PMA
PROMOTION MARKETING ASSOCIATION, INC.

March 29, 2001

Mr. John Nannes
Assistant Attorney General
Antitrust Division
Department of Justice
950 Pennsylvania Avenue, NW
Room 3109
Washington, DC 20530-0001

Dear Mr. Nannes:

On July 18, 1995, the Antitrust Division, Department of Justice, issued a business review ruling (the "1995 Ruling") pursuant to a request made on February 8, 1995 under 28 CFR § 50.6 (the "Request") by the Promotion Marketing Association, Inc. ("PMA") formerly known as the Promotion Marketing Association of America, Inc. Copies of the Request and the 1995 Ruling are attached for your convenience.

The initial request outlined the conceptual framework for a proposed "Central File System" ("CFS") that would assist the promotion industry in combating rebate fraud, which has been estimated to cost the industry and consumers in excess of $500 million annually. Since the date of the original Request, the CFS has been incorporated and doing business as Rebate Data Center, Inc. ("RDC"), has a presence on-line, and currently contains approximately two million records. The file has proven to be an invaluable tool for the U.S. Postal Inspection Service (the "USPIS") and the industry in identifying abusers. By using the file, the industry has avoided unwarranted payment of fraudulent rebate claims. In addition, acting on information obtained from the file and its database, the USPIS has gathered approximately 4,000 signed voluntary discontinuance letters from identified abusers. These actions have saved the industry millions of dollars.

A new anti-fraud initiative involving the mail-order business community proposes to join forces with the promotion industry and provide information on fraudulent mail-order practices and transactions to RDC for use by its members. The members of this initiative first met in May 1996 and consisted of a small group of companies that included mail-order companies such as Fingerhut, Publishers Clearing House, QVC, and Damark. These members identified the need to establish a task force to combat mail-order fraud and agreed that many companies in the mail-order business community would have to join if the task force were to be successful. Thus, in July 1996, the first full meeting of the mail-order business community was held, and approximately 40 mail-order companies attended.

The losses that the mail-order business community experiences from mail fraud, as well as merchandise that is not received are believed to be well in excess of $500 million. There are various types of mail-order fraud. A person may fail to pay for merchandise he or she ordered through the mail, may allege that merchandise was not received, or may allege that it was lost. Alternatively, merchandise may be stolen after or during delivery. Many individuals involved in mail-order fraud may use multiple addresses, target several businesses one time each, or use aliases.

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Individual manufacturers may be hindered in their efforts to investigate mail-order fraud or theft in several respects. First, if a person has targeted a business but once, the business may not even be aware that it is the target of mail-order fraud. Moreover, it is difficult for one business to convince law enforcement officials to aggressively pursue mail-order fraud or theft on a case-by-case basis due to the extremely large number of instances of fraud or theft that are involved.

The goal of the mail-order business community in undertaking this anti-fraud and loss initiative was to reduce nonreceipt and mail fraud losses in measurable terms. The mail-order business community now desires to work within the confines of RDC and your 1995 Ruling to create a forum that promotes awareness of its anti-fraud initiative within the mail-order industry, develops standards for measuring losses and analyzing trends in fraudulent practices, supports efforts to reduce nonreceipt and mail fraud losses through prevention, and facilitates communication and mutual support between the industry and law enforcement representatives.

As is the case with rebate fraud, individual mail-order manufacturers are hindered in their efforts to investigate mail-order fraud, because it is difficult for any one entity to convince law enforcement agencies to aggressively pursue such fraud. Accordingly, just as rebate fraud cannot be controlled without a coordinated, cooperative effort between the manufacturing industry as a whole and appropriate law enforcement authorities, neither can mail-order fraud. The required coordination can be achieved only by the consolidation of information about incidents of suspected mail-order fraud and loss.

Consistent with your 1995 Ruling, RDC's main purposes would remain (i) the identification of potential abusers and the extent of alleged abuse, (ii) building a file of possible offenders with the express intent of stopping them from engaging in such abuses, and (iii) providing information to the appropriate law enforcement authorities. PMA would continue to provide administrative support to RDC, which would continue to operate as an independent corporation.

IT IS IMPORTANT TO NOTE THAT NO COMPETITIVELY SIGNIFICANT INFORMATION WILL BE GENERATED OR SHARED BY ANY PARTICIPATING MAIL-ORDER MANUFACTURER, PROMOTION INDUSTRY REPRESENTATIVE, OR PMA. RDC WILL NOT COMPILE INFORMATION THAT RELATES TO A COMPANY'S SALES ACTIVITIES. There will be no interaction among competing mail-order companies. There will be no discussion or agreements, express or implied, between the companies that subscribe to RDC's services. Each individual business will remain free to act or not act as it deems appropriate.

The file will be utilized in accordance with your 1995 Ruling and will afford the industry greater protection from fraud. The purpose of RDC was, is, and will remain to stem the losses of the business community in order to serve the consumer better and more efficiently.

PMA

Thank you for your consideration of this request. If you need any additional information, please do not hesitate to call Claire Rosenzweig at (212) 420-1100, ext. 233, or George Delta at (202) 393-2406.

Sincerely,

Claire Rosenzweig

Claire Rosenzweig, CAE
Executive Director

George B. Delta

George B. Delta
General Counsel
Rebate Data Center, Inc.

Enclosures