

# **ICSC Organized Retail Crime Brief**





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# WHAT IS ORGANIZED RETAIL CRIME?

Organized Retail Crime (ORC) is not petty shoplifting. It is coordinated, sophisticated, and targeted retail theft, usually carried out by organized criminal networks, where substantial quantities of high-demand products are stolen and re-sold, often on online marketplaces. These organizations recruit participants, enforce quotas, and use their profits to fund other illicit activities.



**\$100+  
BILLION**

Inventory loss in 2022 according to the National Retail Federation Security Survey.

**\$15  
BILLION**

Cost to federal and state governments in personal and business tax revenue, not including lost sales taxes.

**81%**

Retailers reporting an increase of violence and aggression associated with ORC in 2021.

**\$500**

Estimated additional annual cost to the average American family attributed to ORC.

**26.5%**

Increase in organized theft incidents reported in 2021.



# SCOPE OF THE ISSUE

Organized retail crime impacts everybody – from retailers and retail employees to shoppers, community residents – as well as the entire economy. While ORC groups most often target large retailers, the economic impact of their activity is significant and extends far beyond those immediately involved.

ORC is on the rise and store fronts, supply chains, and businesses' bottom lines are being negatively affected. Our industry must join with others to ask lawmakers at every level of government to take further action to fight ORC.

## TARGETS

ORC groups are discerning in their selection of targets and primarily favor large national retailers, big-box retailers, and cargo shipments, largely targeting everyday consumer goods. However, all points in the retail supply and distribution chain are targeted for theft, according to research done through interviews with law enforcement officials and loss prevention executives, industry publications, court files, and a large body of media reporting.<sup>1</sup>

## GROWING THREAT

About 70% of retailers believed the threat of ORC had increased during the past five years, according to the 2022 National Retail Security Survey by NRF.<sup>2</sup> The study found that, similar to the trend of the last five years, the average shrink rate in 2021 was 1.4%.<sup>3</sup> When taken as a percentage of total retail sales in 2021, that shrink represents \$94.5 billion in losses, up from \$90.8 billion in 2020.<sup>4</sup> While retail shrink encompasses many types of loss, it is primarily driven by external theft, including theft attributed to ORC. In fact, retailers, on average, saw a 26.5% increase in ORC incidents in 2021.<sup>5</sup> Beyond the loss of goods, these incidents are increasingly alarming. Eight in 10 retailers surveyed report that the violence and aggression associated with ORC incidents increased in the past year.<sup>6</sup>

About one-third of retailers had separate loss prevention and asset protection teams dedicated to combating ORC because of the perceived scale of the problem, according to the same 2022 NRF survey.<sup>7</sup> Additionally, 97% of retailers surveyed by NRF in 2019 reported being targeted by ORC in the previous year.<sup>8</sup>

## CARGO THEFT

Estimated losses in the U.S. range between \$15–30 billion annually. Between 2019 and 2021, incidents of cargo theft increased 84%, according to CargoNet.<sup>9</sup>

## ECONOMIC COSTS

Total annual retail shrink – the reduction in physical inventory caused by theft or various other causes – was \$100+ billion in 2022, nearly half of which was attributable to ORC, according to NRF survey data and research by the National Coalition of Law Enforcement.<sup>10, 11, 12, 13</sup>

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previous year



## ECONOMIC FALLOUT OF STORE CLOSINGS

When stores start closing due to rising ORC, the effects are loss of jobs, loss of state and local sales tax generated, loss of property tax collected, and a blight on the community. One grocery store typically creates \$2.4 million in annual state and local sales tax and has an average of 133 jobs; a general merchandise store yields approximately \$5.2 million and has an average of 188 jobs; a single drugstore generates nearly \$1.2 million with an average of 27 jobs; and a single apparel store, \$423,000 with an average of 32 jobs. If store closings start increasing, sales tax and job losses quickly multiply, and the problems escalate.

### ESTIMATED SALES TAX REVENUE GENERATED PER ESTABLISHMENT FROM COMBINED STATE AND AVERAGE LOCAL SALES TAX

	Combined State and Avg. Local Sales Tax Rate	General Merchandise	Food and Beverage (Grocery)	Apparel	Drug Stores
Average Sales Per Establishment		\$73,964,826	\$34,070,115	\$6,052,445	\$17,066,999
U.S. Total	7.0%	\$5,170,141	\$2,381,501	\$423,066	\$1,192,983
Alabama	9.3%	\$6,841,746	\$3,151,486	\$559,851	\$1,578,697
Alaska	1.8%	\$1,301,781	\$599,634	\$106,523	\$300,379
Arizona	8.4%	\$6,190,856	\$2,851,669	\$506,590	\$1,428,508
Arkansas	9.5%	\$6,997,073	\$3,223,033	\$572,561	\$1,614,538
California	8.8%	\$6,523,698	\$3,004,984	\$533,826	\$1,505,309
Colorado	7.8%	\$5,754,463	\$2,650,655	\$470,880	\$1,327,813
Connecticut	6.4%	\$4,696,766	\$2,163,452	\$384,330	\$1,083,754
Delaware	0.0%	\$0	\$0	\$0	\$0
District of Columbia	6.0%	\$4,437,890	\$2,044,207	\$363,147	\$1,024,020
Florida	7.0%	\$5,192,331	\$2,391,722	\$424,882	\$1,198,103
Georgia	7.4%	\$5,473,397	\$2,521,189	\$447,881	\$1,262,958
Hawaii	4.4%	\$3,284,038	\$1,512,713	\$268,729	\$757,775
Idaho	6.0%	\$4,452,683	\$2,051,021	\$364,357	\$1,027,433
Illinois	8.8%	\$6,523,698	\$3,004,984	\$533,826	\$1,505,309
Indiana	7.0%	\$5,177,538	\$2,384,908	\$423,671	\$1,194,690
Iowa	6.9%	\$5,133,159	\$2,364,466	\$420,040	\$1,184,450
Kansas	8.7%	\$6,405,354	\$2,950,472	\$524,142	\$1,478,002
Kentucky	6.0%	\$4,437,890	\$2,044,207	\$363,147	\$1,024,020
Louisiana	9.6%	\$7,063,641	\$3,253,696	\$578,008	\$1,629,898
Maine	5.5%	\$4,068,065	\$1,873,856	\$332,884	\$938,685

Source: ICSC Research

	Combined State and Avg. Local Sales Tax Rate	General Merchandise	Food and Beverage (Grocery)	Apparel	Drug Stores
Average Sales Per Establishment		\$73,964,826	\$34,070,115	\$6,052,445	\$17,066,999
Maryland	6.0%	\$4,437,890	\$2,044,207	\$363,147	\$1,024,020
Massachusetts	6.3%	\$4,622,802	\$2,129,382	\$378,278	\$1,066,687
Michigan	6.0%	\$4,437,890	\$2,044,207	\$363,147	\$1,024,020
Minnesota	7.5%	\$5,539,965	\$2,551,852	\$453,328	\$1,278,318
Mississippi	7.1%	\$5,229,313	\$2,408,757	\$427,908	\$1,206,637
Missouri	8.3%	\$6,161,270	\$2,838,041	\$504,169	\$1,421,681
Montana	0.0%	\$0	\$0	\$0	\$0
Nebraska	7.0%	\$5,140,555	\$2,367,873	\$420,645	\$1,186,156
Nevada	8.2%	\$6,087,305	\$2,803,970	\$498,116	\$1,404,614
New Hampshire	0.0%	\$0	\$0	\$0	\$0
New Jersey	6.6%	\$4,881,679	\$2,248,628	\$399,461	\$1,126,422
New Mexico	7.7%	\$5,710,085	\$2,630,213	\$467,249	\$1,317,572
New York	8.5%	\$6,301,803	\$2,902,774	\$515,668	\$1,454,108
North Carolina	7.0%	\$5,170,141	\$2,381,501	\$423,066	\$1,192,983
North Dakota	7.0%	\$5,155,348	\$2,374,687	\$421,855	\$1,189,570
Ohio	7.2%	\$5,355,053	\$2,466,676	\$438,197	\$1,235,651
Oklahoma	9.0%	\$6,642,041	\$3,059,496	\$543,510	\$1,532,616
Oregon	0.0%	\$0	\$0	\$0	\$0
Pennsylvania	6.3%	\$4,689,370	\$2,160,045	\$383,725	\$1,082,048
Rhode Island	7.0%	\$5,177,538	\$2,384,908	\$423,671	\$1,194,690
South Carolina	7.4%	\$5,495,587	\$2,531,410	\$449,697	\$1,268,078
South Dakota	6.4%	\$4,733,749	\$2,180,487	\$387,356	\$1,092,288
Tennessee	9.6%	\$7,063,641	\$3,253,696	\$578,008	\$1,629,898
Texas	8.2%	\$6,065,116	\$2,793,749	\$496,300	\$1,399,494
Utah	7.2%	\$5,318,071	\$2,449,641	\$435,171	\$1,227,117
Vermont	6.3%	\$4,659,784	\$2,146,417	\$381,304	\$1,075,221
Virginia	5.8%	\$4,252,977	\$1,959,032	\$348,016	\$981,352
Washington	8.9%	\$6,553,284	\$3,018,612	\$536,247	\$1,512,136
West Virginia	6.6%	\$4,844,696	\$2,231,593	\$396,435	\$1,117,888
Wisconsin	5.4%	\$4,016,290	\$1,850,007	\$328,648	\$926,738
Wyoming	5.4%	\$3,964,515	\$1,826,158	\$324,411	\$914,791

Source: ICSC Research





# MEDIA COVERAGE

There have been approximately 3.7 thousand articles discussing Organized Retail Crime (ORC) between August 1, 2022 and August 1, 2023, across top-tier, trade, and local media. At a high level, coverage crosses specific organized retail crime incidents, concerns toward heightened organized retail crime activity, and connection to dangerous crime rings, as well as legislative efforts to stem the issue. Much of the coverage is driven by local news that cites ORC as a problem for local communities, but the issue is also discussed at a higher level among top-tier and trade outlets as major retailers cite challenges and broader industry impacts. Among the outlets that most frequently talk about ORC are CBS News, Fox Business, CNBC, and local media in hard-hit areas like San Francisco. More recently, a few articles have questioned ORC reports by retailers, claiming that retailers may be using ORC as an excuse to mask other business issues.

## Retailers welcome Senate bill dealing with organized retail crime

Chain Store Age

By Marianne Wilson, February 1, 2023



The Senate has introduced legislation that would create new tools to assist in the federal investigation and prosecution of organized retail crime (ORC) and help recover lost goods and proceeds.

The “Combating Organized Retail Crime Act of 2023” was introduced by Senators Charles “Chuck” Grassley (R-IA) and Catherine Cortez Masto (D-NV). It would establish a coordinated multi-agency response and create new tools to tackle evolving trends in organized retail crime. A companion bill is expected to be introduced next week in the House of Representatives.

“Retailers face security-related challenges on many fronts, and ORC continues to be a formidable threat in communities across the country,” said David French, senior VP of government relations, National Retail Federation. “This legislation is a critical step to increase collaboration between federal law enforcement agencies, retail investigators and state agencies to more effectively combat these increasingly violent criminal activities.”

In a recent survey of retail asset protection managers conducted by the Retail Industry Leaders Association, more than 86% of respondents said retail associates had been verbally threatened with bodily harm, nearly 76% reported associates were physically assaulted or threatened with a weapon, and more than 40% of associates were harmed by a weapon used by an ORC criminal.

“Organized retail crime is leading to more brazen and more violent attacks in retail stores and centers throughout the country, putting employees and consumers at risk,” said Tom McGee, president and CEO of ICSC. “In light of the increased number of attacks and lost revenue, we’re pleased that this legislation will broaden the statutes dealing with the transport of stolen goods and provide additional resources to law enforcement at both the federal and state level.”

The legislation is supported by ICSC, the National Retail Federation, the Retail Industry Leaders Association, the U.S. Chamber of Commerce, the Peace Officers Research Association of California, the Federal Law Enforcement Officers Association, Sergeants Benevolent Association NYPD and the PASS (Protect America’s Small Sellers) Coalition.

According to NRF’s 2022 Retail Security Survey, ORC contributes to total shrink, costing the industry nearly \$100 billion in 2021. •

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# How Organized Shoplifting Became a Billion-Dollar Industry

**Newsweek**

By Aleks Phillips, August 20, 2023

In a May earnings report, Brian Cornell, CEO of Target, said that a loss of inventory is expected to reduce the company's profits by more than \$500 million compared to the previous year. While he said there were "many potential sources," theft and organized retail crime were becoming "increasingly important drivers."

The corporate disclosure was a rare public recognition of the already large and increasing issue that theft is posing for retailers since the coronavirus pandemic. Industry insiders say that Target's figure is just the tip of the iceberg, and that shrink—a word for inventory loss—many chain stores were experiencing was largely attributable to retail crime.

"[Target is] saying it's \$500 million worse than it was the year before, in 2022, and it seems like it was already bad in 2022," Jeremy Bowman, a contributing analyst at investment and consumer advice firm The Motley Fool, told Newsweek.

"It does seem like an issue that's come up in other earnings calls and commentary, certainly with drug stores," he said, citing Walgreens.

While one might think that the issue had arisen due to inflationary pressures pushing more people to shoplift, experts say that petty theft usually accounted for a small proportion of inventory loss. Large sums were being lost through organized retail crime (ORC)—something every consumer has likely experienced the effects of.

They portrayed a vicious cycle in which the pandemic had turbocharged a move towards online shopping, which itself incentivized a greater amount of retail crime, but that retail crime was now also incentivizing more consumers to shop online.

## 'Professional' Gangs Stealing in Bulk

In May, a Lululemon store in Georgia made headlines after footage of staff confronting a group of three young men attempting to rob the store of bundles of clothing emerged. Two of the workers were later fired by the company over the incident; many retailers discourage staff from becoming physically involved with shoplifters.

As recently as last Sunday, a video of a "mob" raiding what was purported to be a Nordstrom in Los Angeles, grabbing clothes, handbags and suitcases went viral, earning millions of views.

These may be obvious incidents of ORC in its simplest sense, but not the costliest to retailers, according to Tony Sheppard, a Houston-based loss prevention consultant who spent 25 years working in security and organized retail crime units for several large retailers.

Instead, the incidents that hurt shops the most are the more complex crimes carried out by professional criminal gangs who "steal in bulk," he told Newsweek.

Sheppard said the proportions of the sources of shrink had changed drastically over the last 10 years, going from "internal theft"—employees taking items—being the most predominant cause of inventory loss to external theft by organized criminal gangs.

"External theft...was a small chunk; it was always there, but it was a smaller piece of the pie," Sheppard said. "What's happened is, is that with the increase in organized retail crime, the sheer volume of product that an individual or group can take in any given day has just gone crazy."

He added: "But then you see on the news, you have all these groups that are come in and they're

haphazard. They're very unorganized. A lot of younger folks just coming in grabbing stuff running out and all that stuff.

"That's certainly an impact and no doubt about it—and those are the ones that potentially, unfortunately, can become violent, which is obviously the biggest concern. But they're a sliver of that [pie]," he said.

The senior director of loss prevention at ThinkLP estimated that established criminals can steal up to \$10,000 in products from a store in some cases, and can often do so without customers noticing.

The established gangs are even able to get stolen products back into the supply chain, he said, and those operating at the highest levels usually knew in advance the quantity of a specific product that needed stealing and the price they would receive for it.

"There're fences that have cleaners, and they clean the product, or they remove stickers or stamps—anything that identifies it as being from a specific retailer—and then they repackage it," Sheppard said. "Then it gets mixed in with legitimate product and sometimes ends up back in the supply chain."

In September, the National Retail Federation estimated the total cost of shrink in the United States to be \$94.5 billion in 2021, with the organization's Vice President Mark Mathews noting the "burgeoning threat" of ORC. In 2019, prior to the pandemic, the Centre for Retail Research put the total shrink at \$43.3 billion, of which it said just over \$4.8 billion was due to organized crime.

In its first-quarter earnings call on May 16, Richard McPhail, chief financial officer of Home Depot, revealed that the company's gross margin had decreased by eight basis points compared to the same time last year, which he said was "primarily driven by increased pressure from shrink."

Evelyn Fornes, a spokesperson for the company, told Newsweek she could not divulge financial details, but said that ORC was "an ongoing issue, and it has been on the rise over the last several years for many retailers."

She added that among the "most targeted items" by criminal gangs that the home improvement chain stocked were power tools, home automation products and wiring devices.

"Retail crime is one of the top challenges facing our industry today," Marty Maloney, a Walgreens spokesperson, told Newsweek. "We are focused on the safety of our patients, customers and team members. We continue to take preventative measures to safely deter theft and aim to deliver the best patient and customer experience."

### **Consumers Paying the Price**

With margins being eaten away by theft, among other factors, it is only natural that some businesses may increase their prices. Bowman said rising costs were certainly an impact on consumers who were "already in an inflationary environment" following the pandemic.

But there are other, obvious signs of the effects of ORC on consumers. Both Bowman and Sheppard noted the various anti-theft devices shops employed to make stealing harder, such as security cases and "pushers," which allow only one product to be removed at a time, making stealing large quantities of items more difficult.

"A lot of these stores, you walk into them and buy something like razors or a popular item," Bowman said. "You see it behind plexiglass and it's locked up, and you've got to go find an employee to unlock it."

Sheppard said retailers aim to "make it difficult for the thief, but still convenient for the legitimate consumer" as using anti-theft devices made shopping harder and therefore "obviously has a detrimental impact to sales," especially when stores are short-staffed.

As well as some customers being witness to or potentially caught up in instances of shoplifting, Sheppard explained that ORC gangs would usually hit several shops of the same type in the same area to increase the number of items they could steal in a single day, causing localized shortages of specific products.

In areas where ORC activity was high, he said, companies may choose to close stores, posing a “significant impact” on the convenience of going shopping, citing Walgreens’ 2021 decision to shut five shops in San Francisco, California, due to shoplifting.

All three of these factors pushed more consumers to shop online.

In response to the mention of chain stores that had recently gone into administration, such as Bed Bath & Beyond, Sheppard said ORC was not the sole reason such companies were folding but “it’s certainly a factor” in their collapse.

Generally, though, “it definitely does impact the retailer’s bottom line...and they wouldn’t be talking about it on the stock calls if it wasn’t a significant problem,” he added.

### **The Vicious Cycle**

As is borne out by the apparent more-than-doubling of shrink between 2019 and 2022, ORC has surged during and in the aftermath of the pandemic. While Sheppard expected there to be more petty theft as a consequence of a rising cost of living, he said the predominant effect of the global crisis on the crime that retailers are subject to was pushing more sales online.

“Covid caused a significant spike in ORC in the U.S., and not necessarily for the reasons you may think as far as people being out of work,” he explained. “A lot of customers that would normally never shop online, were forced to shop online, because they wouldn’t leave their house...or they wanted something that wasn’t non-essential.”

“So you had a massive uptick in people making online purchases, which is where a lot of the stolen product ends up,” Sheppard added. “So, therefore, the activity skyrocketed to meet the demand from the consumer.”

He said ORC had been “steadily increasing prior to that,” but that a “perfect storm” of online demand and concerns over liability for injuries sustained during shoplifting encounters had made it go “off the rails.”

Whereas in the past someone stealing items for resale would have to do so in person and likely for a significant markdown on the label price, criminals can sell their stolen wares online much closer to the original price—and will often be taken up on the offer by consumers looking for a bargain.

“Your return on investment for being a shoplifter—especially a professional shoplifter who does it all the time—is way more lucrative than it used to be,” Sheppard said. “It’s much easier to resell the product, and the profit margin you’re getting per item has just skyrocketed because of online platforms.”

To make matters worse, ORC drives more consumers to shop online through the impacts on in-store shoppers it causes—localized stock issues, in particular—in turn giving resellers of stolen goods even more customers. “It kind of feeds itself,” Sheppard said.

“In the longer term, broader sense I think this will just push more businesses to the online channel,” Bowman said. “If you think of a company like Amazon, they don’t really have stores. I imagine there are some instances of employee theft, but you’re not going to have an organized crime ring with exposure to the public in the way brick-and-mortar stores do.”

He added, though, that stolen goods being sold online was “a hard thing for individual consumers to fight [with] their own hands” as “even a company the size of Amazon has problems with counterfeit goods on their site” that prompted it in April to set up a program to combat instances on its platform.

Fornes called on Congress and individual states to properly enforce the INFORM Consumers Act, which came into effect in late June and gives online transactions greater transparency, and create “capacity for law enforcement to investigate and prosecute cases through funding federal, state and local task forces.” •

## Top DHS official warns of ‘absolute threat’ to public safety, economy from organized retail crime



By Mike Levine, Laura Romero, and Erielle Reshef, June 1, 2023

The surveillance video, from earlier this year, is startling: Four masked men march in a line through a Home Depot store in New York – two of them looking like menacing bodyguards – while the two others confidently push carts stacked with almost a hundred boxes of high-value items that they take but never pay for.

When the same crew, allegedly doing the same thing, was approached by a security officer at another Home Depot store nearby, one of the men threatened the guard.

“I’ll knock you out. This isn’t worth dying for,” he said, according to prosecutors.

As Home Depot executives describe it, that New York-area crew is part of a growing threat to Americans across the country: so-called organized retail crime, where groups of criminals steal prized items to sell online or elsewhere.

While this kind of theft has been around for years, retailers say it’s reached unprecedented levels, sparking deadly violence at some stores. And federal authorities now warn it’s become an “absolute threat” to public safety and public health, declaring that violent gangs, dangerous international crime syndicates, and even groups with suspected ties to terrorism are increasingly dabbling in organized retail crime across the United States.

“These criminal networks, they may be full-time drug traffickers, but they see an opportunity to work with a crew that’s already stealing,” said Raul Aguilar, who oversees international organized crime cases for Homeland Security Investigations, the primary investigative arm of the U.S. Department of Homeland Security. “And because it’s hundreds of millions of dollars, [the money they make] can easily be diverted for [other] kinds of activities.”

### ‘Theft for greed’

“Organized retail crime is what I call theft for greed, not theft for need,” said Scott Glenn, vice president for asset protection at The Home Depot, which has been hit hard by organized retail theft. “[But] they don’t just come to a Home Depot and then decide to go home ... they go to Target, they go to Lowe’s, they go to CVS, they go anywhere.”

The groups behind organized retail theft can be expansive – “like your traditional organized crime families,” as Glenn put it – or, as Aguilar noted, they can be just two or three people working together.

They target stores big and small, and they take whatever they know they can sell – from power tools and spools of wire worth \$3,000, to designer clothes and even medical supplies, officials told ABC News.

“They do a lot of research about what is profitable,” Aguilar said. “They have shopping lists.”

Glenn said The Home Depot investigated about 400 cases of suspected organized retail theft in the past year alone – more than one per day – and that the numbers are “growing double digits year over year.”

The National Retail Federation’s most recent survey of retailers across the country reported a 26% jump in organized retail crime between 2000 and 2021, amounting to tens of billions of dollars in losses. Home Depot alone loses “billions of dollars a year” to organized retail crime, according to Glenn.

Asked what’s behind the recent spike of organized retail crime, Glenn cited two things in particular:

the proliferation of masks during the COVID-19 pandemic, which allowed people to stay “a little bit more anonymous,” as he put it, and the explosion of online marketplaces, where people can be even more anonymous.

According to the National Retail Federation, online sellers like Amazon and eBay have been particularly popular with retail thieves, but criminals are increasingly using peer-to-peer sites such as Craigslist and Facebook Marketplace, which offer more direct transactions.

### **‘Keeps you up at night’**

A Homeland Security Investigations report issued last year said estimates regarding organized retail crime found “the average American family will pay more than \$500 annually in additional costs due to the impact.”

But there are also much broader – and potentially more concerning – implications, according to retailers and law enforcement officials.

“This isn’t just shoplifting,” noted Aguilar, saying that it impacts the supply chain – “and that has effect on the economy.”

At the stores themselves, according to authorities and retailers, thieves are often armed with guns, knives, bear spray, or even tools taken from store shelves.

“We’re starting to see a lot more violent acts taking place,” said David Johnston of the National Retail Federation. “It greatly impacts the retailer’s ability to keep their environment safe.”

At a Home Depot in Pleasanton, California, in April, Blake Mohs, a 26-year-old employee set to be married in August, was fatally shot after he tried to stop a suspected thief. Two people have been arrested on murder charges in the case.

And late last year, 82-year-old Gary Rasor, a retiree working at The Home Depot in Hillsborough, North Carolina, died after being shoved to the ground by an alleged thief, who was then arrested on a murder charge. The case against him is still pending.

“It’s unconscionable,” Glenn said of the deaths. “That’s something that keeps you up at night.”

Home Depot executives say the company tells most employees not to intervene in suspected cases of shoplifting, but that the company also has asset-protection associates trained to confront shoplifters.

Homeland Security officials are also concerned about who’s sometimes behind organized retail theft. Gangs and other dangerous groups, including the Aryan Brotherhood and crime rings from Eastern Europe and South America, have used organized retail theft to raise funds, according to Aguilar. And there are “definitely ties” between certain organized retail thieves and drug-trafficking organizations, including some of the cartels identified by the U.S. government as a global threat, Aguilar said.


In addition, said Aguilar, “some of these networks are tied to the terrorist financing networks around the world.”

When pressed for more details, he said, “There’s still too many active investigations, so I can’t really specifically get into those.”

Some media reports and others have questioned whether law enforcement officials and retailers have been exaggerating the scope of organized retail theft and the threat it poses to the U.S. homeland. As far back as 2021, the Los Angeles Times reported that although retail and law enforcement sources cite “eye-popping figures,” there is “reason to doubt the problem is anywhere near as large or widespread as they say.”

But Aguilar rejected such suggestions, insisting organized retail theft “absolutely is a threat.”





### **‘Part of the solution’**

Glenn said The Home Depot is looking to stem the tide of organized retail theft by “taking a multifaceted approach”: locking up often-targeted items behind cages, launching new forms of technology, and pushing Congress and law enforcement to do more.

Retailers expect the newly-passed INFORM Act, which requires online retailers to verify certain information about their sellers, to help combat the sale of stolen and counterfeit goods – but they say they also want Congress to allocate funds for a federal task force specifically targeting organized retail crime. The Combating Organized Retail Crime Act, which would establish a coordinated multi-agency response and create new tools to tackle evolving trends in organized retail theft, was introduced by the House of Representatives in February.

“The feds ... actually have some really, really good data-sharing and intelligence-sharing capabilities,” Glenn said.

Meanwhile, as local and state authorities try to tackle the issue in their communities with nearly a dozen state task forces, Homeland Security Investigations is “using all of its investigative authorities” to do what it can, Aguilar said.

Over the past three years, the agency has tripled the number of cases it’s investigating, often using fraud-related and money laundering laws to open cases, he said.

But Aguilar said that to really help stop organized retail crime, consumers need to be “part of the solution.”

“I think the first thing they could do is pay attention to what they’re buying online,” he said, advising consumers to be skeptical of items being sold as new with deep discounts.

“Pay attention to who’s selling them, make sure to read the reviews,” he said. •





# GOVERNMENT REACTION

While some believe ORC is fundamentally a state or local problem, the transport of stolen goods across state lines and operation of sophisticated criminal enterprises across state or even national borders makes it an issue at the federal level as well. Government authorities at all levels have taken actions to address ORC. The federal INFORM Act, dozens of state laws, and new specialized ORC Task Forces are important tools to combat ORC; however, more must be done.

ICSC is working with Congress, state legislators, and state attorneys general to enact legislation to clamp down on ORC activity and establish better information sharing between law enforcement and other stakeholders.



## A LOOK BACK

### FEDERAL GOVERNMENT REACTION

At the end of 2022, the INFORM Consumers Act was included in the omnibus spending package. This action was the culmination of a multi-year advocacy campaign led by the Retail Industry Leaders Association (RILA) and endorsed by ICSC and a host of other businesses and trade associations. The law took effect in June 2023 and requires online marketplaces to verify the identities of high-volume third-party sellers and disclose basic information to shoppers and law enforcement. The goal of the INFORM Act is to increase transparency of electronic marketplaces and verify who is selling on the platforms.

The Buy Safe America Coalition argued “that the sale of stolen and counterfeit goods is a criminal enterprise that harms consumers and retail employees, and costs legitimate businesses billions of dollars every year. This conduct occurs through online marketplaces, where criminals exploit the anonymity of the web to sell counterfeit and stolen goods and where marketplaces historically have had minimal obligation to verify the identity of sellers.”

### STATE GOVERNMENT REACTION

Since 2021, over 50 bills have been introduced in 31 states that broadly toughen penalties for organized retail crime. The issue has equally mobilized lawmakers in both red and blue states to take swift action.

In 2022, lawmakers in nine states – Washington, Illinois, Georgia, Mississippi, Oklahoma, Minnesota, Missouri, New Mexico, and Rhode Island – introduced bills to codify the offense of ORC.

## 2023: CONTINUED PROGRESS

### WINTER: STATE GOVERNMENT REACTION

In the first weeks of the 118th Congress, the Combating Organized Retail Crime Act (S. 140 and its companion bill, H.R. 895) were introduced in the U.S. Senate and House of Representatives. The bipartisan, bicameral legislation establishes a center to Combat Organized Retail Crime at Homeland Security Investigations that combines expertise from state and local law enforcement agencies as well as retail industry representatives. It also creates new tools to assist in federal investigation and prosecution of organized retail crime and help recover lost goods and proceeds. This bill is strongly supported by ICSC and partner organizations, including National Retail Federation, Retail Industry Leaders Association, and the U.S. Chamber of Commerce.

Also introduced in January, H.R. 316, the Improving Federal Investigations of Organized Retail Crime Act was introduced and directs the Department of Justice, the Department of Homeland Security, the U.S. Postal Service, and other relevant agencies to create a strategy for preventing ORC. A third bill, H.R. 27/S. 281, the Prosecutors Need to Prosecute Act, requires certain state and local prosecutors to report data on criminal referrals and outcomes of cases involving robbery, aggravated assault, burglary, and larceny, among other offenses.

In some states, the criminal code does not allow prosecutors to aggregate crimes into one offense. Lawmakers in five states – Kansas, Nevada, New Mexico, Oregon, and Virginia – enacted legislation in 2023 that would allow prosecutors to aggregate the total value of goods stolen either over a time period or multiple offenses. Lawmakers in three states – Alabama, Nevada, and North Dakota – enacted legislation in 2023 that establishes the offense of organized retail crime in these states' criminal code.

## SPRING: FEDERAL GOVERNMENT REACTION

A provision in the House Homeland Security Fiscal Year 2024 Appropriations Act was included to direct the U.S. Department of Homeland Security to establish an Organized Retail Crime Coordination Center. This bill has been approved by the House Appropriations Committee but has not yet passed the full U.S. House of Representatives.

## LOOKING FORWARD

State ORC Task Forces continue to play a vital role in cracking down on organized retail crime operations. Currently, 13 states – Arizona, California, Colorado, Connecticut, Florida, Illinois, Michigan, New Mexico, Oregon, Oklahoma, Texas, Utah, and Washington – have an ORC task force to investigate and prosecute suspects involved in organized retail crimes. These task forces provide increased funding to support coordination among law enforcement, prosecutors, and businesses to focus on stopping multi-jurisdictional retail crime operations. ICSC members sit on several state task forces.



# MAJOR RETAILER REACTION

Major retailers have advocated for a united and multifaceted approach to ORC, urging retailers, the government, and community leaders to come together to solve the problem. Many have made significant changes in their own operations by adopting new loss prevention measures and investing in security.

“[The solution needs to be a] combination of talent, tools, technology and coalitions of industry, society and government all working together. There isn’t a single group, in my opinion, that can solve this on their own.”



Walmart U.S. President & CEO  
John Furner

“A number of retailers have had to shut down stores in certain tough cities. We’re fortunate in that we have not. But we are increasingly concerned with life safety of our associates and customer base. We’ve had to invest in more security guards, additional lighting in parking lots, recording towers. It’s not a place that many of us in retail thought we would be.”



Home Depot CEO  
Ted Decker

“While shrink is the result of various factors, theft, specifically organized retail crime, or ORC, is an increasingly concerning challenge, especially as we’ve seen a rise in violence and aggression during these incidents. Our first priority is the safety and well-being of our associates and our guests.”



Ulta Beauty CEO  
Dave Kimbell

“We’ve seen a significant increase in theft from stores and usually through this lens of an organized retail crime type of action, affecting more apparel certainly than footwear, where we only have one item out, but apparel is affected.”

**Foot Locker**

Foot Locker CEO  
Mary Dillon

“While shrink can be driven by multiple factors, theft and organized retail crime are increasingly urgent issues impacting the team and our guests and other retailers. The problem affects all of us, limiting product availability, creating a less convenient shopping experience, and putting our team and guests in harm’s way.”



Target Chairman & CEO  
Brian Cornell

“As you can see, all the retailers are locking down stuff and putting physical locks on the product. We said, ‘you know, we wish we had digital locks...we could enable and disable with technology.’”



Lowe's Chief Digital & Information Officer  
Seemantini Godbole



# ORC RESOURCES

Organized Retail Crime (ORC) is one of the most serious security issues facing the Marketplaces Industry today. In the past, shoplifters were traditionally independent operators who engaged in petty theft. However, today, groups of highly trained shoplifters have formed criminal alliances that are specifically targeting retailers with staggering results.

Across the country, U.S. retailers are struggling to combat growth in shoplifting that is depleting inventories, scaring customers, and at times threatening the safety of employees and shoppers. Many have implemented new technologies focused on preventing theft. These include interactive loitering devices, video analytics and AI CCTV capabilities, body cameras, facial recognition software, RFID and digital ID, and information sharing platforms. They've also taken steps to keep merchandise locked behind glass enclosures that require a store employee to open.

## THE LOSS PREVENTION RESEARCH COUNCIL

ICSC is a member of the Loss Prevention Research Council (LPRC) based at the University of Florida that tests safety equipment and provides resources to create safer environments at centers. The LPRC is a centralized point for organizations and loss prevention professionals that affords access to networking and working groups, a research and a knowledge center, a research lab, and continuing education to members. It is made up of over 83 retailers, 108 solution partners, and 24 industry and law enforcement partners. Within LPRC's Research Lab, members are able to see the latest technologies and how they all work together to prevent and detect theft, fraud, and violence.

### SOME LPRC RETAIL MEMBERS INCLUDE







# ADDITIONAL RESOURCES

Beyond ORC, there are numerous challenges that exist for retailers that necessitate enhanced operational and security measures to protect employees, shoppers, and products. ICSC has worked closely with Louisiana State University's Security Programs Institute to create a program that educates and trains law enforcement and security personnel in a variety of different areas to include active shooter and terrorist situations. For decades, ICSC also has led a task force of security experts that convenes twice annually to discuss current concerns, share best practices, and evaluate new technologies. Finally, we are affiliated with the Department of Homeland Security's Infrastructure Protection Group.

## LOUISIANA STATE UNIVERSITY

Louisiana State University's National Center for Biomedical Research and Training/Academy of Counter-Terrorist Education is a nationally recognized center for emergency preparedness and response training located at LSU's main campus, providing mobile training to both the national and international emergency response community.

LSU's NCBRT/ACE has expertise in research, development, and delivery of training in the areas of specialized law enforcement operations, biological incident response, as well as instructional design and technique. LSU offers a wide range of trainings and courses, both in-person and online, which cover topics such as Site Protection through Observational Techniques to Fundamentals of Criminal Intelligence to Shopping Center Security Terrorism Awareness Training Program, and more.

As part of LSU's offerings, they can provide highly customized and advanced training to public and private sector organizations based on a variety of scenarios, leveraging virtual reality technology to replicate and simulate any physical structure and landscapes so participants are able to engage in real-world scenarios for their everyday environment, such as a shopping center, parking structure, movie theater, hotel, and more.

## DEPARTMENT OF HOMELAND SECURITY

The Department of Homeland Security provides information and training for active shooter scenarios. ICSC.com houses several videos that demonstrate possible response actions, often referred to as "run, hide, or fight," that individuals can take if they find themselves in an active shooter situation.



## SECURITY TRAINING RESOURCES FOR THE MARKETPLACES INDUSTRY

In conjunction with security professionals in the Marketplaces Industry, ICSC also has developed the Shopping Center Security Terrorism Awareness Training Program, which teaches security personnel about terrorist and criminal activity that could occur at their facilities. ICSC.com includes resources on procedures and policies for reacting to active shooter events.

## LAW ENFORCEMENT ACTIVE SHOOTER TRAINING

Planning for a crisis situation is essential. If you work in the Marketplaces Industry, preparation includes knowing your company's procedures and policies in order to react effectively to active shooter events. Active shooter attacks on population centers have become part of law enforcement officers' training, and LSU's the Security Programs Institute (SPI) has been at the forefront of training law enforcement officers how to respond. However, the technical aspects of planning and implementing a rapid law enforcement deployment to an active shooter incident through classroom presentations, hands-on performance-based field training, and scenario-based practical exercises can be labor intensive and expensive.

To reduce costs and enhance overall training efficiencies, LSU developed a 21st century virtual reality training platform for law enforcement agencies. The 360-degree, fully immersive virtual reality simulator enables officers to train for difficult real-world situations, including use of force, active shooters, de-escalation, crisis intervention, terrorist attacks, and more. To aid in this effort, ICSC worked with LSU to create an entire two-level enclosed virtual mall in which law enforcement can train. Complete with stores, restaurants, parking garages, back-service corridors as well as a full-scale seven-story hotel, the mall scenario has become LSU's most popular training scenario with law enforcement agencies.

For a full list of Organized Retail Crime Associations, see page 40.



# ICSC'S ROLE

ICSC continues to take an active role in combating ORC. As the leading organization representing the Marketplaces Industry, ICSC convenes subject matter experts, policymakers, and other resources to tackle ORC and other security challenges facing our industry.

As a founding member of the Buy Safe America Coalition, ICSC built upon longstanding relationships to work collaboratively with retailers, product manufacturers, technology companies, and trade associations, such as RILA, to advocate for the passage of the INFORM Consumers Act. We now lead a coalition of Washington, D.C.-based public policy leaders in the retail industry to support the passage of the Combating Organized Retail Crime Act.

In 2023, ICSC held an Organized Retail Crime Summit – the organization's first-ever event dedicated to ORC – to unite the industry against ORC issues and identify opportunities to collaborate to solve the problem.

# GOVERNMENT AFFAIRS

## A LOOK BACK

In Fall 2022, ICSC convened its Security Task Force in Washington, DC. This group is comprised of the Marketplaces Industry's security and operations professionals from around the country. The group gathered to share best practices and hear updates on legislation to combat the growing number of ORC incidents.

## 2023: CONTINUED PROGRESS

### SPRING

ICSC held its Organized Retail Crime Summit, marking the organization's first-ever event dedicated to addressing the impact of ORC on retailers and the Marketplaces Industry. The summit, held in partnership with the Loss Prevention Research Council at the University of Florida INNOVATE Hub, helped attendees better understand the impact of ORC on their business and how they can work to mitigate it across the industry. Sessions at the summit featured insights on the scope of the problems caused by ORC and retail violence, opportunities through research and collaborative information sharing, and legislation as a means to abate ORC. Senator Grassley was a featured speaker at the summit, discussing how the Combating Organized Retail Crime Act and other pieces of legislation are critical steps toward limiting ORC.

### ICSC Holds Summit on Organized Retail Crime to Address Industry-Wide Challenges

**NEW YORK CITY, NY, March 2023:** ICSC is holding its Organized Retail Crime Summit, marking the organization's first-ever event dedicated to addressing the impact of organized retail crime (ORC) on retailers and the Marketplaces Industry. The summit, held in partnership with the Loss Prevention Research Council which is located in the University of Florida INNOVATE Hub, will help attendees better understand the impact of ORC on their business and how they can work to mitigate it across the industry.

Unlike petty crime or independent shoplifting incidents, which account for a nominal percentage of inventory value, organized retail crime is defined as an act that involves a criminal enterprise employing a group of individuals (two or more) who steal substantial quantities of merchandise from a retailer(s). ...

### THEMES FROM THE SUMMIT

**Increase communication and engagement** between property owners/developers and retail asset protection personnel by identifying the right persons to contact/engage for the appropriate retailer and property.

**Determine opportunities to educate** both parties on suitable best practices of engaging with each other in support of prevention, mitigation, and resolution of theft and crime events occurring on properties.

**Identify potential opportunities to enhance** data collection and sharing, ideally as a singular point across the industry to support the narrative and impact of retail theft and crime.

## PLANNED NEXT STEPS

### RETAILER & PROPERTY OWNERS/DEVELOPERS

The following are short-term opportunities that can strengthen the partnerships between our members, stemming from conversations at the summit.

1. Creation of a Contact Resource Document, providing corporate-level contact information for leading retail asset protection departments and property owner/developer's corporate security or security-responsible contacts.

This document will aid in the ability of both parties to know primary contact points across their properties, allowing for proactive and responsive engagement with appropriate contact persons.

ICSC and NRF will coordinate with their membership to create individual contact lists, combining both into a single document to be shared with membership and retained as a member resource.

2. Working Group engagement with some key NRF LP Council members and ICSC members, focusing on future opportunities to strengthen engagement and support of key issues. Potential deliverables can include:

- a. Property/Retailer Resource Guide, supporting best practices from each party on how to establish positive working relationships, increase communication (at corporate and property levels), and engage in the handling of common incidents and events involving crime, violence, and theft.
- b. Data Sharing Structures, supporting the needs of the owners/developers to understand the events taking place within their properties, while supporting the privacy needs highlighted by the retailers within their internal data-sharing requirements. Possibility of creating co-branded reports to membership regarding retail theft, organized retail crime, and violence.

### IN THE WORKS

ICSC and NRF have formed a Mall Partnership Working Group, which brings together enclosed mall security professionals and NRF retail members with responsibility for the safety and security of employees and customers. The goal of the group is to develop solutions that will help provide safe and secure shopping environments by raising awareness and building stronger partnerships between property developers/owners/landlords and retailers.

Additionally, we have formed an Open-Air Security Advisory Committee that is currently working with the ICSC team to develop a white paper on securing open-air shopping centers. Topics will include, but not limited to, the following:

- The Overall Challenge of Security at Open-Air Centers
- Hiring and Managing Security Companies/Contractors
- Working with Local Law Enforcement
- Technologies for Remote Monitoring
- Dealing with Homelessness



## SUMMER


ICSC members from 28 states flew to Washington, DC, for the ICSC Federal Fly-In. Attendees met with 143 Congressional offices to discuss the Combating Organized Retail Crime Act and other key legislation impacting the Marketplaces Industry. Prior to the Congressional meetings, ICSC members were given a “deep dive” briefing on ORC by Ben Dugan, Director of ORC and Corporate Investigations at CVS Health. Members of Congress on both sides of the aisle agreed that the impact of ORC has had devastating consequences on communities, businesses, customers, and employees. Since the ICSC Federal Fly-In, 29 new members of Congress have signed onto H.R. 895, representing a growth of 46%.

ICSC’s Vice President of State Government Relations Jim Hill joined lead sponsors of the Combating Organized Retail Crime Act, including Sen. Catherine Cortez Masto, Congresswoman Susie Lee, and Congresswoman Dina Titus along with members of law enforcement, at a roundtable discussion at a Las Vegas Home Depot to promote the Combating Organized Retail Crime Act.

ICSC’s Vice President of Public Policy Abby Jagoda briefed the Downtown DC Business Improvement District on the Combating Organized Retail Crime Act. National retailers, including Macy’s, Sephora, and Express, were present, as well as neighborhood businesses. Business owners and managers expressed concern regarding DC’s response to the spike in ORC throughout the city and the resulting growth in vacancies in the downtown commercial corridor.



(Top Left) ICSC Members from Alabama with Rep. Dale Strong (R-AL); (Top Right) ICSC Members from Florida with Senator Marco Rubio (R-FL); (Bottom Left) Members of Congress, law enforcement, and ICSC’s Jim Hill meet on Combating Organized Retail Crime Act; and (Bottom Right) tour measures in place at Las Vegas Home Depot.



ICSC's Western Division Innovation Chair Alesha Shemwell of Kemper Development participated in a press conference and store tour of a Target in Issaquah, WA, with Congresswoman Kim Schrier (D-WA), a sponsor of the Combating Organized Retail Crime Act. "Organized retail theft has become increasingly violent and dangerous for employees and for customers," Schrier said. "These stolen goods are sold online, and the money these crime rings bring in fuels other illicit activities related to trafficking of drugs, trafficking of people and weapons, and more."

## LOOKING FORWARD

ICSC's Office of Government Relations & Public Policy is working closely with members of the U.S. House Judiciary Committee to see the Combating Organized Retail Crime Act move through the committee for consideration on the floor of the U.S. House of Representatives. House Judiciary Committee Chairman Jim Jordan (R-OH), House Judiciary Subcommittee on Crime Chairman Andy Biggs (R-AZ), and House Leadership will be critical in that effort.

State ORC Task Forces continue to play a vital role in cracking down on organized retail crime operations. Currently, 13 states – Arizona, California, Colorado, Connecticut, Florida, Illinois, Michigan, New Mexico, Oregon, Oklahoma, Texas, Utah, and Washington – have an ORC task force to investigate and prosecute suspects involved in organized retail crimes. These task forces provide increased funding to support coordination among law enforcement, prosecutors, and businesses to focus on stopping multi-jurisdictional retail crime operations. ICSC members sit on several state task forces.



## PRESS & SOCIAL MEDIA

### **ICSC Commends Sens. Grassley and Cortez Masto for Introducing the Combating Organized Retail Crime Act of 2022**

**NEW YORK CITY, NY, September 30, 2022:** Today, ICSC announced its support of S.5046, the Combating Organized Retail Crime Act of 2022, introduced by Senators Chuck Grassley (R-IA) and Catherine Cortez Masto (D-NV), that is a pivotal step toward addressing the growing problem of organized retail theft (ORC); a crime that not only harms communities and retail centers but also threatens the safety of consumers and retail workers alike. ORC involves a criminal enterprise employing a group of individuals (two or more) who steal substantial quantities of merchandise from a retailer(s). According to the Buy Safe America Coalition, as much as \$68.9 billion worth of merchandise was stolen from retailers in 2019. The proposed legislation would adapt existing federal statutes to address some of the specific elements related to ORC.

The legislation recognizes the severity of this problem with the creation of the National Organized Retail Crime Center within the Department of Homeland Security. The crime center would provide needed coordination with federal law enforcement activities related to ORC, establish relationships with state and local law enforcement agencies, assist with investigations and replicate information sharing with private retail companies.

“Organized retail crime is leading to more brazen and more violent attacks in retail stores and centers throughout the country, putting employees and consumers at risk,” stated Tom McGee, President and CEO of ICSC. “We’re pleased that this legislation will allocate additional resources to help DHS, DOJ and other enforcement agencies fight back against ORC and work to keep our communities safe.”

In a recent survey of retail asset protection managers conducted by the Retail Industry Leaders Association, over 86 percent of respondents said retail associates had been verbally threatened with bodily harm, nearly 76 percent reported associates were physically assaulted or threatened with a weapon, and more than 40 percent of associates were harmed by a weapon used by an ORC criminal.

“In light of statistics like these, the Marketplaces Industry supports tougher legislation and is pleased that S. 5046 will broaden statutes dealing with the transport of stolen goods and receipt of stolen goods. Such measures will better target ORC activities and reflect the seriousness of these criminal acts,” McGee said.

ICSC applauds this important development and supports enactment of the Combating Organized Retail Crime Act of 2022 by Congress this year.

###



## ICSC Welcomes Re-Introduction of Legislation Addressing Threat of Organized Retail Crime

**NEW YORK, January 31, 2023:** Today, ICSC announced its support of S. 140, the “Combating Organized Retail Crime Act of 2023,” introduced by Senators Charles “Chuck” Grassley (R-IA) and Catherine Cortez Masto (D-NV). The legislation establishes a coordinated multi-agency response and creates new tools to tackle evolving trends in organized retail crime (ORC). The bill is an important step toward addressing the growing issue of ORC, a crime that not only harms communities and retail centers but also threatens the safety of consumers and retail workers alike.

ORC involves a criminal enterprise employing a group of individuals (two or more) who steal substantial quantities of merchandise from a retailer(s). According to the National Retail Federation Security Survey, as much as \$94 billion worth of merchandise was stolen from retailers in 2022.

The bipartisan measure creates a unified government and industry collaboration to address this escalating problem. S. 140 establishes a Center to Combat Organized Retail Crime at Homeland Security Investigations that combines expertise from state and local law enforcement agencies as well as retail industry representatives. It also creates new tools to assist in federal investigation and prosecution of organized retail crime as well as help recover lost goods and proceeds.

A companion bill is expected to be introduced next week in the House of Representatives.

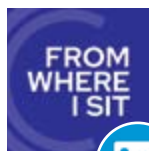
The legislation is supported by ICSC, the National Retail Federation, the Retail Industry Leaders Association, the U.S. Chamber of Commerce, the Peace Officers Research Association of California, the Federal Law Enforcement Officers Association, Sergeants Benevolent Association NYPD and the PASS (Protect America’s Small Sellers) Coalition.

“Organized retail crime is leading to more brazen and more violent attacks in retail stores and centers throughout the country, putting employees and consumers at risk. In light of the increased number of attacks and lost revenue, we’re pleased that this legislation will broaden the statutes dealing with the transport of stolen goods and provide additional resources to law enforcement at both the federal and state level,” said Tom McGee, President and CEO of ICSC.

In a recent survey of retail asset protection managers conducted by the Retail Industry Leaders Association, over 86 percent of respondents said retail associates had been verbally threatened with bodily harm, nearly 76 percent reported associates were physically assaulted or threatened with a weapon, and more than 40 percent of associates were harmed by a weapon used by an ORC criminal.

ICSC applauds this important development and supports enactment of S. 140 by Congress this year.

###



### Fighting Back Against Organized Retail Crime: What We Learned at ICSC’s First ORC Summit

**April 2023:** In recent years, retailers and businesses across the Marketplaces Industry have responded to a number of changes and challenges, adapting to the rise of online shopping, forced closures during the pandemic, and now increased inflation and an uncertain economic environment. Another growing cause for concern in the industry is organized retail crime (ORC). Yet for many, it’s not always clear what ORC actually entails. ORC is not petty shoplifting. It is coordinated, sophisticated, and targeted retail theft, usually carried out by organized criminal networks, where substantial quantities of high demand products are stolen and typically re-sold on online marketplaces. These organizations recruit participants, enforce quotas, and use their profits to fund other illicit activities.

#### WHAT IS ORC

ICSC realized that there was a need for a clearer understanding of what ORC is, and how our industry – and we as leaders – can work together to mitigate the problem. To create a forum for these conversations, ICSC held its first-ever Organized Retail Crime Summit in March.

It is estimated that in 2021, losses from ORC totaled nearly \$100 billion. On top of this, ORC often involves physical assault of employees, and increasingly involves strong arm tactics including firearms. ORC harms communities and retail centers and threatens the safety of consumers and retail workers across our entire country. Roughly three-quarters of retailers saying an ORC incident resulted in the physical assault of an employee.

To bring further awareness to this issue, ICSC partnered with the Loss Prevention Research Council within the University of Florida INNOVATE Hub to host the ORC summit. Sen. Chuck Grassley of Iowa, who has introduced legislation to combat ORC (S. 140) spoke about the serious impact ORC has on businesses and communities and the need for legislation to limit organized crime. Marketplace developers, retailers, law enforcement and academia were also in attendance, including leaders from the Retail Industry Leaders Association, the National Retail Federation, the University of Florida’s Loss Prevention Research Council and the FBI.

The event aimed to ensure leaders across the industry understand the complexities of ORC, including how to approach offender targeting and response options, which assets are the most attractive targets for ORC, and where gaps in protections lie – as well as how retailers can create multiple, integrated, situational dilemmas for offenders to further mitigate the risk. With this level of increased understanding, retailers more effectively combat ORC and protect their businesses, employees, and customers.

The summit also emphasized the importance of supporting joint public and private action, including legislation at the federal and state level. ICSC advocated for the recently enacted INFORM Consumers Act and is now urging Congress to move the Combating Retail Crime Act to better mitigate retail crime.

The INFORM Consumers Act aims to limit the ability for stolen goods to be sold on third-party sites, while increasing accountability for both marketplaces and sellers. The Combating Retail Crime Act – sponsored by Sen. Grassley and Sen. Cortez Masto of Nevada toughens existing statutes that organized networks use to their advantage and redirects existing federal funding for training amongst law enforcement agencies. It also creates a new coordination center that promotes collaboration amongst local, state, and federal law enforcement to better limit ORC.

By working together to continue to foster open dialogue, share solutions across our industry, and enact meaningful legislation, we can reduce losses resulting from ORC and ensure retailers and marketplaces are better equipped to maintain vibrant longevity in our communities. •



## INFORM Consumers Act Now Combating Organized Retail Crime

**July 2023:** Shoplifting isn't a new threat to retailers, but, today, Organized Retail Crime (ORC) has taken theft to a new level as a criminal enterprise. ORC is a network of criminals who steal high volumes of goods for the purpose of often times selling them through online marketplaces, such as Amazon, Facebook and eBay. The majority of items stolen are small dollar, untraceable products such as razor blades and beauty aids, although power tools and electronics are also high demand items.

The roughly \$100B per year in shrinkage, according to the National Retail Federation (NRF), is resulting in higher prices and retailers locking up merchandise, creating a barrier for consumers as well as an estimated \$500 in additional costs to the average American family. More critical are the threats to workers who are helpless when confronted by thieves.

Last year, Congress passed the ICSC-supported Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act (INFORM Consumers Act), bipartisan legislation introduced by Reps. Jan Schakowsky, D-Ill., and Gus Bilirakis, R-Fla.. The bill is designed to add more transparency to online transactions and to deter criminals from acquiring stolen, counterfeit, or unsafe items and selling them through marketplaces. Thanks to the advocacy of ICSC's membership, as well as our friends at the Retail Industry Leaders Association, NRF, and several other national trade groups, President Biden signed the bill into law in December 2022.

The new law, which took effect on June 27, requires online marketplaces to collect, verify, and make available [to buyers] certain information related to high-volume third-party sellers. Any seller that has more than 200 transactions and \$5,000 in revenue in a 12-month period will be considered high-volume. Additionally, the INFORM Consumers Act requires disclosure of seller information to buyers for any entity with sales in excess of \$20,000 annually.

The Federal Trade Commission will be responsible for enforcement, however, the law increases the prosecutorial power of state attorneys general, allowing them to bring civil actions against marketplaces that fail to comply with the Act. While this is a step toward ensuring accountability, there is more to be done. ICSC is currently advocating for the passage of additional bipartisan legislation, such as Sens. Chuck Grassley, R-IA., and Catherine Cortez Masto, D-NV., Combating Organized Retail Crime Act of 2023 (S. 140/ H.R. 895) to dismantle the criminal theft rings that are impacting retailers, consumers and communities across the country. •





# TRUSTEE AND INDUSTRY LEADER ACTION STEPS

## DONATE TO ICSC PAC

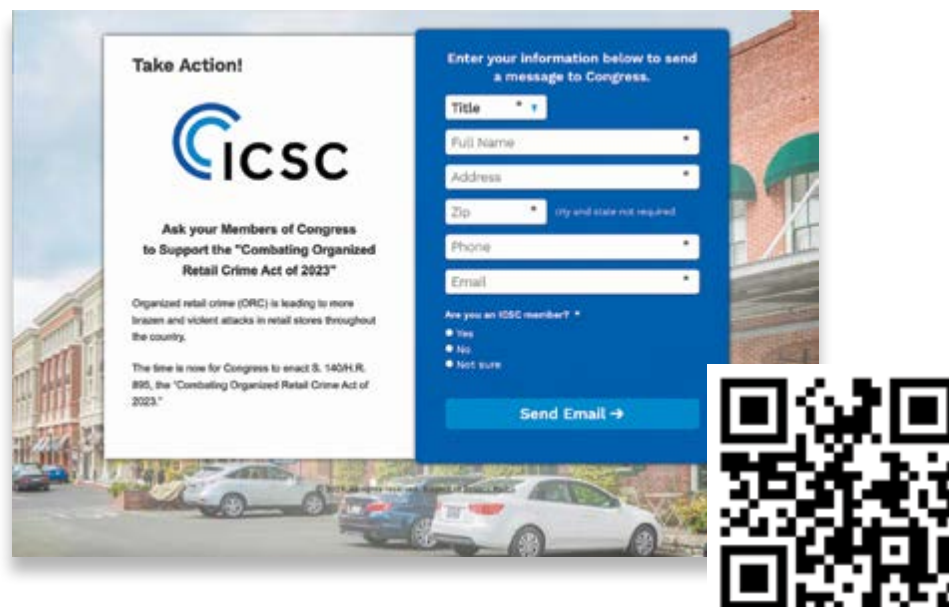
Beginning with the 2022 election cycle, the ICSC PAC donated to members of Congress who support our efforts with ORC, and our donations will continue. The independent expenditures the ICSC PAC made to the campaigns of Senators Grassley and Cortez Masto were the first of their kind for our organization. We ran ads over multiple days in the leading newspapers in their states commending the two for their leadership on ORC.

ICSC PAC is the only PAC solely representing the Marketplaces Industry. ICSC PAC has enabled ICSC's Washington, DC-based Office of Government Relations & Public Policy to continuously engage with members of Congress and educate them on ORC and ICSC's other federal policy priorities. Donations to ICSC PAC are needed in order to bolster continued progress.



## SEND THE ACTION ALERT

Write to your member of Congress urging them to cosponsor S. 140/H.R. 895, the bipartisan Combating Organized Retail Crime Act of 2023, which would establish a coordinated multi-agency response and create new tools to tackle evolving trends in organized retail theft. This legislation will help address the significant deficiencies in the availability of consistent and consolidated ORC data across national, state, and local authorities.

The image shows a digital form titled "Take Action!" with the ICSC logo. The form asks users to "Enter your information below to send a message to Congress." and includes fields for Title, Full Name, Address, Zip, Phone, and Email. It also has a section for "Are you an ICSC member?" with radio buttons for Yes, No, and Not sure. A "Send Email →" button is at the bottom. To the right of the form is a QR code. The background of the form is a photograph of a street scene with cars and buildings.

## JOIN THE SECURITY TASK FORCE

Consider having your security or operations leaders join ICSC's Security Task Force made up of Marketplaces Industry's professionals from around the country. For additional information, please contact Malachy Kavanagh, Executive Vice President, Global & Corporate Development • Email: [mkavanagh@ICSC.com](mailto:mkavanagh@ICSC.com)

## HOST A SITE VISIT

ICSC's Office of Government Relations & Public Policy (GPP) can help you host a site visit with a member of Congress, state legislator, or mayor at one of your properties or headquarters. It is critical that lawmakers understand the Marketplaces Industry's deep investment in security resources. A back-of-house, in-person tour is the best way to give this context and introduce constituent site-based teams. For more information, please contact ICSC's Office of Government Relations & Public Policy • Email: [gpp@ICSC.com](mailto:gpp@ICSC.com)

## USE YOUR VOICE

Author an op-ed or letter to the editor to ask local members of Congress to cosponsor S. 140/HR 895 Combating Organized Retail Crime Act (or praise those who have already cosponsored). For more information, please contact ICSC's Office of Government Relations & Public Policy • Email: [gpp@ICSC.com](mailto:gpp@ICSC.com)

# APPENDIX

1. NRF and K2 Integrity Organized Retail Crime Report. See: [nrf.com/research/organized-retail-crime-assessment-persistent-and-growing-threat](https://nrf.com/research/organized-retail-crime-assessment-persistent-and-growing-threat)
- 2-7. 2022 National Retail Security Survey, NRF website.
8. 2019 National Retail Security Survey, NRF website. See: [cdn.nrf.com/sites/default/files/2019-06/NRSS%202019.pdf](https://cdn.nrf.com/sites/default/files/2019-06/NRSS%202019.pdf)
9. CargoNet Report, “Supply Chain Risk Trends 2021.”
10. Dugan testimony.pdf ([senate.gov](https://senate.gov))
11. 2022 National Retail Security Survey, NRF website. See: [cdn.nrf.com/sites/default/files/2022-09/National%20Retail%20Security%20Survey%20Organized%20Retail%20Crime%202022.pdf](https://cdn.nrf.com/sites/default/files/2022-09/National%20Retail%20Security%20Survey%20Organized%20Retail%20Crime%202022.pdf)
12. 2021 National Retail Security Survey, NRF website. See: [cdn.nrf.com/sites/default/files/2021-08/2021%20National%20Retail%20Security%20Survey%20updated.pdf](https://cdn.nrf.com/sites/default/files/2021-08/2021%20National%20Retail%20Security%20Survey%20updated.pdf)
13. 2019 National Retail Security Survey, NRF website. See: [cdn.nrf.com/sites/default/files/2019-06/NRSS%202019.pdf](https://cdn.nrf.com/sites/default/files/2019-06/NRSS%202019.pdf)

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## ORGANIZED RETAIL CRIME ASSOCIATIONS: THE COMPLETE LIST

### STATES

Alaska Organized Retail Crime Alliance (AKORCA)  
<https://akorca.org>

Alert Mid-South Tennessee-Alabama-Mississippi  
 Organized Retail Crime Alliance  
<https://www.facebook.com/people/ALERT-MidSouth/100079448721953>

Arizona Organized Retail Crime Association  
 (AZORCA)  
<https://www.arizonaorca.org>

California Organized Retail Crimes Association  
 (cal-ORCA)  
<https://cal-orca.org>

Carolinas Organized Retail Crime Alliance (CORCA)  
<https://corca.org>  
 919-832-0811

Central New York Organized Retail Crime Alliance  
 (CNYORCA)  
<https://romepd.com/departments/central-ny-organized-retail-crime-alliance>

Coalition of Law Enforcement and Retail (CLEAR)  
<https://www.clearusa.org>  
 954-410-8760

Collier County Organized Retail Theft Association  
 (Florida)  
 239-252-9300

Colorado Organized Retail Crime Alliance  
 (COORCA)  
<https://www.coorca.org>  
 720-606-9296

Cook County (Illinois) Regional Organized Crime  
 Task Force (CCROC)  
<https://ccroc.org>

Florida Law Enforcement Property Recovery Unit  
 (FLEPRU)  
<https://www.flepru.org>

Georgia Retailers Organized Crime Alliance (GROC)  
<https://georgiaroc.org>

Hawaii Organized Retail Crime Alliance (HIORCA)  
<http://www.hiorca.org>

Indiana Regional Organized Crime Coalition  
 (INDIANAROC)  
<http://www.indianaroc.org>

Kentucky Organized Retail Crime Association  
 (KYORCA)  
<https://kyorca.org>

Louisiana-Arkansas-Mississippi-Alabama  
 Organized Retail Crime Alliance (LAMAORCA)  
<https://www.laretail.org/lama-orca>

Loss Prevention Organization of the Caribbean  
<https://www.linkedin.com/groups/6951593>

METRORCA – NY, NJ, PA Metro Area Organized  
 Retail Crime Alliance  
<https://metrorca.org>



Michigan Regional Organized Retail Crime Association (MIORCA)  
<http://www.mi-orca.org>  
586-353-1153 x 3858

Mid-Atlantic Organized Retail Crime Alliance (MAORCA)  
<https://maorca.org>

Minnesota Organized Retail Crime Association (MNORCA)  
<https://www.mnorca.com>

Montana Organized Retail Crime Alliance (MTORCA)  
<https://mtorca.org>

National Anti-Organized Retail Crime Association (NAORCA)  
<http://naorca.org>

Nevada Organized Retail Crime Alliance  
<https://www.nvorca.org>  
775-353-2299

New England Organized Retail Crime Alliance (NEORCA)  
<https://www.retailersma.org/neorca>

New Mexico Organized Retail Crime Association (NMORCA)  
<https://www.nmchamber.org/nmorca>

Ohio Regional Organized Crime Coalition (OROCC)  
<https://orocc.org>

Organized Retail Crime Association of Idaho (ORCAID)  
<https://www.orcaid.org>

Organized Retail Crime Association of Oregon (ORCAOR)  
<https://orcaor.org>

San Diego Organized Retail Crime Alliance (SDORCA)  
<https://sdorca.org>

Texas Organized Retail Crime Association (TEXASORCA)  
<https://www.txorca.org>

Upstate New York Organized Retail Crime Association  
<https://nyorca.org>

Utah Organized Retail Crime Association (UTORCA)  
<https://www.utorca.org>

Washington Organized Retail Crime Association (WAORCA)  
<https://waorca.org>

Wisconsin Organized Retail Crime Association  
<https://www.wiorca.org>

## GOVERNMENT OFFICES

United States Department of Homeland Security Investigations  
<https://www.ice.gov/about-ice/homeland-security-investigations>

Federal Bureau of Investigation (FBI)  
<https://www.fbi.gov>

United States Secret Service  
<https://www.secretservice.gov>

United States Immigration & Customs Enforcement (ICE)  
<https://www.ice.gov>

United States Drug Enforcement Administration (DEA)  
<https://www.dea.gov/index.shtml>

United States Postal Inspection Service  
<https://postalinspectors.uspis.gov>





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