Six people indicted in Amazon Marketplace bribery scheme to help third-party sellers

Six people have been indicted by a grand jury in Washington state on charges they bribed Amazon employees to manipulate third-party seller listings on the e-commerce site, including listings for defective or dangerous products, authorities said.

Starting in 2017, the people, including two former Amazon employees, paid more than $100,000 to have listings of products and accounts that Amazon had blocked or suspended from its Marketplace, which allows third-party sellers to promote and sell their products, the Department of Justice said. The former employees also provided internal Amazon information that allowed attacks on other third-party sellers and their accounts, including flooding the sellers' product listings with fake negative reviews, authorities said.

The defendants accessed contact information for Amazon employees and customers, which they shared widely, according to authorities. Three of the people were based in New York, one in Georgia, one in California, and one was in India,

"Realizing they could not compete on a level playing field, the subjects turned to bribery and fraud in order to gain the upper hand. What's equally concerning, not only did they attempt to increase sales of their own products, but sought to damage and discredit their competitors," Raymond Duda, FBI Seattle Special agent in charge, said in a statement.

The reinstated product listings included dietary supplements

which had been removed for safety complaints, household electronics that had been flagged as flammable, products that had been removed for intellectual property violations, as well as other items. Some of the reinstated accounts had been suspended for posting deceptive product reviews, while others had been removed for making “improper contact with consumers,” as well as other violations of Amazon’s policies.

“Amazon has systems in place to detect suspicious behavior by sellers or employees, and teams in place to investigate and stop prohibited activity,” the company said in a statement. “We are especially disappointed by the actions of this limited group of now former employees, and appreciate the collaboration and support from law enforcement to bring them and the bad actors they were entwined with to justice.”

Amazon’s ongoing struggles with third-party sellers and its Marketplace were under the spotlight this summer, as lawmakers questioned CEO Jeff Bezos during an antitrust hearing before the House Judiciary Committee about counterfeit concerns, and alleged anti-competitive behavior from the retailer itself: Amazon has been accused of copying Marketplace products to create its own competing products, a claim the company has denied.

Analysts have estimated third-party sellers account for about half of sales on the site. Third-party sellers appear in normal Amazon listings, with a line of text to indicate that Amazon itself isn’t the actual seller.

The six defendants in Washington state face charges of wire fraud, bribery, and gaining unauthorized access to protected computer systems. The wire fraud charges carry a possible prison sentence of up to 20 years.

https://www.theverge.com/2020/9/19/21446549/six-people-indicted-amazon-bribery-marketplace-third-party-sellers