

A metal shopping cart is positioned on the left side of the image, leaning against a light-colored, textured wall. The cart is empty and has a small tag attached to its handle. The background is a wall with a repeating pattern of rectangular tiles or bricks. The floor is a smooth, light-colored surface.

Organized Retail Theft

Kentucky County Attorneys Association

Winter Meeting

February 19, 2025

Shannon Stiglitz

Kentucky Retail Federation

Copyright © 2014 Pearson Education, Inc. All rights reserved. Printed in the United States of America. This book is protected by copyright. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage or retrieval system, without permission in writing from Pearson Education, Inc.

-
- A close-up, angled view of a dark blue, textured surface, likely a book cover or folder, featuring a grid of raised, light-colored characters. The characters are arranged in a pattern that reads "NIZZ WIENB LUXEMBURG TURINERDAM AMSTERDAM VERONA-TEGEL BERLINTOM PHILADELPHIA OTTAWA HALL LEIPZIG DUESSELDORF GENF LINZ BREMEN BREMENBERG NUERNBERG HANNOVER BRUESSEL LIENSTER ANBUL". The characters are arranged in a grid that is slightly offset, creating a sense of depth and perspective. The lighting is soft, highlighting the texture of the material and the raised nature of the characters.



What is Organized Retail Theft?

Organized Retail Theft

- Organized Retail Theft (ORT), also known as Organized Retail Crime (ORC), is the large-scale theft of retail merchandise with the intent to resell the stolen items for financial gain. ORT may involve a criminal enterprise that employs a group of individuals to steal large quantities of merchandise from multiple stores. These ORT groups maintain or utilize fencing operations to convert the stolen goods into cash.

The stolen items are then resold through various means including:

- Online auction sites
- Flea markets
- Retailers
- Pawn shops
- E-commerce marketplaces
- Retail Shoplifting

ORT vs Other Types of Retail Crime

- As defined above, ORT involves highly sophisticated coordinated thefts at retail establishments.
- Comparatively, Smash and Grab is a form of retail theft that involves smashing a barrier, usually a display in a store, to grab valuables. Key elements include the use of speed and surprise.

Organized Retail Theft

Types of Retailer Targeted for ORC, by Ranking

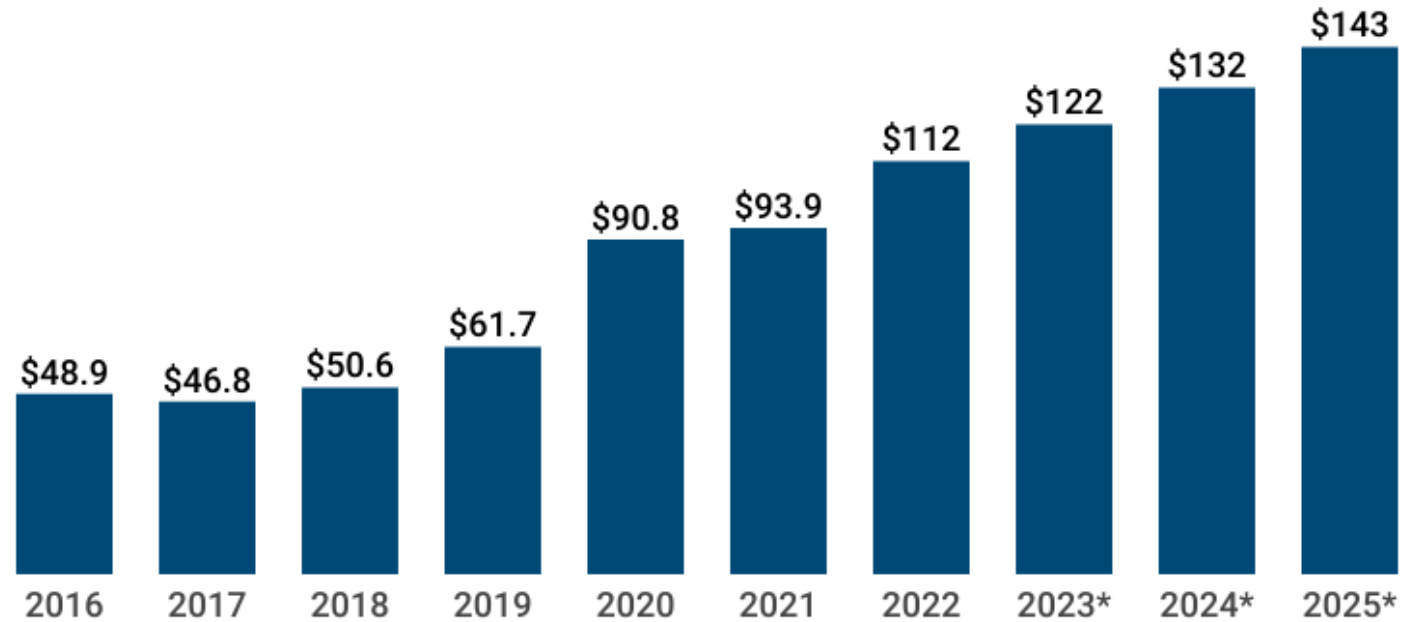


Source: chart provided by Ben Dugan, President of C.L.E.A.R, the Coalition of Law Enforcement and Retail, a national public-private partnership of law enforcement professionals and retailers, working together to combat ORC.

Organized Retail Crime—By the Numbers

Retail Sales Revenue Lost to Theft

(in billions)



Source: National Retail Federation

*Projections based on source data

ORC By the Numbers—Impact on Kentucky

- Retailers in Kentucky lost \$990 million in revenue to theft in 2022. Kentucky retailers lost \$282.18 in sales per capita in 2022.
- Retail theft per capita in Kentucky is 18.0% lower than the average among states.
- Theft of \$1,000 or more is a felony in Kentucky.
- Return fraud cost Kentucky retailers an estimated \$1.075 billion in sales revenue, bringing total lost retail sales to \$2.065 billion.
- The State of Kentucky lost out on \$59.4 million in retail sales tax dollars due to theft.
- Kentucky sales tax dollars lost to fraud totaled \$64.5 billion, bringing the total lost sales tax up to \$124 million.



felony.

- (3) As used in this section "criminal syndicate" means three (3) or more persons, or, in cases of merchandise theft from a retail store for the purpose of reselling the stolen merchandise, two (2) or more persons, collaborating to promote or engage in any of the criminal acts provided in subsection (4)(a) to (f) of this section on a continuing basis.

Kentucky Law on Organized Retail Theft

Organized Retail Crime (KRS 506.120)

Kentucky law on theft

- KRS 514.030(4) If any person commits two (2) or more separate offenses of theft by unlawful taking or disposition within one (1) year, the offenses may be combined and treated as a single offense, and the value of the property in each offense may be aggregated for the purpose of determining the appropriate charge.
- Offenses committed in different jurisdictions within the Commonwealth may be combined pursuant to this subsection and tried in any jurisdiction in which venue would be proper for at least one (1) of the offenses. A defendant shall not be tried in more than one (1) jurisdiction for the same offense or offenses.



Solutions to Address ORC

Law Enforcement and Prosecutors:


- Consider establishing taskforces or seeking grants to support the fight against ORC.
- Continue to collaborate with retailers.
- Consider all available laws to prosecute those involved in repeat offenses, more serious retail crimes and organized crime activity.

General Assembly :

- Establish an organized retail crime task force within the Office of the Attorney General.
- 



ORC Federal Effort

- 
- **What is Operation Boiling Point?**
 - Operation Boiling Point is Homeland Security Investigations' (HSI) response to OTGs profiting from ORC, cargo theft and other theft-related crimes that threaten the economy and security of the United States. **HSI's** strong partnership with private industry groups, such as the Coalition of Law Enforcement and Retail (CLEAR), the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA), the Transported Asset Protection Association (TAPA) and others, are critical to our efforts to combat OTGs who seek to disrupt interstate and foreign commerce.
 - The HSI Financial Crimes Unit (FCU) leads **HSI's** effort to combat OTGs by targeting domestic and transnational criminal organizations that profit from ORC, cargo theft and related crimes. HSI focused on building and furthering partnerships to advance this national program by supporting investigations, conducting outreach and coordinating with public and private sector partners. Throughout the United States and abroad, HSI has approximately 7,100 special agents and relies on task force officers from federal, state, and local law enforcement agencies to combat transnational criminal organizations.

ORC—Gift card Scams

ORGANIZED CRIME RINGS ARE TAMPERING WITH GIFT CARDS



Law Enforcement Needs the Tools to Protect Consumers

HOW FRAUDSTERS TAMPER WITH GIFT CARDS

1

STEAL inactive
gift cards from
retail stores

2

TAMPER with gift card
packaging to obtain card
number and pin

3

RETURN tampered
gift cards to retail
store racks

4

DETECT through
sophisticated methods
when the consumer has
purchased the gift card

5

DRAIN funds from the stolen gift
card by purchasing merchandise
that is later sold on the secondary
market or returned for profit

HOW INDUSTRY IS PROTECTING CONSUMERS

- STATE AND FEDERAL LAW ENFORCEMENT PARTNERSHIPS
- ADVANCED DETECTION TECHNOLOGY
- EMPLOYEE TRAINING
- PUBLIC EDUCATION
- INNOVATION AND SECURITY
- ENCOURAGEMENT OF CONSUMER REPORTING TO LAW ENFORCEMENT

LAWMAKERS SHOULD PROTECT CONSUMERS BY

Criminalizing Gift Card Tampering

- ✓ Acknowledge that current laws are insufficient
- ✓ Pass legislation to classify gift card tampering as a forgery or theft crime
- ✓ Ensure law enforcement has the authority to prosecute crimes
- ✓ Fund law enforcement training to recognize and combat gift card tampering

Join us in the fight to stop gift card fraud and pass legislation today.

Gift Card Scams (Continued)

- St. Matthews police uncover massive gift card scam worth estimated \$1M; 4 men arrested
 - WLKY
- Man charged in Lexington gift card scam allegedly could have cost buyers \$1 million
Lexington Herald Leader
 - By Bill Estep
 - August 16, 2024
- Experts warn Kentuckians about gift card scam
 - According to the Better Business Bureau serving Greater Kentucky, thieves across the nation are manipulating gift cards before the shopper even purchases them.

Gift card Scam Solution

Strengthening Laws to Combat Gift Card Fraud

- Criminal statutes must be strengthened to enable law enforcement and prosecutors to aggressively combat gift card fraud. Transnational organized retail crime gangs employ sophisticated techniques to manipulate consumers and gift cards, committing large-scale tampering and scams that harms consumers, retailers, and the broader gift card industry.
- **The Case for Stronger Deterrence:** Gift card fraud demands stiff penalties to deter bad actors and hold wrongdoers accountable. The industry is engaging with legislators, stakeholders, and law enforcement to advance key priorities:
- **Legislation to Combat Fraud:** Advocating for laws that classify gift card fraud, scams, and tampering as a crime and assign the greatest value to stolen gift cards, ensuring consumers retain access to secure and trusted gift card products.
- **Law Enforcement Training:** Supporting legislation that equips law enforcement with resources and training to recognize and combat gift card tampering, fraud, and scams effectively. This includes education on criminal methods, identification strategies, and best practices for investigation and prosecution.
- **Criminalizing Unlawful Use of Gift Cards:** Backing legislation that specifically criminalizes the unauthorized receipt and use of gift card redemption information. Many prosecutors face challenges due to the lack of state laws addressing this emerging form of fraud.
- **Targeting Victim-Assisted Schemes:** Ensuring law enforcement has the authority to prosecute schemes in which fraudsters deceive victims to obtain gift card redemption information under false pretenses.



Panel Discussion

- Jeff Schartung—Market Organized Retail Crime Manager
 - Lowe's
 - Ryan Themm—Corporate Investigations Manager—Asset Protection
 - Meijer
- 

Conclusions/Questions

Shannon Stiglitz

Kentucky Retail
Federation

February 19, 2025

Email address:
ssstiglitz@kyretail.com