



**November 5, 2009  
For Immediate Release**

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## **House Judiciary Committee Hears from Federal Law Enforcement on Retail Crime**

**Washington, DC** – Representatives of three federal law enforcement agencies told a House Judiciary Subcommittee today that more needs to be done to combat organized retail crime (ORC) in the U.S.

In testimony before the House Judiciary, Subcommittee on Crime, Terrorism and Homeland Security, officials from the FBI, U.S. Secret Service, U.S. Postal Inspection Service, and Immigration and Customs Enforcement testified to the challenges they face combating this growing crime.

“The Coalition Against Organized Retail Crime (CAORC) thanks Subcommittee Chairman Robert C. “Bobby” Scott (D-VA) for holding this hearing and for his commitment to providing federal law enforcement with the tools they need to address this growing criminal activity,” said the coalition.

Coalition testimony provided to the committee for the record can be viewed [here](#).

Organized Retail Crime involves sophisticated criminal networks made up of many individuals who steal large quantities of goods from retailers and in turn sell the goods for profit through pawn shops, flea markets and increasingly on the Internet. Experts estimate organized retail crime losses in the tens of billions of dollars annually.

Consumers are endangered when stolen goods are mishandled or altered before being sold to unsuspecting consumers. This is of particular concern when sensitive items such as baby formula, diabetic test strips and over the counter medicine is involved. Recent investigations have uncovered these sensitive health and beauty items stored at dangerous temperatures damaging the safety and reliability of the product. In most cases, consumers are unaware of the unlawful source of the products purchased from anonymous sellers.

Retailers work closely with law enforcement to identify and investigate local trends and to develop cases against these criminal networks. However, ORC criminal networks often operate across state borders, exploiting legal gaps arising from the existing patchwork of state and local laws. Consequently, law enforcement is often unable to fully investigate and prosecute ORC criminal networks. As a result, despite the close coordination between retailers and law enforcement, according to the University of Florida, 2008 National Retail Security Survey, instances of ORC activity and losses attributable to the crime continue to rise.

Federal legislation is necessary to bring the criminal code into the 21<sup>st</sup> century by closing the legal gaps that have benefited ORC criminals for too long.

### **Federal Legislation Currently Under Consideration:**

**The E-fencing Enforcement Act of 2009 (HR 1166)**, introduced by Chairman Robert C. “Bobby” Scott (D-VA), would impose reasonable duties on online marketplaces when there is good reason to believe that items listed for sale were acquired unlawfully.

**The Organized Retail Crime Act of 2009 (HR 1173)**, introduced by Rep. Brad Ellsworth (D-IN), which modifies the federal criminal code to include ORC activities, and makes the facilitation of ORC a crime. The legislation also imposes practical reporting requirements on the operators of online marketplaces and sellers when goods are suspected of having been acquired through ORC.

**The Combating Organized Retail Crime Act of 2009 (S 470)**, introduced by Sen. Dick Durbin (D-IL) would clarify existing law to give law enforcement the tools to fight ORC, require on-line and off-line market places to investigate suspicious sales, and place basic disclosure requirements on on-line marketplaces.

### **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](http://www.stopretailcrime.com). The CAORC has provided testimony to Congress on this issue in March of 2005 and October of 2007. The Coalition strongly supports enactment of pending federal legislation to combat ORC in the House of Representatives. Those bills include: The E-Fencing Enforcement Act of 2009, H.R. 1166, introduced by Chairman Scott, and the Organized Retail Crime Act of 2009, H.R. 1173, introduced by Reps. Brad Ellsworth and Jim Jordan.

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### **Quotes from Members and Supporters of the Coalition Against Organized Retail Crime**

"The FBI estimates that organized retail crime costs retailers billions of dollars annually, with proceeds from ORC often used to finance other criminal enterprises such as drug trafficking and gang activity, including those associated with terrorist factions. As a national retailer, Walgreens is impacted by ORC throughout the country. That's why we're advocating for ORC legislation in all states and support making ORC a federal criminal offense, including criminalizing those activities that clearly promote and expand ORC," **said Frank Muscato, Organized Retail Crime Investigations Supervisor, Walgreen, Co.**

"Organized retail crime impacts consumers as well as retailers, who must cover losses and invest in additional security measures. Consumers are placed at risk when package tampering occurs on consumer health care products, such as infant formula and over-the-counter medications. These stolen products are often repackaged and relabeled to falsely extend a product's expiration date or to hide the fact that the item has been stolen. NACDS will continue to work with lawmakers to pass strong legislation that will assist retailers and law enforcement to combat the serious problem of organized retail crime," **said NACDS President and CEO Stephen C. Anderson, IOM, CAE.**"

"Organized retail crime (ORC) is a serious crime with real health and consumer safety implications that endangers our neighborhoods and citizens. Consumers are put in harm's way when stolen goods are mishandled or altered before being sold to unsuspecting buyers and communities are endangered when illicit proceeds from ORC are used to fund more dangerous and violent criminal activity. Federal legislation is essential to give law enforcement the necessary tools to combat these growing crimes and close the legal gaps exploited by criminals for too long," **said John Emling, Senior Vice President of Government Affairs for the Retail Industry Leaders Association.**

"Organized retail crime is a serious and ever-growing crime that poses serious risks to the safety and well being of our communities. The growth of the online marketplace has given criminals an unfettered avenue to fence their goods to innocent consumers, including here in Cook County. Federal criminal statutes are needed

to provide law enforcement with the tools necessary to deter and prosecute this complex criminal activity. I commend Senator Durbin's leadership in introducing the Combating Organized Retail Crime Act (S 470) as a means to combat organized conspiracies; including tightening regulations for online auction sites that could serve as conduits for stolen goods," **said Thomas J. Dart Cook County Sheriff.**

"The National Insurance Crime Bureau's (NICB) data and investigations show that organized retail crime is a growing problem from coast to coast. Online marketplaces often times become fraud victims as organized criminal rings defraud Web sites and offer financial assistance to buyers and sellers in transactions. Unfettered access to these online auctions negatively impacts businesses and innocent consumers as a source to fence stolen goods. NICB supports the Organized Retail Crime Act of 2009 as an effective means to combat this problem. By tightening the requirements to sell items online and beefing up federal criminal statutes, we can reduce the market for stolen goods, making retail theft less attractive to the criminal rings," **said the National Insurance Crime Bureau.**

"Organized retail crime is more sophisticated and more dangerous than petty shoplifting as organized rings of criminals move from store to store stealing large quantities of goods. They jeopardize the health and safety of consumers by fencing goods to buyers unaware of their origins and increasingly use internet auction sites, which conceal their identity. We support legislation that gives law enforcement the tools they need to fight these criminals and makes organized retail crime a federal felony for all the perpetrators involved," **said Leslie G. Sarasin, president and chief executive officer of the Food Marketing Institute.**

"The business of organized retail crime continues to proliferate throughout the U.S. Winning the battle against organized retail crime begins with the support of law enforcement, loss prevention teams and industry partners. Winning the war requires specific legislation that will make criminals think twice before participating in these illegal, often dangerous activities," **said Joe LaRocca, Senior Asset Protection Advisor, National Retail Federation.**

"RAM strongly supports federal legislation to combat organized retail crime. While we are backing legislation in our own state and feel that it is necessary to update our criminal code in MA, we firmly believe that federal legislation is needed to address this growing issue which has no state boundaries," **stated Jon Hurst, President of Retailers Association of Massachusetts (RAM).**

**The Coalition Against Organized Retail Crime, hosted a briefing in advance of today's hearing. A recording of the press conference is available by dialing (800) 642-1687 and entering code 39367794.**