

**By** Marci Reading, CFE

## **Retail Fraud in America**

The Coalition Against Insurance Fraud reports that insurance fraud costs the US over \$308 billion annually, across multiple and diverse lines of business.

For perspective, \$101 billion falls in the category of retail returns abuse and fraud in 2023.

One contributor to this loss gaining national attention is organized retail theft. Think anything from smash and grabs to sophisticated operations with professional shoplifters, aka “boosters.” Homeland Security Investigations stats have dramatically increased from 59 cases and 61 arrests in 2021, to 284 cases and 386 arrests by the end of fiscal year 2023.

One of the most recently publicized organized theft rings was that of Michelle Mack, dubbed Queenpin and leader of the California Girls. Mack is accused of stealing \$8 million in makeup from large, national beauty retailers and reselling the products for 30% less than retail in her Amazon store. Her alleged crime ring included 12 women, who traveled up and down the California coast, Texas, Florida, and a handful of other states.

Several states have recently passed or are currently considering organized retail crime legislation.

H.R.895, a bill known as the Combating organized Retail Crime Act of 2023 was introduced to Congress in February of 2023, to combat organized retail theft for the purpose of selling illegally obtained goods for profit. The bill is still in committee and proposes that law enforcement have access to the legal tools necessary to fight organized retail crime the same way they fight other retail crimes. It includes the creation of a central coordination center; The Organized Retail Crime Coordination Center which would consolidate Federal, State, local, territorial, and Tribal efforts against organized retail crime. Additionally, the bill allows for training and tech assistance to law enforcement, the establishing of relationships among retail and law enforcement agencies for information sharing and trending.

Retailers are taking a proactive approach to cut down on thefts and frauds across the board, via measures that include locking displays for easy to grab or high-end items, increased store security and electronic tags to set off alarms, increased employee training related to confrontation and elevated customer service. The thought is that increased staff visibility and customer engagement will deter theft. Technology is also providing support in these initiatives; facial recognition software can help to identify suspect or repeat offenders. Data analysis and predictive analytics can also be a proactive approach in pattern identification, pointing out the risk of potential future thefts.

Partnerships with industry organizations such as NRRDA benefit retailers through collaboration and shared experiences. Together, we learn from each other’s challenges and successes, helping us to navigate this changing landscape.

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