

Department of Justice

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FATHER AND SON PLEAD GUILTY IN REBATE FRAUD SCHEME

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that Clifford Brehm, 76, of Angola, N.Y., and his son, Michael Brehm, 51, of Lakeview, N.Y., both pleaded guilty to mail fraud in connection with a large scale rebate fraud scheme before U.S. District Judge Richard J. Arcara -- Michael Brehm on August 8, 2012 and Clifford Brehm on August 13, 2013. Clifford Brehm also pleaded guilty to a felony tax charge. Mail fraud carries a maximum penalty of 20 years in prison, a fine of \$250,000 or both. The tax charge carries a maximum penalty of five years in prison and a fine of \$250,000 or both.

Assistant U.S. Attorney Gretchen L. Wylegala, who handled the case, stated that the defendants, over the course of several years, each engaged in a scheme to fraudulently obtain rebates. Rebates typically are offered by companies to entice the purchase of a product, or reward customers for purchasing a product. Normally rebates are limited, sometimes one per household. Rebate offer forms frequently warn that fraudulent submission of rebate forms may be prosecuted as mail fraud. Rebates also generally require the submission of an original cash register receipt as proof of the purchase.

The Government's investigation discovered that Clifford Brehm, and joined later by Michael Brehm, used numerous post office boxes, mail box rentals, and home addresses, along with variations of their names, and family member names, to obtain multiple rebates. Clifford Brehm also utilized a cash register, which was used to produce false receipts. Since 2004, Clifford Brehm submitted over 4500 rebates to three fulfillment companies, while Michael Brehm submitted over 3600 since 2006. The rebates were sent to three fulfillment companies, with each defendant obtaining over \$65,000 as a result of their felonious conduct.

The pleas are the culmination of a joint investigation on the part of Special Agents of the United States Postal Inspection Service, under the direction of Special Agent in Charge, Robert Bethel, and Special Agents of the Internal Revenue Service Criminal Investigation Division, under the direction of Acting Special Agent in Charge Toni Weirauch.

Sentencing for Michael Brehm is scheduled for November 15, 2012 at 1:00 p.m. before Judge Arcara. Clifford Brehm will be sentenced on November 19, 2012 , at 1:00, also before Judge Arcara.

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