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Spectrum Settlement Recovery Expects Millions of Eligible Businesses to Overlook \$3 Billion VISA/MasterCard Settlement; Announcement of Filing Deadline Is Approaching

SAN FRANCISCO--(BUSINESS WIRE)--Sept. 9, 2005--A large majority of the businesses eligible to recover money in the \$3 billion VISA/MasterCard class action settlement will miss their opportunity for a refund, according to San Francisco-based Spectrum Settlement Recovery.

Millions of businesses in the U.S. are eligible for a refund from the VISA/MasterCard settlement fund. The dollar amounts could be sizable, based on the business's charge card volume.

This is the largest commercial class action settlement ever. The announcement of the deadline for claiming a refund is expected soon.

In 2003, VISA and MasterCard agreed to refund over \$3 billion to merchants who accepted the network companies' cards from October 1992 through June 2003 in settlement of a lawsuit filed by Wal-Mart and other retailers. The lawsuit accused VISA and MasterCard of forcing merchants who accepted their credit cards also to honor their debit cards and overcharging them for processing fees during that period.

The Claims Administrator in the case is dealing with a massive quantity of data from dozens of databases. An eleventh hour determination not to use MasterCard data to identify eligible transactions and claimants is further complicating the settlement notification process. Only the VISA data information is being used.

"This isn't going to be the slam dunk that businesses were promised," says Howard Yellen, Spectrum Settlement Recovery's chairman. "There appear to be big holes in the Claims Administrator's data that many large and small businesses are going to fall through." Spectrum provides claims filing and recovery services in class action settlements.

Originally, the Administrator indicated it would notify eligible claimants and supply most of the data needed to make a claim for a full refund. However, a recent filing in U.S. District Court shows that the Administrator is dealing with considerably more missing data than was initially estimated.

Previously, the Administrator had indicated that no more than 10 percent of the settlement fund was owed to merchants whose data was missing from the records being used for the distribution of notices to eligible claimants in the settlement.

However, the document filed in court on August 22 by Garden City Group, the Claims Administrator, shows as many as one-third of the eligible businesses may not show up in data provided by the credit card networks. The amount of the settlement fund associated with this group, comprising approximately 2.8 million claimants, could rise well above the earlier 10% estimate.

Further complicating efforts to get businesses to participate in the settlement, the Garden City filing indicates that claimants will receive a 6-page claim form and an instruction manual up to 8 pages long. The sheer complexity of the documents may scare away many eligible companies from filing. Also, there is no mechanism to ensure that the documents reach the right person in any given company. "Many of these complex, expensive mailings are going to end up in the circular file," said Yellen.

Motivating eligible class members to file a claim in class-action settlements is always a problem. On average, only 10% to 20% of eligible claimants file because of complicated legal forms and missed deadlines. That leaves billions of dollars on the table, unclaimed or to be divided among those that do file.

In the Visa/MasterCard settlement, filing a claim is particularly important because the entire \$3 billion settlement will be divided among class members who take the time to file a claim. But those who do not file, won't get any money from the settlement.


"Every eligible business should file a claim in the VISA/MasterCard case," says Spectrum's Yellen. "It may not be as easy as it first appeared, but the refunds will be significant for those who do."

About Spectrum Settlement Recovery -- Spectrum is the nation's largest claim filing and fund recovery service for commercial and securities class-action settlements. Spectrum offers businesses a complete solution for filing and managing settlement claims. Spectrum's proprietary methodology uncovers details often overlooked, ensuring Spectrum clients receive all the money for which they are eligible in class-action settlements.

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