



# Press Release

**Society of Collision Repair Specialists** • P.O. Box 909, Prosser, WA 99350 • (877) 841-0660 • Fax (877) 851-0660

## **FOR IMMEDIATE RELEASE**

For Further Information

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## **SCRS Joins Industry in Outreach to U.S. Attorney General**

*Prosser, WA, May 20, 2009* — The Society of Collision Repair Specialists (SCRS) has joined efforts currently supported by a number of collision repair organizations across the country in a request to the Department of Justice, and U.S. Attorney General Eric Holder, to investigate violations of federal antitrust laws that seemingly take place in today's marketplace.

“Stemming from the circulation of a petition designed for leaders of state associations, SCRS felt compelled to offer our support of the efforts underway,” stated Barry Dorn, SCRS Chairman. “Our board believed that a letter from the only national trade association dedicated to representing the collision repairer which articulated similar perspectives as those outlined in the petition would help to highlight the importance of the issues raised.”

SCRS Executive Director Aaron Schulenburg added, “SCRS has long claimed that our members and affiliate associations are the heartbeat of our organization. We are very confident in our approach and support of this issue because direct correspondences with those members have confirmed the importance of such efforts, and we believe that grassroots efforts such as those that demonstrate the unified voice of the collision repairer are an imperative element in moving this industry forward.”

The SCRS letter, which will be sent directly to Attorney General Holder, is as follows:

Dear Attorney General Holder:

In the early 1960's, Attorney General Robert F. Kennedy directed the United States Department of Justice to investigate the market conduct activity of certain insurers and insurance sponsored associations with respect to appraisals and repairs of insured damaged automobiles. The investigation found that 265 insurance companies, represented primarily by three national associations, were in violation of the Sherman Antitrust Act. The Department of Justice filed a civil suit in U.S. District Court in New York against the insurers, and charged them with violation of Sections 1 and 3 of the Sherman Act.

Prior to trial, the parties agreed to a Consent Order which was approved by the court and signed on October 23, 1963. Section IV of the Final Judgment, as approved by the court, stated the defendants and co-conspirators would not operate or participate in any plan, program or practice that recommended appraisers, steer to any business or person, or away from any appraiser or repairer, control activities of appraisers, allocate customers-markets-business of appraisers, or fix, establish or control prices paid for appraisals or charged by repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

***Below is the relevant passage.***

(A) Each defendant is enjoined from placing into effect any plan, program or practice which has the purpose or effect of: (1) sponsoring, endorsing or otherwise recommending any appraiser of damage to automobile vehicles; (2) directing, advising or otherwise suggesting that any person or firm do business or refuse to do business with (a) any appraiser of damage to automobile vehicles with respect to the appraisal of such damage, or (b) any independent or dealer franchised automotive repair shop with respect to the repair of damage to automobile vehicles; (3) exercising any control over the activities of any appraiser of damage to automotive vehicles; (4) allocating or dividing customers, territories, markets or business among any appraisers of damage to automotive vehicles; or (5) fixing, establishing, maintaining or otherwise controlling the prices to be paid for the appraisal of damage to automotive vehicles, or to be charged by independent or dealer franchised automotive repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

It is our understanding the 1963 Consent Decree, so-called, remains in effect today and is enforceable by the Department of Justice, who has sole standing privileges. As such, we also understand that several organizations and individuals have tried to get the U.S. Department of Justice to enforce the Decree over the years, and that a renewed effort is underway by many representatives of the collision repair industry. We wish to express to you our support of the concerns of these entities, and make a request of our own.

The Society of Collision Repair Specialists (SCRS) is a twenty-seven year old national collision repair association, and the only national association in the United States dedicated solely to advance the collision repair professional. Through its direct members and 35 affiliate associations, SCRS is comprised of over 6,000 collision repair businesses and 58,500 specialized professionals who work with consumers and insurance companies to repair collision-damaged vehicles. On behalf of our membership, we are asking that you not only investigate whether the tenants of the 1963 Consent Decree are being violated, but initiate a parallel investigation into probable violations of the Sherman Act and related federal anti-trust and/or restraint of trade statutes by entities which are operating within the collision repair industry currently. Today's market conduct seemingly is unfortunately very similar to that of the 1960's.

It is not the intention of SCRS to accuse all who participate in the collision repair process of illegal behavior; however such participants may include, but are not limited to, insurance companies, appraisers, repair facilities, dealers, and more, and there is no doubt that certain entities today operate in a manner that is clearly inconsistent with the intent, if not the letter, of the law. In part, our industry is being held captive by the market conduct practices of certain insurers who seemingly control almost all facets of the collision repair process. In addition to steering, or deceptively referring, consumers to shops they favor, they dictate what they will pay for labor, parts, procedures, storage, sublet items, towing, and more; with no regulatory accountability or intervention. These practices, in fact, are those which the insurers who signed the 1963 Consent Decree agreed were unacceptable and illegal behavior which they would not resort to in the future.

SCRS is prepared to assist your office with any requests or inquiries you may have to help facilitate a thorough investigation of these practices. Please feel free to have your staff contact our executive director, Aaron Schulenburg, by calling him at 1-302-423-3537 or via e-mail at [aaron@scrs.com](mailto:aaron@scrs.com).

We thank you for your time, and hope you look favorably upon our request.

(Letter signed by SCRS Chairman Barry Dorn)

SCRS encourages all who support this initiative, or who have directly experienced the activities outlined within this letter and press release, to make sure your voices are heard. In a speech delivered

on May 12<sup>th</sup> by Assistant Attorney General of the Antitrust Division, Christine A. Varney, a key point was made that the current administration is hoping to encourage smaller companies to bring their complaints to the Justice Department about potentially improper business practices. If you have concerns over the practices taking place in your market, or would like to support the request for further investigation into the practices of insurers as it relates to the Sherman Anti Trust regulations, SCRS encourages you to contact the U.S. Department of Justice at the following address:

Department of Justice  
Antitrust Division  
Office of Operations  
950 Pennsylvania Avenue, NW  
Room 3322  
Washington, DC 20530

As also evidenced in the recent presentation to SCRS members by CT Attorney General Richard Blumenthal, it is possible to build meaningful and effective relationships with local enforcement agencies and officials. SCRS believes that “working together” with these agencies to build a broad understanding of our businesses, and the market activities that exist, is a positive step for both the collision repair industry, and the consumers we serve.

Through its direct members and 35 affiliate associations, SCRS is comprised of 6,000 collision repair businesses and 58,500 specialized professionals who work with consumers and insurance companies to repair collision-damaged vehicles. Additional information about SCRS including other news releases is available at the SCRS web site: [www.scrs.com](http://www.scrs.com). You can e-mail SCRS at the following address: [info@scrs.com](mailto:info@scrs.com).

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