

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30736
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

May 26, 2021

PGH Associates, LLC
ATTN: Phillip Haddad, Resident Agent
39600 Ann Arbor Rd.
Plymouth, MI 48170

Re: Notice of Intended Action to PGH Associates, LLC

Dear Mr. Haddad:

This letter gives you notice of intended action in accordance with MCL 445.905(2) and directs you to immediately cease and desist from engaging in the unlawful business practices described below.

As background, this Office is responsible for enforcement of the Michigan Consumer Protection Act, MCL 445.901 *et seq.* Under this Act, the Attorney General may bring injunctive actions to protect the interests of consumers. MCL 445.905. She may also seek money damages on their behalf. MCL 445.910.

The Attorney General has probable cause to believe you violated the MCPA based upon gasoline prices offered to consumers at the BP gas station you own and operate at: 39600 Ann Arbor Rd. in Plymouth Township on May 18, 2021. Prices offered to consumers that day were grossly in excess of the prices at which gasoline was being sold in Michigan generally, as well as in your community.

The prices at your gas station were featured in a WXYZ-TV Detroit story on the evening of May 18—that story is available at: <https://www.wxyz.com/news/regular-unleaded-priced-at-3-89-gal-at-bp-in-plymouth-premium-listed-for-4-89>. Our Office was alerted to the pricing at your location by a reporter from this news outlet.

The following day, an investigator from our Office visited your station, and also looked at pricing at competitors in your area. An interview was conducted with your on-site manager, and later by telephone with the business owner. While our investigator gathered information corroborating the pump prices reported by WXYZ on May 18, your representatives offered inconsistent and unsatisfactory responses to his questions aimed at trying to identify a legitimate explanation for these prices.

Although offered an opportunity to show these prices were justified by base cost for the fuel, you declined to do so.

Based upon the information and evidence we have gathered, we have probable cause to believe you have engaged in the unfair trade practice of “[c]harging the consumer a price that is grossly in excess of the price at which similar property or services are sold.” MCL 445.903(1)(z). To be clear, the pump prices you were offering on May 18 were not just higher than those of competitors—they were grossly in excess of the prices at which gasoline was being sold in your community.

As you are undoubtedly aware, the recent hack of the Colonial Pipeline affected gasoline availability and pricing on the East Coast. Though there was no direct impact on the Michigan supply, there was heightened attention and anxiety about the gasoline market following that hack. The Detroit Free Press ran an article two weeks ago explaining this impact:

<https://www.freep.com/story/news/local/michigan/2021/05/12/gas-shortage-prices-michigan/5056477001/>.

In the context of the media stories about the Colonial Pipeline hack, your pricing actions this past week serve only to fuel anxiety and create the risk of an artificial inflation of gas prices in your community. “Ideas and products and messages and behaviors spread just like viruses do.” Malcom Gladwell, *The Tipping Point: How Little Things Can Make a Big Difference* (Little, Brown 2000).

This Office is taking steps to either file a civil lawsuit pursuant to MCL 445.905 or commence a formal investigation under MCL 445.907. Your response to this Notice is expected within ten days and will help us determine which of these paths will be necessary. We are also open to exploring an assurance of voluntary compliance with you, as anticipated by the MCPA.

Sincerely,



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