



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, JUNE 20, 2001
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT ALLOWS INFORMATION EXCHANGE TO REDUCE MAIL-ORDER FRAUD

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 mail-order fraud to attempt to limit the instances of fraud against them. The Department's Antitrust Division said it would not challenge a proposal from the Promotion Marketing Association (PMA)--a New York based association of consumer product and service manufacturers, and providers, promotion agencies and other firms active in the promotion marketing industry--that would expand a previously approved information sharing exchange.

In 1995, PMA, after consulting with the U.S. Postal Service, established an information sharing exchange designed to reduce rebate fraud. In its current proposal, PMA would add mail-order firms to the existing information exchange program in an attempt to reduce mail-order fraud, i.e. false claims that mailed merchandise was not received. PMA would use an existing centralized data base, to which participating firms could report evidence of suspected mail-order fraud. Participating firms would identify potential fraudulent claims and key those records into an electronic file and transmit them to the PMA operated central data base. The data base manager would collect the evidence and report its findings to law enforcement officials, and in aggregated form to its members.

The Department's position was stated in a business review letter to the PMA from John M. Nannes, Acting Assistant Attorney General in charge of the Antitrust Division.

Nannes stated that, “The information exchanged should not have 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 also said that the PMA proposal to receive, aggregate, and distribute information relating to mail-order fraud could have procompetitive effects. The Department said that to the extent that it reduces the costs of mail-order fraud to manufacturers, the proposal may reduce prices and expand output to the benefit of consumers.

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 Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Washington, D.C. 20061. After a 30-day waiting period, the documents supporting the business review will be added to the file.

###