



U.S. Congressman
Nick Rahall
WORKING FOR WEST VIRGINIANS

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CONTACT: JIM ZOIA
(202) 226-7761

RAHALL BALKS AT PRICE GOUGING TACTICS

WASHINGTON, D.C. -- U.S. Rep. Nick J. Rahall (D-WV) is pressing for legislation that would impose strict penalties and fines on oil companies that engage in price gouging tactics in the midst of military threats like the current Middle East crisis.

"It is an insult to the intelligence of the American public that some oil companies think that they can get away with this behavior without a response from Congress and the American people," Rahall charged.

The "National Emergency Anti-Profiteering Act of 1990" would give the President the power to declare a National Economic Emergency in the event of abnormal market disruptions resulting from military threats, among other things. An increase in the price of an essential commodity, for which the President has declared a National Economic Emergency, that occurs faster than an increase in the seller's actual costs for the product would be prima facie evidence of profiteering. People or companies who profiteer during an emergency would be subject to criminal penalties of up to 5 years in prison, fines of up to \$500,000, and relinquishment of all profits earned through profiteering. The Attorney General of the U.S. and the Attorneys General of the states also could seek civil remedies, including double damages, restitution of ill-gotten profits, and injunctions.

"This legislation sends a message to those companies that seek to profiteer that the American public will not take it anymore," he explained. "Our economy suffers enough during a military threat without the added pain of price gouging."

Rahall is concerned not only about the most obvious form of price gouging in which a company raises the price of gas sold directly to the customer, but also in the case of a company that raises the price of gas sold to independent gas stations, common in West Virginia. There is growing concern that independent gas stations are paying higher wholesale prices for gasoline bought from major oil companies than those stations affiliated with the major oil companies. This price increase is used to offset the lower retail price of gasoline sold by these major companies and their affiliates in major cities. It is speculated that the lower price is being used to lure customers and to make it look as though the major companies are restraining gasoline prices while the independents are raising prices. Inevitably, independent gas stations are forced to pass the extra cost on to customer.

"Abusers of the system must be punished," Rahall explained. "This certainly is a step in the right direction."