Wealthy and high-income consumers will buy the products at the inflated prices, and lower-income workers will find the products scarce or unaffordable. In New York City that means essential workers and their families, the members of the community who most need face masks when commuting to work, are deprived of the supplies necessary to reduce transmission rates and protect their families and communities. One person without a face mask can infect dozens of others.

Fortunately, the City has worked hard to increase the supply of masks, and inspectors report that face mask prices appear to be declining. City employees, working as social distancing ambassadors, are distributing free masks to the public, and Small Business Services is supplying free masks to businesses during the phased reopening.

Our inspectors now spend as much time distributing free masks to newly re-opened businesses as they spend on price gouging enforcement and educating businesses about reopening guidelines. Hopefully, this trend will continue, and everyone will have access to the products needed to keep us all healthy and protect the city from a second wave of infections.

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