

United States Senate
WASHINGTON, DC 20510-1012

October 11, 2024

The Honorable Lina M. Khan
Chair
Federal Trade Commission
600 Pennsylvania Ave NW
Washington, D.C. 20580

The Honorable Merrick B. Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Ave NW
Washington, D.C. 20530

Dear Chair Khan and Attorney General Garland:

In the aftermath of Hurricane Helene, I urge the Federal Trade Commission and Department of Justice's Strike Force on Unfair and Illegal Pricing to monitor incidents of price gouging and other forms of unfair or illegal pricing following natural disasters and coordinate these efforts with state Attorneys General offices.

According to the National Weather Service, Hurricane Helene was a Category 4 hurricane that brought damaging winds and unprecedented rain and flooding through the southeastern United States from September 26 to September 27, 2024.¹ Hurricane Helene entered Georgia as a Category 2 hurricane and severely damaged infrastructure and utilities, resulting in a lack of power for nearly one million Georgians.² As of October 5, 2024, at least 230 people, including 33 Georgians, have lost their lives due to the hurricane.³

When severe weather events like Hurricane Helene occur, reports often emerge of companies raising the price of necessary products like water and fuel for residents of affected areas.⁴ Businesses may increase their prices as demand rises for a product in limited supply, yet these products are often essential for victims of natural disasters.⁵ After recent storms, state consumer protection offices fielded thousands of complaints from consumers about surging prices for basic necessities.⁶ These can include gasoline, bottled water, generators, plywood, and medical supplies.⁷ Within two weeks of Hurricane Helene, Georgia's Attorney General alone already

¹ *Hurricane Helene Across the Eastern Carolinas*, National Weather Service (Sept. 27, 2024), <https://www.weather.gov/ilm/Helene2024>.

² *Id.*

³ Joe Sutton, et al., *Helene Death Toll Rises to At Least 232 Across 6 States*, CNN (Oct. 7, 2024), <https://www.cnn.com/2024/10/05/us/helene-death-toll-rises-saturday/index.html>.

⁴ Mark Puleo, *The History of Price Gouging Amid U.S. Disasters and How Different States Fight Against It*, AccuWeather (Accessed Oct. 1, 2024), <https://www.accuweather.com/en/weather-news/the-history-of-price-gouging-amid-us-disasters-and-how-different-states-fight-against-it/344793>.

⁵ *Id.*

⁶ *Id.*

⁷ *Supply and Demand or Price Gouging? An Ongoing Debate*, Harvard Business School (Apr. 1, 2020), <https://online.hbs.edu/blog/post/supply-and-demand-or-price-gouging-an-ongoing-debate>.

received nearly 300 complaints of price gouging, with consumers reporting a 12-pack of water costing as much as \$35 and a gallon of gas rising to \$10.⁸

Across the country, many state legislatures, including Georgia, have adopted price gouging laws that allow a state's Attorney General to impose civil penalties if a business takes advantage of consumers following an emergency.⁹

While these laws allow state law enforcement agencies to address price gouging after a natural disaster, Federal law enforcement agencies tasked with protecting consumers do not have enforcement authorities under a comprehensive Federal price gouging law.¹⁰ At the same time, corporate consolidation, particularly in food production, has given businesses more power to set prices and increase the potential of market manipulation.¹¹ In some cases like baby food and bread, the top producers control more than sixty percent of the market.¹² In other cases, natural disasters may artificially restrict supply chains, as we saw following Hurricane Helene. Since flooding shut down production at a key intravenous (IV) fluid manufacturer in North Carolina, hospitals around the country now face shortages,¹³ leaving them vulnerable to potentially illegal spikes in pricing.

The Strike Force on Unfair and Illegal Pricing was established by the President to strengthen interagency efforts to root out and stop illegal corporate behavior that leads to higher prices for American consumers. I appreciate the work that the Strike Force has already conducted to protect consumers.

Following the devastation of Hurricane Helene, I ask that the Strike Force monitor incidents of price gouging and other forms of unfair or illegal pricing following natural disasters and coordinate these efforts with state attorneys general. I also ask that you provide my office with the following information by November 29, 2024:

1. How common are reports of price-gouging or illegal pricing following a disaster, and specifically, what examples followed Hurricane Helene? For what types of goods are such reports most common?
2. Following Hurricane Helene, have you seen any evidence of price-gouging or illegal pricing related to medical supplies, especially given shortages in key supplies like IV fluids?

⁸ Matthew Dolan, *Hundreds of Complaints Allege Price Gouging in Georgia as Hurricane Order Extended a Week*, Detroit Free Press (Oct. 8, 2024), <https://www.augustachronicle.com/story/news/disaster/2024/10/08/nearly-300-complaints-accuse-georgia-businesses-of-price-gouging/75561789007>.

⁹ *Price Gouging State Statutes*, National Conference of State Legislatures (Mar. 10, 2022), <https://www.ncsl.org/financial-services/price-gouging-state-statutes>.

¹⁰ Craig Carpenito, Daniel Yong Woo Kim, Noah Childrey, *The Federal Response to Hoarding and Price Gouging During the COVID-19 Pandemic*, American Bar Association (Aug. 10, 2022), https://www.americanbar.org/groups/government_public/publications/public-lawyer/2022-summer/the-federal-response-hoarding-and-price-gouging-during-covid19-pandemic.

¹¹ Claire Kelloway, *U.S. Food Prices Are Up. Are the Food Corporations to Blame for Taking Advantage?*, Time (Jan. 14, 2022), <https://time.com/6139127/u-s-food-prices-monopoly>.

¹² *Id.*

¹³ Christina Jewett, *U.S. Races to Replenish Storm-Battered Supplies of IV Fluids at Hospitals*, N.Y. Times (Oct. 9, 2024), <https://www.nytimes.com/2024/10/09/health/hurricane-helene-iv-shortages.html>.

3. How does consolidation affect the risk of price-gouging or illegal pricing following a disaster?
4. To what extent do state authorities address the risk of price-gouging or illegal pricing following a natural disaster, and would additional Federal authorities or resources help protect consumers?
5. How can Federal government better support efforts of state attorneys general in enforcing existing statutes to protect families following a natural disaster?

Thank you for your attention to this critical issue.

Sincerely,



Reverend Raphael Warnock
U.S. Senator

CC:

U.S. Department of Agriculture Secretary Tom Vilsack
U.S. Department of Health and Human Services Secretary Xavier Becerra
U.S. Department of Transportation Secretary Pete Buttigieg
Securities and Exchange Commission Chair Gary Gensler
Federal Communications Commission Chair Jessica Rosenworcel
Consumer Financial Protection Bureau Director Rohit Chopra