

FEATURE



# PREPARING FOR AN ORC EPIDEMIC POST COVID-19

By Jacque Brittain, LPC, LPM Editorial Director



In modern times, the impact COVID-19 has had on our daily lives and the global economy is unprecedented, beyond what most of us have ever imagined. At the very least, it's certainly not a situation that we ever fully planned for. But the legitimate retail community isn't alone in this dilemma. While stores have been closed and merchandise unavailable to retail customers, that same product channel has also been interrupted for the criminal element that is organized retail crime—and they are anxious to get back to business.

History has proven that theft increases after national and global events that have major economic impact. With the prolonged current crisis, retailers are likely on the verge of a significant increase in internal theft and organized retail crime (ORC), and we need to be prepared.

In response, *LP Magazine* recently held a webinar with several subject-matter experts on organized retail crime to get their thoughts on how ORC activity will respond as retail stores begin to reopen after nearly two months of store closures.

## What Recent History Shows

“Our experience tells us that we are going to see a spike in retail theft and organized retail crime as our stores begin to open back up,” said Caroline Kochman,

executive director at the National Association for Shoplifting Prevention (NASP). “We took a look back at retail theft activity following two recent galvanizing events, September 11th and the 2008 financial crisis, and there were notable increases in shoplifter referrals after both.”

She explained, “Following 9/11 there was a 16 percent increase in shoplifter referrals from court systems nationwide. September 11th shocked the senses of Americans. It changed the mood of the country and the outlook on stability for everyday citizens. The fear, uncertainty, and emotional toll resulted in a meaningful increase in shoplifting. During the 2008 financial crisis, we saw an even bigger increase, with a 34 percent



Caroline Kochman

jump in referrals from the criminal justice system. In fact, early in 2009, 84 percent of retailers reported seeing an increase in retail theft.”

During these difficult times, offenders who were not employed increased by 11 percent. Almost one in three reported they didn't have the money to purchase what they took. There was also a jump in adults and juveniles who said they shoplifted simply to survive. Twenty-five percent of adults and 38 percent of juveniles had been asked to shoplift for someone else, and shockingly, 12 percent of adults and nearly 20 percent of juveniles—one in five—were offered money to steal from retail stores.

But Kochman and the team at NASP believe the current situation will be even more impactful. “We believe the existential threat we're now facing with COVID-19 will be both financially and emotionally traumatic, and could lead to even greater increases,” Kochman said. “Times of hardship make it easier for ORC teams to recruit regular people and employees. We know going forward that even after this crisis subsides, once a person allows themselves to make excuses and justify their behavior due to the economic situation, they don't just stop when the economy gets better. They've already formed a habit and confirmed for themselves that theft is, in fact, a low-risk, high-reward endeavor, and they'll continue to push the envelope.”



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**— Ben Dugan, Coalition of Law Enforcement and Retail**

## Establishing a CLEAR Plan

As retail stores begin to reopen, retail companies have established operational plans and strategies to ensure that the stores open smoothly, productively, and safely. But it's just as important that our loss prevention teams apply a similar approach to make sure the stores have a plan to mitigate retail crime as the stores return to business.

“We've heard a lot of bad news about how the coronavirus



Ben Dugan

is impacting our lives and businesses, and ORC investigations are no exception,” said Ben Dugan, CFI, president of

the Coalition of Law Enforcement and Retail (CLEAR). “Police response has been further slowed as a result of the pandemic. Courts are closed, and the criminal justice system has basically shut down. To make matters worse, at least 8,000 nonviolent offenders have been released from jails, many of whom are ORC offenders that will once again be stealing from our stores before we know it. Put that together with all of the restrictions that have been placed upon us due to the current situation and limited field work, and we find ourselves in a very difficult situation.”

But for those who have a plan, there is some good news. “The partnership with law enforcement has never been better,” noted Dugan. “The increased cooperation with property crimes detectives and prosecutors has been unprecedented. The detectives are still working, and we’re making a lot of great connections. We’re getting amazing cooperation, and we’re identifying more suspects now than we ever have before. What we really need to make sure we do is take advantage of that and all it offers.”

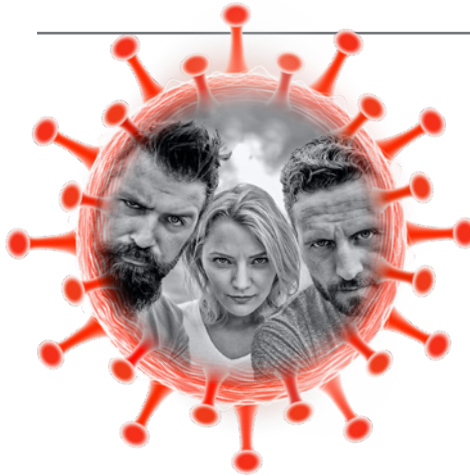
He added, “Now is the time to set our strategy—we shouldn’t wait. While we need to ensure that all our actions fall within current state restrictions, corporate guidelines, and safety practices, we need to take the steps to refocus on our previous efforts and prepare for what lies ahead.”

Dugan believes that this includes taking deliberate measures to review previously gathered evidence, verify intelligence,

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thoroughly research all available information, complete necessary documentation, and finalize case presentations. It requires following up with ongoing leads, surveillance efforts, and other assessment plans. There should be an urgency to refocus communication and prepare the stores and the ORC investigation teams for the next wave of retail crimes. “If you’re not preparing now, you’re going to be overwhelmed with the new external cases that you’ll be dealing with,” he said.

But there’s more. While loss prevention departments and their teams must be prepared to step up in the face of this potential threat, it’s also essential that we prepare retail employees through awareness training and education.

“The best defense against organized retail crime is employee awareness,” added Dugan. “Right now, every employee is watching everyone who’s coming through the door for a lot of different reasons, and that certainly helps curb ORC efforts. But these efforts should be organized to keep our employees safe and our merchandise protected. When we put those things together and keep our employees engaged, it helps us put an effective plan in motion.”

## Understanding Our Vulnerabilities

“When the brick-and-mortar stores start to reopen, there’s no doubt that there is an anticipation of significant

theft issues,” said John Matas, CFE, CFCI, cochair of the International Association of Financial Crimes Investigators (IAFCI). “We need to take a



John Matas

hard look at where our particular exposures and vulnerabilities are, while making sure that our employees know what to anticipate and how they should safely and appropriately respond.”

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It changed the mood of the country and the outlook on stability for everyday citizens. The fear, uncertainty, and emotional toll resulted in a meaningful increase in shoplifting. During the 2008 financial crisis, we saw an even bigger increase, with a 34 percent jump in referrals from the criminal justice system. In fact, early in 2009, 84 percent of retailers reported seeing an increase in retail theft.”

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Matas reminds us that ORC activity will extend beyond merchandise theft to include gift card fraud, fraudulent returns, credit fraud, identity theft, counterfeit money, money laundering, and collusion with store employees.

“Collusion between ORC groups and store employees can be especially concerning,” noted Matas. “ORC groups are actively targeting our employees on social media and other outlets. Many employees have been home and out of work for several weeks and may be vulnerable. ORC groups are very aware of that and are actively trying to recruit employees for collusive activity. Cash is the top priority for many employees during this time, and we have to be especially aware and prepared for these potential issues as employees return to work.”

In response to all of this potential activity, Matas stresses the importance of keeping our employees informed and aware.



We should tell employees what to expect and reinforce the need to focus on suspicious behaviors rather than appearance, especially with so many employees wearing masks. Controls and perceived controls can be very important, such as using store greeters and uniformed guards for the first few weeks as the stores reopen. We should step up our communication efforts with law enforcement, in-house communications, and our retail partners. Further, we should step up

efforts to utilize available resources for learning and intelligence, to include organized retail crime associations (ORCAs), industry associations, and social media outlets such as *LP Magazine*.

“Make sure you use all the resources at your disposal,” he said. “It’s much better to be alert, aware, and educated as to what’s going on now more than at any other time in the past.” (See page 47 where John Matas expands on this topic.)

### Selling Stolen Goods

As has been true for most of mainstream retail, the opportunity for organized retail crime groups to resell stolen merchandise has also experienced some difficulties in light of the global pandemic. The use of digital platforms to sell stolen merchandise has grown exponentially in recent years, but with traditional shops and markets closed, many have further expanded their online channels to sell stolen products. So what are some of the things to look out for while investigating online auction sites?

“Historically, we look for long-term sellers who have big accounts and are selling common ORC items,” said Christian Hardman, LPQ, global asset



Christian Hardman

protection supervisor at eBay. “But we’re also seeing a lot of newly created accounts that cannot be underestimated if they’re selling common ORC-related items. It’s definitely more appealing right now to sell these goods on these types of digital platforms, especially when other common venues for pawning these stolen goods are closed or unavailable.”

Hardman also offers some common warning signs to look for when investigating these sites. “In addition to keeping an eye out for



items commonly targeted by ORC teams, look for sites listing multiple items that are among your proprietary brands, designer brands, or multiple new-with-tag items,” he explained. “While these are not definitive signs of illicit activity, they may warrant a closer look.”

Hardman also recommends that investigators take full advantage of all the tools available to them, to include advanced search options associated with most auction sites, and the special investigations teams that are part of the auction platform and available for both retailers and law enforcement. “We welcome and encourage your questions, and are available to help where we can,” he said.

## Partnering with Law Enforcement

Organized retail crime is already a tremendous national problem, and the continuous growth of these criminal networks makes it difficult

for retailers and law enforcement agencies to keep pace. Retail’s ability to communicate and work closely with our law enforcement partners has always been a key factor in the fight against organized retail crime. Considering the current conditions, the ability to show patience, be flexible, and communicate effectively becomes even more critical.

From a law enforcement perspective, the overriding principle is to protect and serve the community as a whole. Limited resources are available to accomplish the mountain of tasks necessary to maintain order and keep the people safe. “Protection” expands across a spectrum of possibilities while carrying the same meaning to all those in need, with every individual and every business in the community just as important as the next. Still, many federal, state, and local governments have established agencies to work with retailers and combat the blight of organized retail

crime. While resources have been strained under the current crisis, these agencies are available to provide greatly needed support.

Decisions are prioritized and resources allocated based on the overall needs of the community. However, under the current COVID-19 crisis, this also means that some priorities have shifted. Even those law enforcement partners that work with retailers on a regular and consistent basis are tasked with new challenges and concerns in the face of the current circumstances.

“We’ve had some detectives

mandated to stay at home due to the pandemic, which limits our ability to follow up in some instances,” explained Lt. Brandon Shipwash with



Brandon Shipwash

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**“Be sure to reemphasize the importance of social distancing and occupancy limits.** While they may be frustrating to deal with, they can also be played to your advantage by increasing the opportunity for great customer service and slowing down theft opportunities.”

**– Paul Jones, LPC, Loss Prevention Foundation**

the California Highway Patrol (CHP) Organized Retail Theft Crime Task Force (CHP-ORCTF). “This requires a lot more collaboration to try to figure out how to manage caseloads, track suspects, and conduct surveillances to put them at the scene of the crimes, and work with the courts that have been at about 50 percent staffing.

“Under the current circumstances, if we have someone picked up on an arrest warrant, that person has to sit in jail until they can see a judge. Once they see the judge, they will be sent home because it’s unsafe due to the pandemic,” added Shipwash. “Through it all, we’re still very encourage by the progress being made. We have a fantastic team of officers that work and partner well with the retailers, the prosecutors, and the courts. Right now, we have a stack of warrants waiting, and once the situation starts to clear up and restrictions loosen a little, we can serve the warrants and get these individuals into custody.”

This only further emphasizes the need for complete and detailed reporting, effective communication, and exemplary case management as retail doors begin to reopen and customers return to the stores.

## Bringing It All Together

Retail organizations have quite a hill to climb as they work their



way back from the devastating impact of the COVID-19 pandemic. The steeper that hill has become, the more we realize the need for strategic planning, effective management, and strong leadership. But this is also an important time to underscore the true formula for retail success. Without question, sales, service, and everything that is otherwise implied is essential for retail viability. But it’s also critical to avoid the downfalls of retail loss and the lost profits that result. Theft is lost profits—period. Especially now, this is an outcome that must be avoided. We simply can’t afford the alternative.

“With all the great advice we’ve received from those who have been part of this discussion, it only makes it more clear that we need to utilize all the resources at our disposal as the stores begin to reopen,” said

Paul Jones, LPC, vice chairman of the Loss Prevention Foundation. “But we can’t wait. We need to start taking the steps right now—building coalitions with other retailers and law enforcement, talking with store operators and getting them engaged, and training the teams as they come back to work.”



Paul Jones

Jones emphasized, “Make the extra effort to build awareness with your store partners and store teams. Be sure to reemphasize the importance of social distancing and occupancy limits. While they may be frustrating to deal with, they can also be played to your advantage by increasing the opportunity for great customer service and slowing down theft opportunities. Finally, control your box. Keep exchanging information with your peers and keep networking.”

Over the next few months, retail companies are going to be creating plans and making a lot of decisions that will impact the strength and stability of their organizations for years to come. Let’s not mess up the easy ones.

To watch the recorded webinar presentation or listen to the podcast version, “Preparing for an ORC Epidemic Post COVID-19,” visit the magazine website at [losspreventionmedia.com](http://losspreventionmedia.com). ■



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