

WRITTEN TESTIMONY
OF
WAL-MART STORES, INC.

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY, AND HUMAN RESOURCES
COMMITTEE ON GOVERNMENT REFORM

June 28, 2004

Wal-Mart Stores, Inc. appreciates the opportunity to provide written comments to the United States House of Representatives, House Committee on Government Reform, Subcommittee on Criminal Justice, Drug Policy and Human Resources concerning the methamphetamine crisis in our country.

Wal-Mart is based in Bentonville, Arkansas, with facilities in all 50 states, Puerto Rico, and 9 foreign countries. As of May 2004, the company operated 1,428 Wal-Mart stores, 1,553 Supercenters, 538 Sam's Clubs, and 67 Neighborhood Markets in the United States. Internationally, the Company operates units in Argentina (11), Brazil (144), Canada (236), China (38), Germany (92), South Korea (15), Mexico (643), Puerto Rico (53), and the United Kingdom (267). Wal-Mart also owns a 37.8% interest of Seiyu, Ltd., Seiyu operates over 400 stores located throughout Japan. Wal-Mart employs more than 1.2 million people in the United States and more than 330,000 internationally.

Unlike many drugs that are abused, methamphetamine can be made using common low cost products and supplies that are widely available. For this reason Wal-Mart has taken a keen interest in the methamphetamine issue. Our challenge is to meet the needs of legitimate consumers while preventing the proliferation of abuse of these products.

In 1998 Wal-Mart entered into partnership with local law enforcement and with the Drug Enforcement Administration to help in the fight against the spread of methamphetamine production. Wal-Mart voluntarily placed a register limit of three (3) packages of products that contain the active ingredient pseudoephedrine. Pseudoephedrine is used to treat nasal congestion and is found in many cough and cold products that are available without a prescription. Millions of Americans each year, at one time or another, legitimately and with great relief use a product that contains pseudoephedrine. Unfortunately, pseudoephedrine is

also the primary precursor ingredient used in the production of methamphetamine. Today, there are federal limits in place on the sale of pseudoephedrine products. A growing number of states and communities require even stricter limits. Wal-Mart has taken an active role in working with lawmakers and agency officials across the country to ensure that these restrictions are appropriate and effective in our stores.

Methamphetamine abuse continues to grow in areas of our Country. Wal-Mart has responded in these areas of growth by further restricting access to pseudoephedrine. Currently in over 500 Wal-Mart stores across the country where we have noticed high theft or unusual sales trends, single entity pseudoephedrine is not sold over the counter. Customers must ask for the product from a member of the Pharmacy staff and the product is only available during the hours that the Wal-Mart Pharmacy is open. Wal-Mart recognizes the inconvenience this is to our legitimate customers but this action underscores our commitment to work with DEA and other agencies on this issue that affects so many local communities.

Larger pack size of single entity pseudoephedrine products have been a primary target for people producing methamphetamine. In 2003, in response to this knowledge Wal-Mart Stores Division voluntarily discontinued the sale of 96 count single entity pseudoephedrine. By maintaining package purchase limit restrictions this action reduced by one-half the amount of single entity pseudoephedrine tablets a customer could purchase at a Wal-Mart store in a single transaction. Our Sam's Club Division has taken similar action by maintaining their 96 count package and reducing the allowable quantity to be purchased to two and in select areas to one package.

Not all of the actions Wal-Mart has taken have been focused on restricting the access to pseudoephedrine. Wal-Mart has made significant efforts to educate both our Associates and our customers regarding methamphetamine. Wal-Mart cashiers as part of their training are shown a computer simulation of a transaction that attempts an above-threshold purchase of pseudoephedrine. The cashiers are then asked how to respond to the situation. Customers who encounter the sales restriction may not understand why they are unable to purchase more. In order to address this issue, Wal-Mart, in February 2004, teamed with the Partnership for a Drug Free America to provide an informational source. Currently each time a register limit regarding pseudoephedrine is triggered a small informational slip is printed at the register. This slip can then be handed to the customer by the cashier. It informs the customer of the pseudoephedrine limit and directs them to the Partnership's web site where they can learn more information about pseudoephedrine and methamphetamine.

Wal-Mart is committed to continue finding ways of limiting access to products used in the manufacture of methamphetamine while still finding ways to make these products available to customers for legitimate use.

Wal-Mart appreciates the opportunity to provide written comments on this matter, and is prepared to assist the Subcommittee as it continues to address the methamphetamine issue that faces our nation.