

Attorney General Eric T. Schneiderman

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Attorney General Cuomo Issues Consumer Alert For Nyc Drivers After Investigation Reveals Nearly 25% Of Nyc Area Gas Stations Inspected Engaged In Deceptive Practices

NEW YORK, N.Y. (August 28, 2008) - With New York City drivers hitting the road for Labor Day weekend, Attorney General Andrew M. Cuomo today issued a consumer alert after his office's undercover investigation into the sale of gasoline found that approximately one-fourth of New York City area gas stations engage in deceptive practices, including wrongfully surcharging credit card customers. Cuomo's statewide investigation discovered that New York City, along with the Long Island region, has far more gas stations that illegally overcharge customers for gas than any other region in the state. Under New York State law, retailers are not allowed to impose a surcharge on customers for using a credit card.

In addition, Cuomo's investigation also identified instances where gas stations across the five boroughs engaged in false advertising by only listing the lower cash prices on their street-view signage in order to lure patrons to the pump. In several cases, the stations failed to disclose that the price was only for cash transactions. Once at the pump, consumers discovered that they were charged more for using a credit card - a deceptive "bait and switch" practice.

Today, Cuomo warned drivers across the New York City area to be on the guard for gas stations that overcharge credit card users at the pump. His office is also in the process of sending "cease-and-desist" letters to approximately 30 gas stations across the city that were found to be engaged in deceptive and unlawful practices, and is following up on the hundreds of consumer complaints it received since the investigation was announced last week on Long Island.

"With drivers hitting the road this weekend and gas prices through the roof, the last thing New York City drivers need are gas stations hitting them with exorbitant prices for paying with a credit card," said Attorney General Cuomo. "Drivers across New York City need to be on the guard for gas stations that engage in deceptive practices to squeeze every last dollar out of their customers. Our investigation revealed that New York City is rife with gas stations that engage in deceptive practices where they display one price as a way to lure customers - and then charge them more at the pump."

Attorney General Cuomo's office conducted an investigation that inspected approximately 130 gas stations across the city and found that approximately one-fourth of gas stations were engaged in deceptive practices by either charging customers more for using a credit card, or by posting only the lower cash prices on their large, street-facing signs in order to lure patrons to their station and then charging them more at the pump.

Cuomo noted that customers who use credit cards already pay a premium to the credit card company. An additional "usage fee" at the pump doubly penalizes the customer. The investigation also determined that by withholding the higher credit card price until the consumer has already parked at the pump, the stations mislead consumers and prevent honest comparative price shopping from the street. Some gas stations did include the word "cash" in small letters on the large signs, but the word was too small or faint to read from the street.

This behavior comes at a time when reports show that gasoline prices this summer are more

New York City Press Office: (212) 416-8060

Albany Press Office: (518) 473-5525

nyag.pressooffice@ag.ny.gov

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than 32 percent higher than they were last summer.

The Automobile Association of America (AAA)'s Director of Government Affairs, John A. Corlett, said, "The AAA commends Attorney General Cuomo for undertaking this initiative. AAA is a proud partner in this fight. His warning to the stations engaging in this deceptive act is a welcome service to drivers who desperately need relief at the gas pump."

Consumers who see gas stations prominently advertising the cash-only price on primary signage and then indicating at the pump that credit card customers will be charged more are urged to contact the Attorney General's Consumer Helpline at 1-800-996-4630.

The investigation is being conducted by Darcy Goddard, Assistant Attorney General, Kate Burson, Assistant Attorney General, Deputy Chief Investigator Thomas Richardson, Supervisor Investigator Georgia Nurse, Investigator Paul Matthews, Investigator William Lightbody, and Investigator Andre Job.

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