



Department of Justice

FOR IMMEDIATE RELEASE
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JUSTICE DEPARTMENT ALLOWS INFORMATION EXCHANGE IN ORDER TO REDUCE MAIL-IN-OFFER REBATE FRAUD; WILL BENEFIT CONSUMERS

WASHINGTON, D.C. -- The Department of Justice has cleared the way for companies that are victimized by an estimated half-billion dollars a year in rebate coupon fraud to track down the criminals that are defrauding them.

The Department said that the Promotion Marketing Association of America's proposal to receive, aggregate and distribute information relating to rebate fraud will have procompetitive effects. The Department said that to the extent that it reduces the costs to manufacturers of stolen or counterfeit rebate certificates, the proposal may reduce prices and expand output to the benefit of consumers.

PMAA, after consulting with the U.S. Postal Service, is proposing to establish a centralized data base, to which participating firms could report evidence of suspected fraud. Participating firms would identify potential fraudulent claims and key those records into an electronic file and transmit them to the PMAA operated Central File System. The data base manager would collect the evidence and report its findings to law enforcement officials, and in aggregated form to its members.

PMAA is a New York based association of consumer product and service manufacturers, promotion agencies and other firms active in the promotion marketing industry. Manufacturers of consumer products on occasion offer rebates to customers who mail in coupons or other proof of purchase. Rebate offers typically are expressly conditioned to require that the person requesting the rebate have actually purchased the product being promoted.

The Department said that in recent years there has been wide-spread fraud in claiming rebate entitlement. Many false, counterfeit, stolen or purchased "proofs of purchase" have been submitted. Some persons utilize cash registers or computers to produce phony sales receipts in large quantities.

Bingaman stated that, "The information exchanged should not engender any anticompetitive effect. The limited nature of the proposed cooperation--no discussion of pricing or other sales related conduct and no cooperative utilization of the aggregated information--should preclude any risk of concerted pricing or collective refusals to deal."

The Department's position was stated in a business review letter to counsel for the PMAA from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action as a violation of the antitrust laws.

A file containing the business review request and the Department's response will be made available in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review request will be added to the file.

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