



For Immediate Release

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MADIGAN: 18 GAS STATIONS TO SETTLE, MAKE PAYMENTS TO CHARITY IN WAKE OF GAS PRICE INVESTIGATION

Chicago – Following a four-month-long investigation into whether certain gasoline retailers charged more than what was justified for fuel in the days following Hurricane Katrina, Attorney General Lisa Madigan today announced that 18 gas stations across the state each have agreed to sign an Assurance of Voluntary Compliance (AVC) to settle Madigan's allegations against them.

As part of the AVC, the stations have agreed to abide by the law in the future and, in lieu of paying a penalty to the state, each of the 18 stations will make a \$1,000 payment to the American Red Cross. In the administration of the Consumer Fraud Act, the Attorney General may accept an AVC with respect to any alleged violation of the Act, to resolve a case without litigation.

"Successful businesses are entitled to be profitable, but businesses must not take advantage of emergencies and increase their profits unfairly over their costs," Madigan said. "Illinois consumers will be protected because these stations have agreed not to engage in unfair or deceptive business practices in the future and to comply with the Emergency Price Gouging Rules."

Madigan launched her investigation in the wake of Hurricane Katrina, after which gas prices skyrocketed in Illinois and nationwide during and after the disaster.

Madigan's office received more than 2,000 calls from Illinois citizens complaining about high gas prices in the wake of Hurricane Katrina. In response to those calls, Madigan sent teams of Attorney General investigators to more than 70 stations in different cities across Illinois to gather detailed retail gasoline price information.

After analyzing complaints from consumers and retail price data, Madigan requested and obtained wholesale cost information from gasoline station owners. The office analyzed the information to determine how much retailers charged for the gasoline compared to the price paid for it. Of the more than 50 stations scrutinized, 18 stations showed significantly higher post-Katrina price increases as compared to pre-hurricane prices.

The investigation is ongoing as to whether suppliers charged unjustified prices.

Additionally, on September 2, Madigan issued Emergency Price Gouging Rules --effective immediately -- to help prevent price gouging by petroleum-related businesses including suppliers, wholesalers, distributors and retailers of gasoline.

The emergency rules, which have the force and effect of law, were issued under the Attorney General's power to enforce the state's consumer protection laws. The rules provide that during any market emergency, it shall be an unfair or deceptive act for any petroleum-related business to sell or offer to sell any petroleum product for an amount that represents an unconscionably high price.

Under these rules, a price is unconscionably high if the amount represents a gross disparity between the price of the petroleum product and either the price charged before the emergency or prices readily obtainable by other buyers in the same area and the disparity in price is not attributable to increased prices charged by the businesses' suppliers or increased costs due to the market disruption.

The case was handled by Charles Fergus, chief of Madigan's Chicago Consumer Fraud Bureau, and Assistant Attorneys General Anshuman Vaidya and Susan Ellis of the Consumer Protection Division.

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