

## Attorney General James Sues One of the Nation's Largest Egg Producers for Price Gouging During the Coronavirus Pandemic

*Hillandale Farms Gouged Prices of More Than 4 Million Cartons of Eggs, Quadrupling Price of Eggs Sold at Grocery Stores in Low-Income Communities, U.S Military Bases*

*AG Seeking Restitution for All Consumers Forced to Pay Excessive Prices Due to Hillandale's Unlawful Activity*

NEW YORK – New York Attorney General Letitia James today [filed a lawsuit against Hillandale Farms, one of the country's largest producers and wholesale distributors of eggs, for illegally gouging the prices of eggs during the coronavirus pandemic](#). In March and April 2020, Hillandale allegedly gouged the prices of more than four million cartons of eggs sold to major grocery store chains, U.S. military facilities, and wholesale food distributors throughout the state, charging New York customers up to four times the pre-pandemic price for one carton of eggs. During those two months — the height of the pandemic in New York — Hillandale made an estimated \$4 million from unlawfully increasing the price of these eggs, which were often sold in grocery stores located in low-income communities. The lawsuit seeks restitution from Hillandale for those consumers who were forced to pay unlawfully high prices for this essential food item. The Attorney General's Office learned of Hillandale's price gouging after receiving complaints from consumers about the high prices of eggs at grocery stores.

“As this pandemic ravaged our country, Hillandale exploited hardworking New Yorkers to line its own pockets,” said **Attorney General James**. “In less than two months, Hillandale made millions by cheating our most vulnerable communities and our servicemembers, actions that are both unlawful and truly rotten. I will always stand up for working people, especially when they are taken advantage of by corporate greed.”

The lawsuit alleges that Hillandale, a company based in Ohio and Pennsylvania, began raising prices during March 2020 as the pandemic grew to emergency levels. In January 2020, Hillandale charged Western Beef supermarkets prices ranging from \$0.59 to \$1.10 for a dozen large white eggs. On March 15, Hillandale raised that price to \$1.49. As the pandemic progressed, Hillandale raised the prices it charged Western Beef repeatedly, eventually reaching \$2.93 per dozen — a price almost five times the price Hillandale charged in January.

Hillandale allegedly gouged prices similarly on eggs sold to the commissary store at the U.S. Military Academy at West Point. In April 2020, Hillandale charged West Point \$3.15 per carton of large eggs, almost quadruple the \$0.84 price it charged West Point in January. The suit alleges that Hillandale raised its prices similarly on eggs sold to Stop & Shop, BJ's Wholesale Club, Associated Supermarkets, and the commissary stores at the U.S. military bases at Fort Hamilton and Fort Drum.

As Hillandale raised prices on the eggs it sold to grocery stores, consumers complained that the grocery stores raised the prices they charged to consumers. One elderly consumer complained to the

Attorney General's Office in April that he attempted to buy Hillandale eggs at a Fine Fare store located on the Lower East Side of Manhattan, only to find that "All prices are \$2.30 and double the price." He stated, "I've been living in the community for 65 years. The prices are ridiculous...Sad and disrespectful to people who are buying from them all our lives." Another consumer shopping at a Western Beef store complained that the retail price for a dozen Hillandale eggs had increased to \$5.49, stating, "This location serves low income families who, due to the current pandemic emergency, have most likely lost what little income they have. Disgraceful!"

The lawsuit alleges that Hillandale has raised its prices not because of increased costs, but simply to take advantage of higher consumer demand during the pandemic. Hillandale — like numerous egg producers nationwide — has done so by following "indexed" prices published by a market research company called Urner Barry. According to the suit, Urner Barry's "indexed" prices work like a feedback loop: Egg producers such as Hillandale tell Urner Barry their "assessments" of prices in the egg marketplace; Urner Barry then repeats back to egg producers their collective assessments, distilled into "indexed" prices; and egg producers such as Hillandale then use Urner Barry's indexed prices as justification to set their own prices for the sale of eggs.

The suit alleges that an Urner Barry director has defended the price increases, stating, "egg prices are up because demand is up sharply." The director stated, "It's like ahead of a major snowstorm, when people are not sure if they'll be able to go out again, other than this is happening on a national scale." Yet, as the suit points out, protecting consumers against excessive price increases during such times is the purpose of the state's price gouging statute.

The lawsuit brings claims against six Hillandale Farms companies, including Hillandale Farms Corp., Hillandale Farms East, Inc., Hillandale Farms of PA, Inc., Hillandale Farms Conn, LLC, Hillandale Farms of Delaware, Inc., and Hillandale-Gettysburg, L.P.

The lawsuit against Hillandale is the second suit brought by Attorney General James in the past three months to stop price gouging by wholesale suppliers during the coronavirus pandemic and protect consumers. [In May 2020, Attorney General James sued Quality King Distributors, a Long Island-based wholesale company, for illegally raising prices on Lysol disinfectant products it sold to retail stores in New York.](#)

The lawsuit was filed in the Commercial Division of New York State Supreme Court for New York County. Attorney General James is suing for a permanent injunction barring Hillandale from continuing its illegal conduct, restitution for injured consumers, damages, civil penalties, and disgorgement of Hillandale's profits from its illegal practices.

"It's beyond reprehensible that a big company like Hillandale would seek to capitalize on a global health crisis to make a profit," said **David R. Jones, President and CEO of the Community Service Society**. "Even more appalling is that countless low-income families in New York, already struggling financially in the wake of the coronavirus, were forced to pay in some cases five times the price for an essential food item — eggs. We applaud State Attorney General James for seeking injunctive relief

barring Hillandale Farms from further price-gouging, civil penalties, disgorgement of its illegal profits, and restitution for consumers who were harmed.”

“We are grateful to Attorney General James and her office for taking a thoughtful and innovative examination of this issue. As we have said from the beginning of this pandemic, the reality is that independently-owned supermarkets such as ours, are not in the business of taking advantage of our customers and while we had no part in increasing the price on eggs, our owners and their employees took the brunt of consumers’ understandable frustration.” said **William Rodriguez, President of the National Supermarket Association, and Nelson Eusebio, Director of Government Relations, National Supermarket Association**. “Today, we feel the record was set straight.” “We look forward to continuing to serve the hardworking low-income New Yorkers in our communities that we have been faithfully serving for years.”

“It’s bad enough that hunger is soaring in New York because of the collapse of the economy and the closure of school meals programs, but it is even worse when food companies increase hunger by using a national crisis to astronomically raises prices through illegal price gouging,” said **Joel Berg, CEO of Hunger Free America**. “Eggs are a key staple in the diet of most Americans, so its particular galling that a company would value improper profits over allowing Americans to eat their product. We thank AG James for standing up for the most vulnerable consumers.”

Since the covid-19 pandemic hit New York, food insecurity rates have doubled, putting the health and educational progress of children at risk and threatening the well-being of seniors and low-income families,” said **Nicholas Freudenberg, Distinguished Professor of Public Health at CUNY Graduate School of Public Health & Health Policy and Director of CUNY Urban Food Policy Institute**. Rising food prices have contributed to recent increases in food insecurity. the lawsuit of Attorney General Letitia James charging Hillandale Farms with price gouging on eggs is an important contribution to fighting food insecurity. By ensuring that food companies don't use the pandemic to reap windfall profits, the Attorney General protects the well-being of all New Yorkers.

The lawsuit and investigation into price-gouging of eggs are being handled by Assistant Attorney John P. Figura, under the supervision of Bureau Chief Jane M. Azia and Deputy Bureau Chief Laura J. Levine, all of the Consumer Frauds and Protection Bureau. An expert affidavit in the lawsuit was prepared by Data Scientist Gautam Sisodia in the Research and Analytics Department, with assistance from Data Analyst Anushua Choudhury, under the supervision of Director Jonathan Werberg and Deputy Director Megan Thorsfeldt. The Bureau of Consumer Frauds and Protection is a part of the Division for Economic Justice, overseen by Chief Deputy Attorney General Christopher D’Angelo and First Deputy Attorney General Jennifer Levy.

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