



RETAIL INDUSTRY LEADERS ASSOCIATION

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December 12, 2023

The Honorable August Pfluger
Chairman
Committee on Homeland Security
Subcommittee on Counterterrorism, Law
and Intelligence
2-176 Ford House Office Building
Washington, D.C. 20515

The Honorable Seth Magaziner
Ranking Member
Committee on Homeland Security
Subcommittee on Counterterrorism, Law Enforcement,
Enforcement, and Intelligence
H2-117 Ford House Office Building
Washington, D.C. 20515

Re: Committee hearing: From Festive Cheer to Retail Fear: Addressing Organized Retail Crime

Dear Chairman Pfluger and Ranking Member Magaziner:

The Retail Industry Leaders Association (RILA) appreciates the Subcommittee's interest in organized retail crime (ORC) and the need to shine a bright light on the criminals and organizations that continually put retail employees, customers, and communities at risk. This is an issue that deserves constant attention and needs a multifaceted response at the local, state, and federal level.

RILA is a trade association of the world's largest, most innovative, and recognizable retail companies and brands. We convene decision-makers, advocate for the retail industry, and promote operational excellence and innovation. Our aim is to elevate a dynamic retail industry by transforming the environment in which retailers operate. RILA members include more than two hundred retailers, product manufacturers, and service suppliers, who together employ over 42 million Americans and account for \$2.7 trillion in annual sales and hundreds of thousands of stores, manufacturing facilities, and distribution centers domestically and abroad.

Organized retail crime has been beguiling retailers for decades and has become a highly profitable and sophisticated criminal activity. It has moved from sidewalks to pawn shops to online marketplaces over the past decade. Unfortunately, organized retail crime has become more frequent, violent, and retail employees are suffering significant harm, including death, while the communities they serve are also deteriorating. ORC is not an urban or rural problem, it is not a Republican or Democratic problem, it is not an East or West problem, it is affecting every state and cities large and small across the nation.

Stepping back, according to Loss Prevention Magazine, ORC involves the association of two or more persons engaged in illegally obtaining retail merchandise in substantial quantities through both theft and fraud as part of an unlawful commercial enterprise. The primary objective of these professional crime rings is to steal from local retail stores for the purpose of turning retail products into financial gain, rather than

for personal use. Typically coordinated under well-planned procedures and rules, organized retail crime can operate on a local, regional, national, or international scale.

RILA, its member companies and other interested parties – law enforcement, district attorneys, manufacturers, brands, consumer groups and community groups – have worked collaboratively over the last three years to build and layer a strategy to mitigate ORC that includes targeted initiatives, legislation, and partnerships to disrupt these dangerous criminal enterprises at every level of government.

In 2020 RILA established the [Buy Safe America Coalition](#) (BSAC), which represents a diverse group of responsible retailers, consumer groups, manufacturers, intellectual property advocates and law enforcement officials who support efforts at all levels of government to protect consumers and communities from the sale of counterfeit and stolen goods. The mission of BSAC is to protect legitimate businesses, employees, consumers, and communities against criminals using third party marketplaces to sell dangerous, defective, and stolen goods to unsuspecting consumers by passing the Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act¹ (The INFORM Consumers Act or INFORM). This legislation had broad bipartisan support and in December of 2022, Congress passed and the president signed INFORM putting in place a law requiring online marketplaces to collect and verify information about their sellers, suspend sellers that do not comply, disclose key information to consumers shopping online and giving new enforcement tools to the federal government and state law enforcement.

INFORM became effective in June 2023, empowering the [Federal Trade Commission](#) (FTC) and state attorneys general to investigate and penalize marketplaces and sellers for failing to follow the strict verification and collection mandates in the law. It allows the state attorneys general and the FTC to fine a marketplace for non-compliance up to \$50,120.00 per infraction. It will be important for Congress to conduct oversight and for the FTC to enforce this important law, to ensure consumers are protected from buying stolen, counterfeit, altered, damaged and harmful products.

¹ Public Supporters of INFORM Consumers Act

1st Dibs, 3M, 100 Black Men of America Inc., AFL-CIO, Amazon, Automotive Anti-Counterfeiting Council, Association of Home Appliance Manufacturers, Alliance for Automotive Innovation, American Apparel & Footwear Association, Best Buy, Birkenstock, Business Roundtable, Buy Safe America Coalition, Communications Cable and Connectivity Association, Consumer Healthcare Products Association, Consumer Reports, Coalition of Law Enforcement and Retail, CVS Health, Dick's Sporting Goods, DSM, eBay, Etsy, Faith for Black Lives, Fashion Accessories Shippers Association, Floor & Décor, Footwear Distributors and Retailers of America, The Fraternal Order of Police, Gap Inc., Gemini Shippers Group, GSK, HP, Halloween & Costume Association, The Home Depot, International Council of Shopping Centers, International Housewares Association, JCPenney, Juvenile Products Manufacturers Association, League of Latin American Citizens, Levi Strauss & Co., Lutron, Lowe's, Mercari, Motor & Equipment Manufacturers Association, Misses Kisses, National Association of Chain Drug Stores, National Association of Manufacturers, National Association of Wholesaler-Distributors, National Coalition of 100 Black Women Inc., National Electrical Manufacturers Association, National Retail Federation, Neiman Marcus Group, The New Sheriff's Association, Nordstrom, OfferUp, OpSec, The Coalition to Protect America's Small Sellers (PASS), Personal Care Products Council, Philips, Pinterest, Poshmark Inc., Power Tools Institute, Plumbing Manufacturers International, Public Citizen, Red Bubble, Retail Industry Leaders Association, Rite Aid, Specialty Equipment Market Association, Stockd, Target, The Fashion Jewelry & Accessories Trade Association, TechNet, The Toy Association, TIC Council, Transnational Alliance to Combat Illicit Trade, Ulta Beauty, U.S. Chamber of Commerce Vizient, Walgreens



INFORM was a great first step by Congress to tackle this serious problem. It is our hope that Congress will take further action and pass the bipartisan, bicameral Combatting Organized Retail Crime Act (CORCA)² that creates a centralized organized retail crime task force within Homeland Security Investigations. The task force will increase coordination among federal law enforcement agencies — Department of Justice, Secret Service, Postal Service, Drug Enforcement along with other law enforcement agencies — to investigate and prosecute these criminal ORC enterprises.

The lack of coordination and collaboration among and between federal law enforcement agencies is hindering the capture and prosecution of criminal networks targeting local retailers. These syndicates are not only harming legitimate businesses and retail employees, they are using their ill-gotten profits to fund other nefarious criminal activities. According to Association of Certified Anti-Money Laundering Specialist (ACAMS)³ report *Detecting and Reporting the Illicit Financial Flows Tied to Organized Theft Groups (OTG) and Organized Retail Crime*, ORC "is a low-risk, high-reward business line for transnational criminal organizations' portfolios, that presents a significant financial and public safety risk." The report highlights how the ill-gotten profits from ORC are redirected and used to fund human trafficking, terrorism, and drug trafficking.

RILA has not only been focused on finding and enacting solutions at the federal level, we have worked at the state and local level too. RILA works with our state retail trade association partners who took action against organized retail crime by working with state legislators, governors and attorneys general to pass state INFORM Consumers Act laws in thirteen states – Alabama, Arkansas, California, Colorado, Georgia, Illinois, Iowa, Louisiana, Michigan, North Carolina, Ohio, Oklahoma, and Pennsylvania – and just as important retailers and the state associations worked to establish and fund organized retail crime task forces which are targeted to prosecute criminal networks. Right now, sixteen states have set up ORC task forces – Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Michigan, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, and Washington. More are expected to be created in the next year.

As RILA continues to work with lawmakers, we are also creating strong partnerships directly with prosecutors, law enforcement, community organizations and social services at the local level to effectuate change and counter the cycle of illegal activity that harms consumers and honest businesses. RILA has found that cooperation, collaboration, and information sharing is key to combatting organized retail crime, habitual theft, and other disorder in and around retail environments. RILA identified the need to create open lines of communication with local district attorneys to facilitate learning, address persistent challenges and unite in a shared goal of reducing retail crime and restoring vibrancy to communities across the country.

² [H.R. 895 Combating Organized Retail Crime Act of 2023](#)

³ [ACAMS Report](#)



To that end RILA and the National District Attorneys Association (NDAA) formed a first-of-its-kind partnership between retailers and prosecutors: Combatting Crime for Safer Communities. The partnership serves as a conduit for educating prosecutors on the scope and impact of ORC and habitual theft, identifying best practices for retailers to support prosecutions, and examining emerging criminal schemes and more.

The success of the RILA/NDAA spawned the National Store Walk Month in September 2023. This initiative invited member retailers to host local district attorneys in stores to experience first-hand retailers' efforts to prevent, deter and dismantle ORC and other criminal activity, foster understanding, exchange insights and work synergistically to reduce retail crime. Over 80 DA offices from 26 states participated in our first wave of store walks.

Finally, RILA and NDAA are working on a long-term project to build on the connections forged between retail and law enforcement to address systemic challenges that drive criminal activity called the Vibrant Communities Initiatives (VCI). The RILA/NDAA Vibrant Communities Initiative arose out of an urgent need to address rising organized retail crime, habitual theft, violence, vagrancy, and blight in and around retail stores. Communities across America are plagued with underlying social challenges – drug addiction, mental illness, homelessness – that exacerbate retail crime.

Collaboration between all community stakeholders is what retailers believe will lead to sustainable change. VCI brings together district attorneys, police departments, social services organizations, and other community leaders to identify effective approaches to deterring theft, reducing recidivism, diverting young offenders while also addressing the role of addiction, homelessness and mental health's impact on criminal activity. RILA and the NDAA kicked-off VCI in two pilot communities – Yolo County (CA) and King County (WA). The goal is to find universal solutions and best practices that are transferrable to other towns and cities across the country to address both the root causes of criminal activity and the solutions for deterrence.

Addressing the myriad root causes of habitual and violent theft is key to curbing the trend over the long-term. A comprehensive approach requires prosecution for violent offenders and habitual offenders who make a living re-selling stolen products; diversion and second chance opportunities for young people who make wrong decisions; and thoughtful collaboration when it comes to addressing societal issues such as homelessness, addiction, and mental health challenges.

As millions of Americans have undoubtedly seen on the news, retail establishments of all kinds have seen a significant uptick in brazen retail crime incidents in communities across the nation. This continuing trend has made retail businesses a target for increasing theft, harmed legitimate businesses who are forced to compete against unscrupulous sellers, and has greatly increased consumer exposure to unsafe and dangerous counterfeit products.



The retail industry is committed to changing the tide on retail theft. All reasonable and legitimate solutions are welcomed. We look forward to continuing to work with the Chairman, Ranking Member and the members of the Subcommittee on Counterterrorism, Law Enforcement, and Intelligence along with other interested parties within Congress, the administration, federal law enforcement, state legislatures, police departments, state attorneys general, and social services to help deter retail crime and its negative impact on every community across the country.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael Hanson", with a long horizontal line extending to the right.

Michael Hanson
Sr. Executive Vice President, Public Affairs
Retail Industry Leaders Association

cc: Chairman Mark Green, Homeland Security Committee
Ranking Member Bennie Thompson, Homeland Security Committee

