

STATEMENT BY:

ROBERT MORGAN
ATTORNEY GENERAL

RE: UNFAIR AND ILLEGAL PRACTICES IN THE RETAIL SALE OF GASOLINE
FEBRUARY 8, 1974

I HAVE ASKED YOU TO MEET WITH ME THIS AFTERNOON FOR THE SINGLE PURPOSE OF DISCUSSING THE PRESENT GASOLINE SHORTAGE AND SOME OF THE PROBLEMS, INCLUDING VIOLATIONS OF NORTH CAROLINA STATE LAW, RESULTING FROM THIS SHORTAGE.

MOST OF US ARE AWARE OF THE FACT THAT THE PETROLEUM ALLOCATION AND PRICE REGULATIONS ISSUED BY THE FEDERAL ENERGY OFFICE LAST MONTH GAVE THE LOWEST PRIORITY TO SERVICE STATIONS WHO SELL GASOLINE TO THE GENERAL PUBLIC. THUS, GASOLINE IS AVAILABLE TO THE GENERAL CONSUMING PUBLIC ONLY AFTER CURRENT NEEDS FOR SUCH USES AS AGRICULTURAL PRODUCTION, EMERGENCY SERVICES, AND PUBLIC TRANSPORTATION SERVICES HAVE BEEN SATISFIED.

CONSEQUENTLY MANY MOTORISTS IN NORTH CAROLINA ARE FINDING IT DIFFICULT TO FIND GAS EVEN FOR SUCH ORDINARY USES AS DRIVING TO AND FROM WORK AND TRAVEL INVOLVED IN NORMAL BUSINESS OPERATIONS. AS IS TYPICAL OF THE PEOPLE OF OUR STATE, MOST PEOPLE, INCLUDING CONSUMERS AND RETAIL GASOLINE DEALERS, HAVE TAKEN ALL THIS IN STRIDE AND MADE A CONCERTED EFFORT TO BE REASONABLE AND UNDERSTANDING.

IN ORDER TO COPE WITH REDUCED ALLOCATIONS OF GASOLINE MANY SERVICE STATION OPERATORS HAVE FOUND IT NECESSARY TO ADOPT METHODS OF ATTEMPTING TO DISTRIBUTE EQUALLY THE INADEQUATE SUPPLY OF GASOLINE AVAILABLE. SOME HAVE RESTRICTED THE SALE OF GASOLINE TO CERTAIN HOURS OF THE DAY, WHILE OTHERS HAVE PLACED DOLLAR OR GALLON LIMITS ON THE AMOUNT OF GAS THEY WILL SELL TO A SINGLE CUSTOMER.

I THINK CONSUMERS HAVE BEEN BOTH UNDERSTANDING AND COOPERATIVE IN THEIR ACCEPTANCE OF THESE PROGRAMS, RECOGNIZING THESE LIMITATIONS AS THE LEAST BURDENSOME METHODS OF MAKING INSUFFICIENT SUPPLIES AVAILABLE TO THE GENERAL PUBLIC. CONSEQUENTLY, OUR OFFICE HAS RECEIVED VERY FEW COMPLAINTS CONCERNING THESE TYPES OF OPERATIONS.

ON THE OTHER HAND, AN INCREASING NUMBER OF STATIONS ARE ENGAGING IN PRACTICES THAT ARE PATENTLY UNFAIR OR ILLEGAL. IT IS THESE PRACTICES THAT I AM MOST CONCERNED ABOUT TODAY.

SOME STATIONS HAVE RESTRICTED THE SALE OF THEIR ALLOCATED GASOLINE TO REGULAR CUSTOMERS ONLY. ALTHOUGH THIS PRACTICE MAY NOT BE ILLEGAL, I THINK THAT IT IS UNDESIRABLE AND SHOULD BE DISCOURAGED. CERTAINLY IT IS CREATING A BAD IMAGE FOR THE SERVICE STATION INDUSTRY, WORKING A HARDSHIP ON MANY LOCAL RESIDENTS AND HAMPERING THE TRAVELLING PUBLIC, INCLUDING TOURISTS WHO ARE A VITAL PART OF THE NORTH CAROLINA ECONOMY.

IN MY OPINION NO ONE THING IS MORE LIKELY TO HASTEN GASOLINE RATIONING THAN THE CONTINUATION OF THIS PRACTICE OF SELLING ONLY TO REGULAR CUSTOMERS. I URGE SERVICE STATION OPERATORS WHO ARE DOING SO TO CONSIDER THE PUBLIC INTEREST AND TO DISCONTINUE THIS PRACTICE.

THE MOST REPREHENSIBLE PRACTICE THAT HAS BEEN REPORTED TO THIS OFFICE IS THAT OF ILLEGAL TIE-INS. WHAT DOES THIS MEAN? IT MEANS SIMPLY THAT IN ORDER TO PURCHASE ONE PRODUCT FROM A DEALER -- IN THIS CASE, GASOLINE -- YOU ARE REQUIRED TO PURCHASE ANOTHER WHICH WITHOUT THIS COERCION YOU MIGHT NOT HAVE PURCHASED.

FOR EXAMPLE, IN ONE LOCALITY, GAS CANNOT BE OBTAINED UNLESS A CAR WASH IS PURCHASED. IN ANOTHER, THE CUSTOMER MUST HAVE HIS CAR SERVICED REGULARLY IN ORDER TO PURCHASE GAS. AT A THIRD, THE CUSTOMER MUST MAKE AN APPOINTMENT TO PURCHASE GAS UPON THE CONDITION THAT HE PURCHASE GROCERIES AT THE SAME TIME.

THOSE FEW OPERATORS WHO ARE USING THE GASOLINE SHORTAGE AS A MEANS OF PROFITEERING AND PREYING ON THE CONSUMERS OF THIS STATE BY MEANS OF TIE-INS ARE ENGAGED IN AN ILLEGAL ACTIVITY WHICH IS IN VIOLATION OF NORTH CAROLINA LAWS FORBIDDING ACTS IN RESTRAINT OF TRADE.

CONSEQUENTLY MEMBERS OF MY STAFF ARE IN THE PROCESS OF OBTAINING INFORMATION AND AFFADAVITS CONCERNING VIOLATIONS

AND WE SHALL BE SEEKING RESTRAINING ORDERS IMMEDIATELY TO HALT THESE PRACTICES. THE OFFICE OF THE ATTORNEY GENERAL OF THIS STATE HAS BROAD POWERS TO INVESTIGATE AND PROSECUTE THOSE WHO DEAL IN ACTS IN RESTRAINT OF TRADE, AND I SHALL NOT HESITATE TO USE THEM.

I INVITE MEMBERS OF THE CONSUMING PUBLIC AND LEGITIMATE GASOLINE DEALERS ALIKE TO CONTACT MY OFFICE IF THEY HAVE KNOWLEDGE OF UNLAWFUL ACTIVITY IN THE SALE OF GASOLINE.

I HAVE MANY FRIENDS IN THE SERVICE STATION BUSINESS, AND I KNOW THAT MOST DEALERS CONDEMN THE UNFAIR AND ILLEGAL PRACTICES I HAVE DISCUSSED TODAY. THEY KNOW, AS DO ALL OF US, THAT THESE ACTS, IF CONTINUED, CAN ONLY LEAD TO CHAOS IN THEIR INDUSTRY AND RESULT IN RATIONING FOR THE MANY AND, I ASSURE YOU, LAWSUITS FOR THE UNSCRUPULOUS FEW.

THE SHORTAGE OF GASOLINE IS A SERIOUS PROBLEM WHICH AFFECTS US ALL. OFFICIALS OF GOVERNMENT AND CONCERNED CITIZENS ALIKE ARE EARNESTLY SEEKING A SOLUTION. BUT I THINK IT IS APPARENT TO EVERYONE THAT THE ANSWER DOES NOT LIE IN FORSAKING THE FREE AND OPEN MARKETPLACE FOR ILLEGAL RESTRAINTS OF TRADE SUCH AS I HAVE DESCRIBED TODAY.

NORTH CAROLINIANS, IN MY OPINION, SHOULD MAKE EVERY EFFORT TO INSURE THAT OUR LIMITED SUPPLY OF GASOLINE IS DISTRIBUTED AMONG OUR CITIZENS IN A FAIR AND EQUITABLE MANNER.

IF THE SHORTAGE CONTINUES, AND THERE IS EVERY INDICATION THAT IT WILL, CONCERTED VOLUNTARY EFFORTS MAY BE THE ONLY WAY TO AVOID MANDATORY GOVERNMENTAL REGULATION IN THE FORM OF GASOLINE RATIONING.