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Federal Law Enforcement Agree, Organized Retail Crime Growth Endangers Consumers and Communities

Washington, DC – In testimony before the House Judiciary, Subcommittee on Crime Terrorism and Homeland Security, representatives of four federal law enforcement agencies reported growth in organized retail crime (ORC) and highlighted the many risks the crime poses to consumers and communities.

The hearing titled *Combating Organized Retail Crime: The Role of Federal Law Enforcement*, included pointed comments from federal law enforcement on the growing problem of organized retail crime and the challenges their face combating and deterring the activity.

The following quotes were drawn from prepared testimony submitted to the Subcommittee.

“This crime problem [ORC] also has the potential to negatively impact consumer health and safety. Specifically, the unsuspecting consumer faces potential health and safety risks from legitimate products which may have been mishandled by the criminal enterprises who stole them for resale to consumers...The potential threat is perhaps most evident in cases in which infant formula is stolen, repackaged and then resold to both knowing and unknowing wholesalers, who often sell the infant formula to government food programs and discount stores.”

“There are many challenges on the road to combating organized retail theft. Lack of available resources to state and local police departments, who have the primary responsibility for investigating most retail crimes, is a huge hurdle. Sharing information between public and private enterprise is another.”

David Johnson, Section Chief, Criminal Investigative Division, Federal Bureau of Investigation
[\(Full Testimony\)](#)

“With this expansion of cyber crime, online auction houses have found themselves the victims or even the unwitting participants in organized criminal conspiracies. The Secret Service, while continuing to investigate financial crimes, has also opened criminal investigations into these groups. The Secret Service has found these cases primarily evolve from access device fraud investigations, where, criminals who fraudulently purchase merchandise from traditional and online retailers and then resell the merchandise through online auction houses.”

John R. Large, Special Agent in Charge, Criminal Investigative Division, Office of Investigations, U.S. Secret Service [\(Full Testimony\)](#)

“We generally see two types of schemes which I will discuss briefly: Internet auction fraud and re-shipper fraud. Both of these crimes take advantage of the increasing use of the on-line marketplace in order to sell the stolen or fraudulently obtained goods.”

“By far, there is a greater reach for advertising of the ill-gotten produces and the risk of detection is somewhat limited, making this online marketplace option so attractive to the organized retail groups.”

Zane M. Hill, Deputy Chief Postal Inspector, U.S. Postal Inspection Service ([Full Testimony](#))

“ICE’s Office of Investigations is well aware of the impact of organized retail crime on more than just our retail industry and economy. ICE investigations have demonstrated that profits generated from organized retail crime represent a clear threat to the U.S. financial sector because these profits may be laundered through U.S. and international financial systems. Similar to other criminal organizations, organized retail crime rings look for and exploit the vulnerabilities within these financial systems to move and store their illicit proceeds.”

Janice Ayala, Assistant Director for Investigative Programs, Office Of Investigations, U.S. Immigrations and Customs Enforcement. ([Full Testimony](#))

“The Coalition Against Organized Retail Crime thanks federal law enforcement for their commitment to fighting this ongoing and growing crime and we look forward to continuing to work together to put these criminals out of business,” said the Coalition Against Organized Retail Crime.

About the Coalition Against Organized Retail Crime

The CAORC, formed in 2001, is composed of 37 national manufacturing and retail organizations as well as individual companies that have come together to fight this growing crime. The Coalition’s web site can be accessed at www.stopretailcrime.com. The Coalition strongly supports enactment of pending federal legislation to combat ORC in the House of Representatives.

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