



COUNTY OF LOS ANGELES
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July 7, 2020

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28 July 7, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California, 90012

Dear Supervisors:

**URGENCY ORDINANCE AMENDING LOS ANGELES COUNTY CODE TITLE 8,
DIVISION 2, CHAPTER 8.09 (PRICE GOUGING ORDINANCE)
(ALL SUPERVISORIAL DISTRICTS)
(4 VOTES)**

SUBJECT

As directed by your Board on March 31, 2020, County Counsel, in consultation with the Department of Consumer and Business Affairs ("DCBA"), has reviewed existing price gouging protections for County consumers and recommends adoption of the enclosed urgency ordinance amending the County Code to strengthen price gouging protections for consumers during times of declared emergencies. County Counsel also recommends that your Board authorize the filing of civil actions against those that engage in price gouging in violation of the ordinance when warranted and in the discretion of the County Counsel.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt the enclosed urgency ordinance amending County Code, Title 8, Chapter 8.09 entitled Price Gouging Following the Proclamation or Declaration of an Emergency Prohibited.
2. Authorize County Counsel to file civil actions when warranted and in its discretion against those who engage in price gouging in violation of the County's Price Gouging Ordinance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 4, 2020, your Board and the Department of Public Health declared a local and public health emergency in response to COVID-19. Following the declaration of emergency, DCBA began to receive hundreds of complaints from consumers concerning price increases for various essential items. To date, DCBA received over 1,100 allegations of price gouging.

On March 31, 2020, your Board adopted a motion directing DCBA and County Counsel to review the existing protections for consumers against price gouging during declared emergencies. On April 30, 2020, DCBA provided your Board with a report back listing several potential changes to the Ordinance and indicating that County Counsel would be submitting an amended ordinance to your Board. The proposed enhancements to the price gouging ordinance are urgently needed because DCBA continues to receive complaints of price gouging related to COVID-19. After completing the review, County Counsel and DCBA recommend adoption of the enclosed amendments to the County's Price Gouging Ordinance ("Ordinance").

In addition, in March 31, 2020 motion, your Board delegated its authority to issue administrative subpoenas to the director of DCBA. Utilizing the delegated authority from your Board, the director of DCBA has worked with County Counsel to issue administrative subpoenas to businesses where there have been credible complaints of price gouging.

DCBA and County Counsel are also partners in the Los Angeles Gouging Task Force, along with the Los Angeles District Attorney's office, the Los Angeles City Attorney, the Santa Monica City Attorney, and the California Attorney General. The task force has sent out warning letters to dozens of businesses and continues to investigate price gouging complaints throughout the County.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action is consistent with the principles of the countywide Strategic Plan Goal I: Make Investments that Transforms Lives. Specifically Strategy I.2: Enhance our Delivery of Comprehensive Interventions. The proposed Ordinance would provide additional tools to protect consumers in the County and prevent unfair business practices that harm consumers and law-abiding businesses.

FISCAL IMPACT/FINANCING

No fiscal impact is projected. Existing staff will continue to work on enforcing the price gouging ordinance. The costs of enforcing the ordinance can be recovered in litigation or settlement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The COVID-19 outbreak has demonstrated that the County's price gouging ordinance needs to be strengthened to prevent price gouging that occurs during declared disasters. For example, currently, there is no prohibition against a business who was not selling masks or hand sanitizer prior to the declaration of local public health emergency from selling those products at whatever price they want. The urgency ordinance expands prohibited price gouging to situations where the seller was not selling those goods or services prior to the declared emergency. The urgency ordinance also expands the types of services it applies to by prohibiting price gouging in the rental of short-term and vacation rentals, home and apartment rentals, care facilities, and mobilehomes. Building on the Board's delegation of its authority to the Director of DCBA to issue administrative subpoenas to investigate price gouging and scams related to COVID-19, the ordinance authorizes the Director of DCBA to issue administrative subpoenas to investigate price gouging complaints during declared disasters and emergencies. The ordinance also requires businesses who sell vital and necessary goods to retain business records regarding the pricing of those goods in order to facilitate investigation of any allegations of price gouging. To deter price gouging, a civil penalty of up to \$10,000 per violation is being added.

Finally, the ordinance expands the authority of County Counsel to enforce violations of the price gouging ordinance. This action will enable County Counsel's Affirmative Litigation and Consumer Protection Division, working with DCBA, to promptly address price gouging while it is occurring by filing civil actions to stop price gouging and consumer scams related to the COVID-19 declared emergency, and future declared emergencies. There is an urgency in taking action quickly to protect consumers in declared emergencies because opportunists often emerge to take advantage of panic buying. Authorizing County Counsel to file actions to enforce the Ordinance will facilitate quick action to stop price gouging and protect consumers. Unfortunately, DCBA continues to receive complaints from consumers about price gouging related to essential goods and services required as a result of the COVID-19 pandemic.

The amended ordinance would become effective immediately upon approval by the Board by a four-fifths vote pursuant to Government Code section 15123(d) because the ordinance is necessary for the immediate preservation of the public peace, health, or safety and contains a declaration of the facts constituting the urgency.

The Honorable Board of Supervisors
July 7, 2020
Page 4

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Ordinance will enable the County to promptly and effectively enforce violations of the County's price gouging ordinance to protect consumers from predatory activities. It will also ensure compliance more effectively and promote the general health, safety, and welfare of the public.

Very truly yours,

MARY C. WICKHAM
County Counsel



By

SCOTT KUHN
Assistant County Counsel
Affirmative Litigation & Consumer
Protection Division

APPROVED AND RELEASED:



ll LAWRENCE L. HAFETZ
Chief Deputy

SK:mpg

Enclosure

c: Joseph M. Nicchitta, Director
Department of Business and Consumer Affairs