

Organized Retail Crime

What is Organized Retail Crime?

ORC is theft of substantial quantities of retail merchandise, as well as fraud associated with reselling this merchandise through criminal networks. It differs from shoplifting because it involves highly organized and sophisticated groups and systems. A growing number of these crimes also involve threats of violence. ORC syndicates focus on the theft and resale of high-value branded items that are in demand from shoppers, from designer handbags to name-brand laundry detergent.

Why is it important to address ORC?

Retail crime is a nationwide issue that should not be dismissed based on politics or geography. Prosecutors of all political stripes recognize this is a problem impacting the public safety of communities across the country. ORC puts a serious strain on business owners in multiple ways, including shopper and employee safety, reputational risk and financial stability.

What might happen to my neighborhood store?

ORC affects businesses large and small in all regions of the U.S. Surveys show 90% of small business retailers nationwide have experienced theft at their stores and 79% have reported monthly losses from theft between \$500 and \$2,500.¹

In September 2023, Target announced the closure of nine stores, citing ORC as having made locations unsafe for staff and customers and therefore unsustainable for business. The threat of store closures should not be taken lightly: they result in a significant loss of jobs, diminished state and local sales taxes, lost property taxes and food/prescription drug deserts.

What can Congress do?

ICSC supports S. 140/H.R. 895, the bipartisan “Combating Organized Retail Crime Act of 2023,” which has more than 120 cosponsors.

Retailers and property owners have invested billions of dollars² in the fight against ORC, but more help is needed. Congress can pass legislation to create a federal interagency ORC taskforce. The taskforce is a natural next step to build on the effectiveness of the Department of Homeland Security’s Operation Boiling Point and the accomplishments of state and local ORC task forces. Congress should also consider amending the federal criminal code to better address the reality of how ORC enterprises operate.

¹ Forbes Advisor, “The Impact Of Retail Theft On Small Businesses And States,” 12-22- 23.

² CBS News, “Outsmarting Shoplifters,” 4-16-23.

The Impact of Store Closures

When stores start closing due to rising ORC and/or retail crime, 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.

As an example, ICSC estimates that a single grocery store can create \$2.4 million in annual state and local sales tax and average 133 jobs; a general merchandise store can yield approximately \$5.2 million and average 188 jobs, a single drugstore can generate nearly \$1.2 million and average 27 jobs and a single apparel store \$423,000 and average 32 jobs.

If store closings increase, sales tax and job losses can quickly multiply.