



State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
PO BOX 080
TRENTON, NJ 08625-0080

CHRIS CHRISTIE
Governor

JOHN J. HOFFMAN
Acting Attorney General

KIM GUADAGNO
Lt. Governor

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For Distribution to all State and Local Agencies

Hurricane Joaquin Public Notice: Price Gouging During an Emergency

In light of the potential for storm damage posed by Hurricane Joaquin, the Office of the Attorney General reminds New Jersey businesses and citizens: Price gouging during a state of emergency is illegal; will be investigated by the Attorney General's Divisions of Consumer Affairs and Criminal Justice; and will result in significant penalties. Governor Christie has signed an executive order declaring a state of emergency effective October 1, 2015.

What is "Price Gouging"?:

New Jersey's price gouging statute, N.J.S.A. 56:8-107, et. seq., makes it illegal to set excessive price increases during a declared state of emergency or for 30 days after the termination of the state of emergency.

Price increases are deemed excessive under the law if they are more than 10 percent above the price at which the good or service was sold during the normal course of business, prior to the state of emergency. The law does permit that, if a merchant faces additional costs imposed by suppliers or legitimate logistical concerns, a price increase is considered excessive if it is more than 10 percent above the amount of markup from cost, compared with the markup normally applied.

Warning to Retailers:

Retailers are forewarned: the State will conduct a thorough investigation, including an audit of the merchant's receipts dating back to before the state of emergency, to examine each and every complaint. Any violation of the law will result in penalties that far outweigh the profits of taking advantage of New Jerseyans during a time of need.

Violations of the price-gouging law are punishable by civil penalties of up to \$10,000 for the first offense and \$20,000 for the second and subsequent offenses. Each individual sale of merchandise is considered a separate and distinct event.



In the immediate aftermath of Superstorm Sandy, the Office of the Attorney General received thousands of citizen complaints accusing numerous gas stations, hardware stores, convenience stores and hotels of price gouging. The New Jersey Division of Consumer Affairs investigated approximately 200 businesses for alleged price gouging. The New Jersey Division of Criminal Justice also took action in over 100 cases statewide relating to Superstorm Sandy, bring various criminal charges in price gouging, fraud, and other cases.

As a reminder of the penalties resulting from price gouging and as a deterrent to these dishonest business practices, retailers should note the following post-Sandy price gouging cases:

- An East Hanover gas station agreed to pay \$26,000 to settle claims that it charged as much as \$4.79 for credit card sales of regular gasoline, more than 26 percent above its price prior to the state of emergency.
- A Long Branch retailer was accused of price gouging in the sale of generators, allegedly selling the units for as much as 155 percent above pre-storm retail prices. The retailer settled an enforcement action brought by the State for \$33,000.
- An Asbury Park hotel will pay \$45,000, including nearly \$6,000 to customers, to settle claims brought by the State that it raised room rates by as much as 117 percent above pre-storm prices.

Tips to Consumers:

Consumers are reminded to be wary not just of price gouging on products, but for gouging for services, such as home repair scams, and charity scams that often seek to prey on residents in the immediate aftermath of a disaster. Because disasters often attract these unscrupulous practices, any consumer who has a complaint about price gouging or any emergency-related scams should call the Division of Consumer Affairs at 973-504-6240.

The Division of Consumer Affairs also provides tips for consumers on "How To Avoid Disaster-Related Scams," including information on price gouging and on the home-repair scams and charity scams that have been known to arise during times of emergency. The flyer is available in English at <http://njpublicsafety.com/ca/press/floodvictims.pdf> and in Spanish at <http://njpublicsafety.com/ca/press/SPfloodvictims.pdf>.

Consumers who believe they have been cheated or scammed by a business, or suspect any other form of consumer abuse, can file a complaint with the State Division of Consumer Affairs by visiting its website at <http://www.nj.gov/oag/ca/index.htm> or by calling 973-504-6240.