

## Price Gouging After Disasters Is Illegal

"Rumor travels faster, but it don't stay put as long as truth."  
— Will Rogers, American humorist

Across parts of Middle and West Tennessee, our fellow neighbors are recovering from a series of recent tornadoes. Tennessee consumers have some legal protection against price gouging after disasters.

### Q. What exactly is "price gouging"?

"Price gouging" is the term used when businesses sharply raise the prices of their goods and services after a high profile event such as a natural disaster or an act of terrorism.

### Q. Does Tennessee have any laws against price gouging?

Yes. In the spring of 2002, the State Legislature passed the "Tennessee Price-Gouging Act." This law was passed following the terrorist attacks of September 11, 2001, when some businesses in Tennessee took advantage and engaged in price gouging.

The goal of the law is to protect Tennessee citizens from being hurt when business jack up prices after a disaster for "goods and services that are vital or necessary for the consumer."

### Q. When and where does the anti-price-gouging law take effect?

The law automatically takes effect when there is a declared state of emergency, and in whatever counties or towns that are covered by the state of emergency. The President of the United States and the Governor of Tennessee each have the power to declare a state of emergency.

The law stays in force and effect until the state of emergency is officially ended.

### Q. What kind of teeth does this law have?

'Sharp ones.' The Tennessee Attorney General has announced that the Price-Gouging Act makes it a Class B misdemeanor for businesses to charge prices for goods and services that are "grossly in excess" of the price charged immediately before the disaster. Penalties are up to \$1,000 per violation. The law applies to:

- Food items
- Repair or construction services
- Emergency supplies
- Medical supplies
- Building materials

- Gasoline
- Transportation
- Freight
- Storage services and
- Housing

### Q. What should I do if I believe that price gouging may be happening?

Consumers are encouraged to report any suspicious price hikes to 1-800-342-8385, which is the Consumer Affairs Division for the State of Tennessee Department of Commerce and Insurance.

### Q. Are there any other laws in Tennessee that fight price gouging?

Yes. Under the Tennessee Consumer Protection Act, price gouging may also be treated as an "unfair and deceptive act or practice." If a court finds that the law has been violated, then the court can award a consumer triple monetary damages plus attorney fees.

Also, it is illegal to charge an inflated price for any vaccine or inoculation when a medical emergency has been declared by the State of Tennessee Commissioner of Health.

Extra consumer tip: In 1992, the Tennessee Supreme Court ruled that the Tennessee Consumer Protection Act applies to insurance companies. If an insurance company uses unfair or deceptive acts or practices in responding to the claims of its policy holders, it can be sued for triple damages and attorney fees. The Tennessee Consumer Protection Act is in force all the time, not just during emergencies.

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