

# Price Gouging Laws in NC: What You Should Know

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Hurricane season doesn't just bring rain, wind and floods to North Carolina. Every year, some unscrupulous businesses use a state of emergency as an opportunity to suddenly raise prices. This practice is known as *price gouging*, or predatory pricing.

In recent years, the NC Department of Justice has strengthened price gouging laws in an effort to protect businesses and consumers. Governor Roy Cooper put the price gouging laws into effect on March 10 in response to the COVID-19 emergency.

Here are a few things you should know about North Carolina's laws.

## Price Gouging is a Problem

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These new laws were created in response to widespread predatory pricing during past hurricanes. [WRAL reported](#) that in 2018, the NCDOJ received more than 850 complaints due to Hurricane Florence alone.

However, hurricanes aren't the only time people engage in predatory pricing. This year, price gouging scams became especially prevalent around COVID-19 when individuals and retailers

hoarded emergency supplies and marked them up.



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“You can see the problem whenever people are scared, desperate, and uncertain,” said NC Attorney General Josh Stein in an interview with [North Carolina News Daily](#).

He warned that many types of emergencies can create an opportunity for bad actors. While the most common emergencies in the state are hurricanes, this year has shown that price gouging can happen during crises like a pandemic as well.

Pricing schemes don’t just affect individuals. Businesses also suffer from predatory pricing, both as customers and as members of North Carolina’s business community.

“Price gouging can hurt business by bringing them unfairly into disrepute,” said the Attorney General. “When some sellers are price gouging it can hurt reputation by association. One thing is we always want is to have fair competition with fair pricing.”

## **Where to Look for Scams**

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Which goods and services are being excessively marked up depends on the emergency.

“When a hurricane is about to hit, if there’s plenty of lead time, you might see price gouging over bread and milk – basic supplies,” said Stein. “After a storm, you might see price gouging

around hotels in neighboring towns as people look for temporary housing. If we have an extended power outage, you might see price gouging on generators.”



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However, sometimes predatory pricing can extend beyond initial emergencies. Cleanup and reconstruction efforts are often subject to schemes long after the initial issue. These types of service-based price gouging affects both individuals and businesses.

“If there is heavy wind, you see [price gouging] with tree removal, which is frankly what we saw a lot of three years ago,” said Stein, referring to the aftermath of Hurricanes Michael and Florence. “And finally, if you have a lot of house damage you can see a lot of price gouging on reconstruction.”

## **NC’s Price Gouging Laws**

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North Carolina is one of several states with laws on the books about price gouging. The current law, titled “Prohibit excessive pricing during states of disaster, states of emergency, or abnormal market disruptions” (§ 75-38), was enacted in 2006.

The law makes it explicitly illegal “for any person to sell or rent or offer to sell or rent any goods or services which are consumed or used as a direct result of an emergency or which are consumed or used to preserve, protect, or sustain life, health, safety, or economic well-being of persons or their property with the knowledge and intent to charge a price that is unreasonably excessive under the circumstances.”

For the law to take effect, the governor must declare a state of emergency. That happened on March 10 as Gov. Roy Cooper made the declaration in response to the COVID-19 crisis.

The NCDOJ [released a statement](#) following the declaration which said, “North Carolina has a strong statute against price gouging – charging too much during a time of crisis – that is tied directly to a declaration of a state of emergency. When Gov. Cooper declared a state of emergency for North Carolina on Tuesday, March 10, the statute went into effect for the entire state.”

## **How to Report Violations**

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To help people filing complaints, the NCDOJ created an online portal and a toll-free phone number. People who observe or suspect price gouging can use the NCDOJ's online form on their website or call 1-877-5-NO-SCAM.

The department records all complaints from both sources. From there, the NCDOJ has a course of action for following up on complaints.

“Whenever we get a complaint that identifies a business we send it to the business so that they have a chance to respond,” said Stein. “Maybe they have an explanation that satisfies the consumer and my office.”

Stein also noted that businesses with multiple complaints or particularly severe complaints might face more actions from the NCDOJ. “Depending on how many complaints we get about a particular business it might trigger an investigation or a lawsuit, depending on the severity.”

Following Hurricanes Michael and Florence in 2018, the Attorney General's office brought seven lawsuits against 22 defendants. The lawsuits resulted in eight judgments against 17 defendants. The Attorney General's Office won more than \$725,000 in these judgments.

Meteorologists expect an especially active hurricane season for 2020. In addition, the COVID-19 crisis is far from over. North Carolina residents are especially vulnerable to predatory pricing at this time.

“When there's an emergency,” said Attorney General Stein, “People really need to be on their guard to make sure they're not taken advantage of.”

To keep up on the laws and legal proceedings in North Carolina, please visit our [Law section](#).

Summer is now in full swing, and although some of the events we've looked forward to may be canceled, car...

Whether you're looking for vintage second-hand items or fresh designs right off the rack, there is a multitude of businesses to purchase your wardrobe from in North Carolina. We've gathered a list of 25 Black-owned businesses where you can find your clothing and accessories while supporting the African American community.

The recovery of the economy is at the front of everyone's mind. Third-quarter unemployment numbers for North Carolina so far show reasons to be positive, but also to worry.