



PUBLIC ADVOCATE FOR THE CITY OF NEW YORK

# Jumaane D. Williams



## PRICE GOUGING AMID THE COVID-19 PANDEMIC: POLICY BRIEF

**MARCH 24, 2020**



BROOKLYN BOROUGH PRESIDENT  
**ERIC ADAMS**



MANHATTAN BOROUGH PRESIDENT  
**GALE BREWER**



BRONX BOROUGH PRESIDENT  
**RUBEN DIAZ, JR.**



## EXECUTIVE SUMMARY

Dear New Yorkers:

As New York City and State's COVID-19 case count steadily increases, many consumers are stockpiling food, toiletries, and cleaning products. All the while, some merchants have dramatically inflated prices, potentially exacerbating the threat of exposure to the virus and endangering the public's health. Some store owners cite increases in bulk prices by third-party wholesalers.<sup>1</sup> Shipping costs also skyrocketed to as much as \$500 for ground and \$5,000 for next-day air delivery.<sup>2</sup> As a result, many stores are backlogged on new shipments and, in response, have imposed limits on quantities customers can buy.

We know stores are not wholly responsible for the costs passed on to consumers. Many stores make a narrow margin on items like cleaning supplies, and the costs wholesalers are charging retailers needs to be raised. Many stores can't keep up with the demand for these critical supplies and are overnighting, and paying a much higher rate to ship these supplies to keep them in stock. This brief aims to address nefarious price gouging, while making room for the additional costs some merchants are facing to bring these products to consumers.

One thing is clear, above all else, price gouging is occurring. It impacts all New Yorkers, including lower income New Yorkers, and people of more color, in this city.

We, co-authors of this brief, condemn the practice and include several recommendations to better protect those we represent.

Sincerely,



Jumaane D. Williams  
Public Advocate for the City of New York



Eric L. Adams  
Brooklyn Borough President



Gale Brewer  
Manhattan Borough President



Ruben Diaz, Jr.  
Bronx Borough President

## INTRODUCTION

Price gouging is exploitative and unethical, occurring when a seller increases the prices of goods, services, or commodities to a level much higher than is considered reasonable. Mayor Bill de Blasio has defined “unreasonable” as increasing the prices of items above 10%. Some stores partially credit their price increases to commensurate increases in bulk, wholesale prices by distributors. In the past few weeks, our office has kept an eye on national trends and inflated prices locally.

In this brief, the Office of the Public Advocate:

1. Compared the average original price of everyday essentials to inflated prices of the same products since the beginning of the public health crisis;
2. Surveyed drug stores citywide to investigate whether, and how much, prices for high-demand items were inflated locally;
3. Proposes policy and legislative solutions;
4. Offers resources for checking product prices and availability, and on how to report price gouging to City and State officials.

1 <https://gothamist.com/news/some-nyc-stores-are-allegedly-price-gouging-purell-other-scarce-coronavirus-items>

2 <https://www.usatoday.com/story/money/2020/03/11/amazon-price-gouging-report-coronavirus-face-masks/5007990002/>

**PRICE INFLATION TRENDS OF EVERYDAY ESSENTIALS AND DISINFECTANTS**

ORIGINAL AVERAGE PRICE	HIGHEST INFLATED PRICE
\$18.20 per 1 Box of 10 Masks	\$199.99 per 1 Box of 10 Masks <sup>3</sup>
Alcohol: \$2.59 per 16oz. \$4.49 per 32oz.	\$7.99 per 16oz <sup>4</sup>
Hand Sanitizer: \$6 per 1 12oz. Bottle \$30 per One-dozen 8oz Pack	\$22 per 1 12oz. Bottle <sup>5</sup> \$159.99 per One-Dozen 8oz Pack <sup>6</sup>
Lysol + Clorox / Disinfectant:  Spray: \$4.99 Wipes: \$2.34 per 30-count \$5.99 per 35-count, 3-pack \$12.78 per 75-count, 4-pack \$13.75 per 320-count	Spray: \$19.99 <sup>7</sup>     Wipes: \$220 per 320-count <sup>8</sup>

\* original price on average

Note: prices fluctuate by neighborhood/store/website; most reports of price gouging are from 99 cent stores, neighborhood shops and pharmacies, and wholesalers on Amazon and eBay. Toilet paper, thermometers, and over-the-counter medicines are also reportedly sold at inflated prices.

3 <https://www.usatoday.com/story/money/2020/03/11/amazon-price-gouging-report-coronavirus-face-masks/5007990002/>

4 <https://www.facebook.com/1115055251/posts/10221084116468629?d=n&sfns=mo>

5 <https://gothamist.com/news/some-nyc-stores-are-allegedly-price-gouging-purell-other-scarce-coronavirus-items>

6 <https://www.usatoday.com/story/money/2020/03/11/amazon-price-gouging-report-coronavirus-face-masks/5007990002/>

7 <https://gothamist.com/news/some-nyc-stores-are-allegedly-price-gouging-purell-other-scarce-coronavirus-items>

8 <https://www.wsj.com/articles/amazon-battles-counterfeit-masks-400-hand-sanitizer-amid-virus-panic-11583880384>

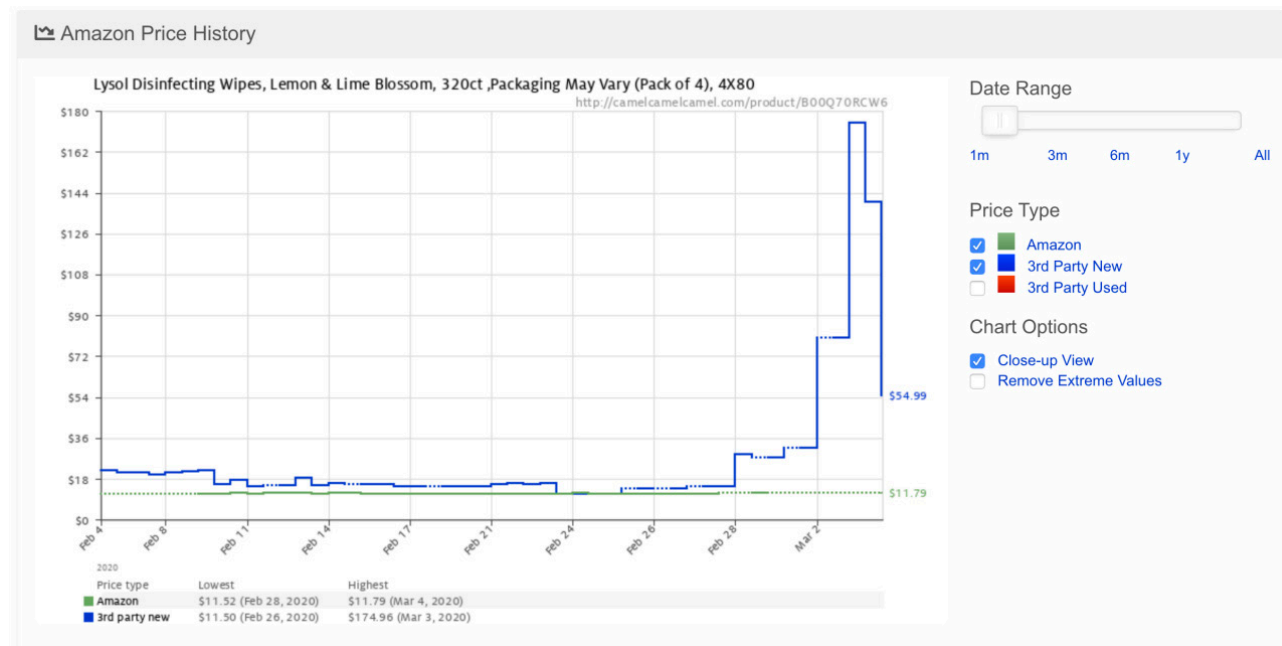


## PRICE GOUGING ON AMAZON

A report by the [U.S. Public Interest Research Group](https://uspig.org/news/usf/coronavirus-worry-triggers-most-surgical-mask-sanitizer-prices-spike-least-50-amazon)<sup>9</sup> found nearly one in six of the products sold directly by Amazon had prices spike 50% higher than the 90-day average.

According to [Yahoo Finance](https://finance.yahoo.com/news/coronavirus-price-gouging-3-charts-show-amazons-wild-spikes-215034577.html)<sup>10</sup>:

Before selling out on Amazon, Lysol disinfecting wipes (a package of four containers) averaged \$11.79. Prices then spiked among third-party sellers to almost \$180 before coming down to \$54.



A 3M high-efficiency dust mask 20-pack cost \$19 on Amazon until the end of January and then spiked to \$70, before surging to \$144.

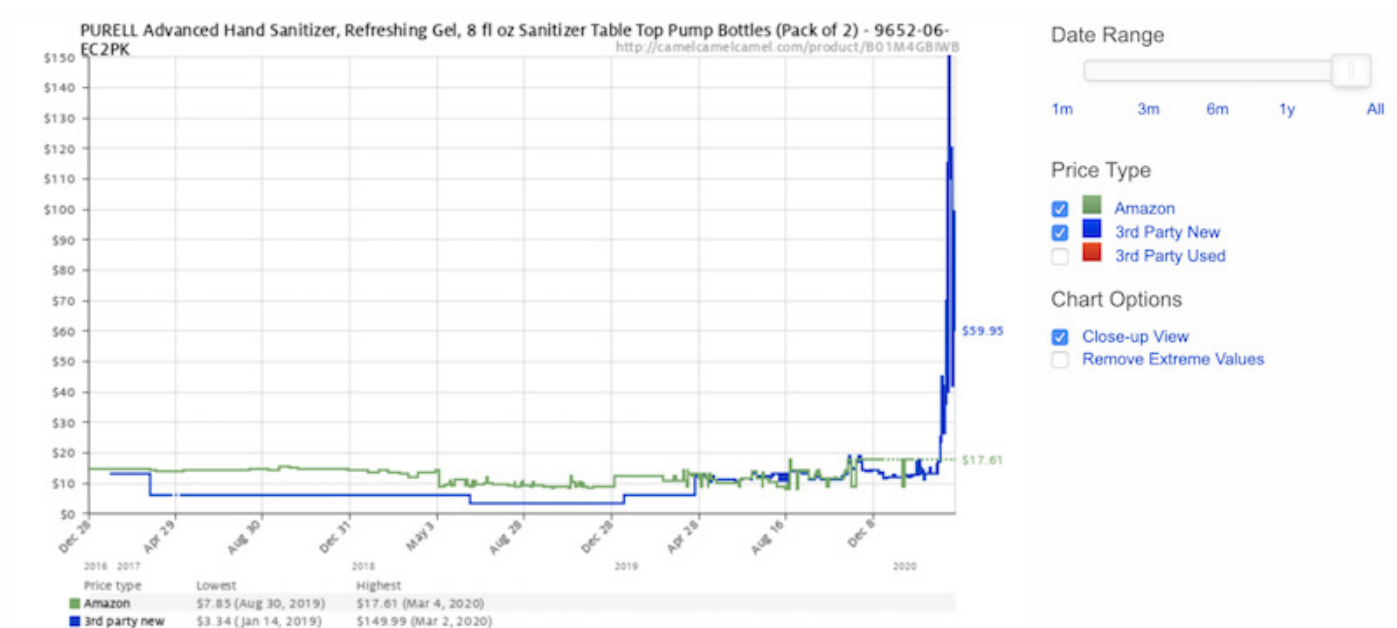
<sup>9</sup> <https://uspig.org/news/usf/coronavirus-worry-triggers-most-surgical-mask-sanitizer-prices-spike-least-50-amazon>

<sup>10</sup> <https://finance.yahoo.com/news/coronavirus-price-gouging-3-charts-show-amazons-wild-spikes-215034577.html>

## PRICE GOUGING ON AMAZON



Since 2016, a two-pack of 8-ounce Purell bottles have never been more than \$12 – until recently, when they jumped up to \$17.61 from Amazon itself; after selling out, third-party prices soared up to \$150.

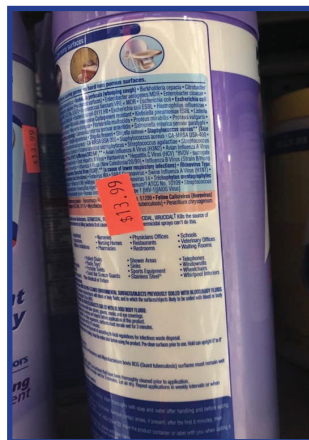


## SURVEY FINDINGS & RESULTS

The Public Advocate's team surveyed drug stores, citywide, between March 4 and 5, 2020 and again between March 11 and 13, 2020 to investigate whether, and how much, prices for high-demand items were inflated. Some store owners cite increases in bulk prices on masks, hand sanitizers, and disinfectants by third-party wholesalers - resigning some frustrated owners to refuse to restock, resorting instead to leaving their shelves bare. For example, a recent investigation by THE CITY found Best Sale NYC, a Williamsburg-based supplier, had charged \$59.99 for a dozen bottles of 12.5 oz Lysol Disinfectant Spray on March 6, 2020 according to a receipt. On Monday, March 9, the company charged a 25% increase of \$74.99 for the same item.<sup>11</sup>

According to a QNS report, distributor price gouging is unique to stores that rely solely on a loose network of wholesalers to supply their products, such as several wholesale warehouses that straddle the Brooklyn-Queens border on Flushing Avenue, not chained-based distribution systems.<sup>12</sup> The disruption in the global market may be to blame, however, in our findings one constant remains the same - most reports of inflated prices affecting consumers are from 99 cent stores and neighborhood shops and pharmacies, speaking to the fact that price gouging in times of crisis disproportionately impact low-income people and vulnerable communities of more color.

The following data and images represent inflated prices directly observed by staff members from the Community Engagement, Constituent Services, Technology, Development, & Data, and Scheduling & Advance divisions of the Public Advocate's Office. Almost without exception, consumers were required to pay dramatically more for these goods:



Queens Village, NY; March 14, 2020

<sup>11</sup> <https://thecity.nyc/2020/03/nyc-suppliers-price-gouging-on-coronavirus-cleaners.html>

<sup>12</sup> <https://qns.com/story/2020/03/17/queens-dollar-stores-report-that-price-gouging-often-stems-from-the-supplier-side/>



**Manhattan**

Location	Business	Address	Price
Harlem	Family Pharmacy & Surgical Inc.	379 W 125th St	N95 Masks: \$20 (High) \$8.99 (Low) Surgical Masks: \$2 per Piece (Low) \$100 per 50-count (High)
Lower Manhattan	Rite Aid	7 Madison Street	\$16.99 per 1 Curad Face Mask
Manhattan	Medpharm Drug & Trading Pharmacy*	61 Catherine Street	\$8.05 per 1 Hand Soap \$3.77 per 1 Method Soap
Manhattan		271 1st Avenue	\$11.99 per 1 Lysol Can (High)

**Queens & Staten Island**

Location	Business	Address	Price
Ozone Park, Queens	Ozone Park Pharmacy	74-01 101st Avenue	\$3 per 1 Mask (High)
Westerleigh, Staten Island	Best Price Market NY Inc	1408-1412 Forest Avenue	\$11.99 per 1 Lysol Spray Can and 1 Pack Disinfecting Wipes

\*All other options sold out.

**Brooklyn**

Location	Business	Address	Price
Bushwick	Lin Family 99 Cent	1444 Myrtle Avenue.	\$45 per 1 box of 25 Masks (High)
Bushwick	99 Cent Store	Myrtle Ave b/twn Bleecker & Menahan	\$4 - \$5 per 1 Mask (High)
Bushwick	99 Cent Store		\$15 per 1 Lysol Can (High)
Cityline	An-Noor Pharmacy	35 101st Ave #3404	\$3 per 1 Mask (High)

**Bronx**

Location	Business	Address	Price
Soundview	CVS Pharmacy	1688 Westchester Avenue	\$14.79 per 1 Antiviral Face Mask (High)
Soundview	99 Cent Store	1612 Westchester Avenue	\$10.99 per 1 Earloop-Style Face Mask (High)
South Bronx	Congress Pharmacy*	542 Southern Boulevard	\$2.99 per 1 Pair of Gloves \$11.99 per 1 Bottle of Liquid Soap (High)

\*All other options sold out.

## RECOMMENDATIONS

In light of this ongoing problem, the Public Advocate's Office developed a series of recommendations that, when adopted by city and state government officials, along with private sector actors, will better protect New Yorkers against price gouging:

1. We call on the Attorney General and/or the New York City Department of Consumer and Worker Protection to issue the minimum penalty fee, along with a cease and desist letter, upon an initial report of price gouging; to subsequently issue a violation accompanying the maximum penalty fee for stores that continue to inflate pricing after disregarding the first notice to cease and desist; and to permanently revoke merchant permits if price gouging persists thereafter.
2. We also call on the Attorney General, and other law enforcement officials with jurisdiction, to end distributor price gouging by informing them of relevant local and state anti-gouging statutes and, where appropriate, issuing cease and desist letters.
3. Pass legislation to more effectively prevent price gouging on essential items, especially when a State of Emergency has been declared in the City of New York, including tripling fines issued for instances of price gouging.
4. Requiring the 311 system to report to the Mayor's Office, the Office of the Public Advocate, the Speaker of the New York City Council, all fifty-one New York City Councilmembers, and each Borough President of price gouging complaints called into 311 or reported online through 311's Store Complaint Form throughout the duration of this, and all other future, citywide states of emergency.
5. The City's Department of Consumer and Worker Protection (also known as "Consumer Affairs") publicly report all issued price gouging related fines to this office, as well as to the Mayor, Speaker, and each Borough President so that we, as electeds, may adequately respond to the matter and assist constituents in real-time.

New York is a resilient city. We implore all New Yorkers, business owners, and consumers alike, to embrace the values that enrich this City and set us apart. With humility, compassion, and a selfless will to support one another, we'll get through this pandemic, together.

## RESOURCES

### Office of the Public Advocate's Constituent Services:

Hotline: 212-669-7250

Email: [Gethelp@advocate.nyc.gov](mailto:Gethelp@advocate.nyc.gov)

Fax: 212-669-4701

### **City**

Call: 311

### 311 Store Complaint Form:

<https://portal.311.nyc.gov/sr-step/?id=876edc23-d567-ea11-b698-0003ff865994&stepid=3a9a7a20-eb5b-e811-a837-000d3a33b3a3>

### Department of Consumer Affairs Online Complaint Form:

<https://www1.nyc.gov/site/dca/consumers/file-complaint.page#onlinecomplaint>

### **State**

Call: 1-800-697-1220

Price Gouging Complaint Form: <https://ag.ny.gov/price-gouging-complaint-form>

## PRODUCT CHECK:

### **Masks**

<https://www.walgreens.com/store/c/3m-8210-n95-particulate-respirator-face-mask/ID=prod6152398-product>

<https://www.cvs.com/search?searchTerm=respirator%20face%20mask>

<https://www.riteaid.com/shop/catalogsearch/result/?q=medical+face+masks>

<https://www.target.com/s?searchTerm=medical+masks>

<https://www.dollartree.com/search/go?w=medical%20masks>

<https://www.familydollar.com/search/go?w=medical%20masks>

## **Gloves**

<https://www.walgreens.com/store/c/walgreens-latex-free-vinyl-gloves-one-size/ID=prod6098625-product>  
<https://www.cvs.com/search?searchTerm=gloves>  
<https://www.riteaid.com/shop/catalogsearch/result/?q=gloves>  
<https://www.target.com/s?searchTerm=medical+gloves&category=0%7CAll%7Cmatchallpartial%7Call+categories&tref=typeahead%7Cterm%7C0%7Cmedical+gloves%7C%7C%7Cservice&searchRawTerm=medical+gl>  
<https://www.dollartree.com/search/go?w=gloves>  
<https://www.familydollar.com/search/go?w=gloves>

## **Alcohol**

<https://www.walgreens.com/store/c/walgreens-ethyl-rubbing-alcohol-70-first-aid-antiseptic/ID=prod6056575-product>  
<https://www.cvs.com/search?searchTerm=alcohol>  
<https://www.riteaid.com/shop/catalogsearch/result/?q=alcohol>  
<https://www.target.com/s?searchTerm=rubbing+alcohol&category=0%7CAll%7Cmatchallpartial%7Call+-categories&tref=typeahead%7Cterm%7C1%7Crubbing+alcohol%7C%7C%7Cservice&searchRawTerm=alc>  
<https://www.dollartree.com/search/go?w=alcohol>  
<https://www.familydollar.com/search/go?w=alcohol>

## **Hand Sanitizer**

<https://www.walgreens.com/store/c/purell-advanced-hand-sanitizer,-pump-aloe/ID=prod2419617-product>  
<https://www.cvs.com/search?searchTerm=hand%20sanitizer>  
<https://www.riteaid.com/shop/catalogsearch/result/?q=hand+sanitizer>  
<https://www.target.com/s?searchTerm=hand+sanitizer&kwr=y>  
<https://www.dollartree.com/search/go?w=hand%20sanitizer>  
<https://www.familydollar.com/search/go?w=hand%20sanitizer>



### **Disinfectants**

<https://www.walgreens.com/search/results.jsp?Ntt=disinfectant>  
<https://www.cvs.com/search?searchTerm=disinfectant>  
<https://www.riteaid.com/shop/catalogsearch/result/?q=Disinfectants>  
<https://www.target.com/s?searchTerm=Disinfectants>  
<https://www.dollartree.com/search/go?w=Disinfectants>  
<https://www.familydollar.com/search/go?w=Disinfectants>

### **Soap**

<https://www.walgreens.com/store/c/dial-complete-foaming-antibacterial-hand-wash-white-tea/ID=prod6115220-product>  
<https://www.cvs.com/search?searchTerm=antibacterial%20soap>  
<https://www.riteaid.com/shop/catalogsearch/result/?q=antibacterial+soap>  
<https://www.target.com/s?searchTerm=antibacterial+soap>  
<https://www.dollartree.com/search/go?w=antibacterial%20soap>  
<https://www.familydollar.com/search/go?w=antibacterial%20soap>

## APPENDIX

<https://ag.ny.gov/price-gouging>

<https://gothamist.com/news/some-nyc-stores-are-allegedly-price-gouging-purell-other-scarce-coronavirus-items>

<https://nypost.com/2020/03/09/nyc-to-crack-down-on-hand-sanitizer-price-gouging-during-coronavirus-crisis/>

<https://www.usatoday.com/story/money/2020/03/11/amazon-price-gouging-report-coronavirus-face-masks/5007990002/>

<https://www.theatlantic.com/health/archive/2020/03/hand-sanitizer-online-sales-ebay-craigslist-price-surge/607750/>

<https://www.wsj.com/articles/amazon-battles-counterfeit-masks-400-hand-sanitizer-amid-virus-panic-11583880384>

<https://www.cnbc.com/2020/03/03/amazon-walmart-e-retailers-battle-price-gouging-on-coronavirus-products.html>

<https://uspigedfund.org/resources/usf/analysis-coronavirus-spike-most-surgical-mask-sanitizer-prices-least-50-amazon>

<https://finance.yahoo.com/news/coronavirus-price-gouging-3-charts-show-amazons-wild-spikes-215034577.html>

<https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html>

<https://www1.nyc.gov/site/doh/health/health-topics/coronavirus.page>

## ACKNOWLEDGMENTS

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