



# Organized Retail Crime at 35,000 Feet

\$30 Billion?

Drug Addicts

Russian Mob-Hackers  
Data Breaches

A Bird's Eye View  
from the D&D Daily

C-Store Fencing

Middle East  
Terrorism

200+ Million  
Counterfeit Credit Cards

Drug Cartels  
Crips - Ms-13 - Bloods

#1 Worldwide Crime  
Identity Theft



d-ddaily.com

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# ORC's History

**First ORC Effort – WalMart**

**Limited Brands – 1995's Battle**

**The Gap Names Dir. ORC Inv. 2000**

**Albuquerque 1<sup>st</sup> ORC Assoc. 2006**

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# ORC Leaders Named

**Gap 2000**

**Walgreens 2003**

**Barnes & Noble 2005**

**CVS 2008**

**Kroger 2009**

**Macy's 2009**

**Home Depot 2009**

**Rite Aide**

**TJX**



# ORC's Retail Impact

**Job Creation Up 50% in 5 Yrs.**

**Created 200+ LP Jobs**

**\$55M+ Investment**

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# ORC Associations

**Biggest Collaborative Effort in  
Public Private LP & LE History**

**40+ Associations &  
15,000+ Collaborating**

**LAAORCA – NYC ‘14 – Stow, OH.**

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# **ORC State Laws**

**30 States ORC Laws**

**15 Years Ago Didn't Exist**

**Federal & State Support Increases**

**Federal Legislation Struggles**

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# 30 States now have ORC laws; Federal legislation still on wish list

## 30 states with ORC legislation



Five states enact ORC laws in '15

**1<sup>st</sup> time ever NRF asked Retailers  
“Do we need Federal ORC Law?”  
78.8% said Yes**



# **NRF's & NRSS ORC Survey Findings**

**1<sup>st</sup> – ORC Larger than Employee Theft**

**97% of Retailers Impacted**

**47% Allocating More Resources**





# ORC's Driving Force

*Cyber Crimes Step Child*

**Internet's Growth No Coincidence**

**Paralleling e-Commerce Growth**

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# ***We Are at War***

**Russia Declares it!  
August 27<sup>th</sup>, 2013**

**Russian Hackers “Unification Plea”  
Asked Citizens to Attack U.S.  
with Malware**



# *Cyber Crimes Step Child*

**ID Theft #1 Crime Worldwide**

**200M U.S. ID Theft Victims  
Driving Credit Card Fraud**

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# National Security

**September 10<sup>th</sup>, 2013**

**White House Calls Credit Card Theft  
*“One of the Greatest National Security  
Dangers the U.S. Faces.”***

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# *Cyber Crime's Step Child*

## **White House Adds CC Fraud to Critical Infrastructure:**

**“Ranging from vulnerabilities in our  
critical infrastructure to Identity Theft  
from CREDIT CARD information...”**



# ***Data Breaches Skyrocketing***

**Inside HD breach,  
RUSSIAN signatures  
Russian Hacker unification plea**

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# ***Cyber Crimes Step Child? Absolutely***

**Data Breaches Driving CC Fraud**

**Online Selling**

**Traveling Crews Growing**

**Selling Worldwide**

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# ***Cyber Crimes Step Child***

**Romanian Skimming Gangs**

**Cartels Shipping Worldwide**

**Gypsies Now Skimmers**





# ***ORC IS CYBER CRIME***

**Federal Legislation**

**Using the Backdoor**

**To Cyber Crime Bill**

**Adding ORC**

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# ***Counterfeiting's \$600B Nexus***

**Closely aligned to ORC**

**Online World Driving Counterfeiting**

**Flea Markets – Illegal Stores – C-Stores**

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# Cases Proving Our Position

***ORC IS Cyber Crimes Step Child***

**From the Russians to the Drug Cartels**

**From Data Breaches to Online Selling**

**to ORC Activity in the Stores**

**Cases of Proof...**

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# The Drug Cartel Connection

- Nearly 1,000 federal & local officers raided over 70 shops in LA's Fashion District for money laundering Mexican drug cartel money - \$65M seized (9/10/14)



# The Russian Connection to ORC

## Public Enemy #1

- Ringleader & "World's Top Salesman" - cybercriminal  
118,000 stolen CC numbers - \$59M (2/25/14)
- Bulgarian, Chicago CC fraud ring boss  
threatened rival 'would be cut into pieces' (4/21/14)
- \$1.1M N.Y. fraudster - 5 years Fed. Prison time for Disney  
World Ticket scam (1/29/14)
- Staten Island man pleads guilty - built network of false  
identities - \$200M international CC scheme (5/14/14)





# The Middle Eastern Connection – The Convenience Store Industry

- Rochester, NY Food Mart store owner plotted to send jihadists to Syria, kill U.S. troops himself (9/18/14)
- 7-Eleven undercover operation shows Long Island 5 store franchisee underreporting sales, pocketing excess cash (6/24/13)
- **UPDATE: “Baby formula rings may fund terrorist groups”** - The National Retail Federation unveiled in a 200 page report that 7 out of 10 cases of baby formula sales involve fencing operations run by citizens of Middle Eastern origin. (5/14/14)

# The 'online' Impact

- Law Enforcement in FL Bust Two Multi-Million Dollar ORC Cases: \$3.2M selling online
  - Florida deputies bust **\$1 million** retail theft ring (7/7/14)
  - Arrests Made in Nationwide Organized Retail **\$2 Million** Theft of Baby Formula (7/7/14)



# The 'online' Impact

- From Arizona to NY, thieves turn Legos into hard cash (8/19/14)
- Four Arrested After \$200K Worth of Legos Found in Theft Investigation in Phoenix (8/18/14)
- Burlington man accused of stealing \$600K in books, Lego toys (5/29/13)
- The Lego King - A Silicon Valley SAP VP software executive put fake bar codes on Lego sets at various Target stores, bought the toys at a steep discount, then sold them online for thousands of dollars (5/23/12)



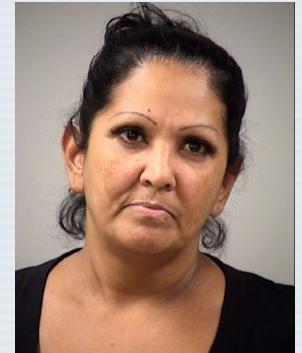
# Selling Worldwide

## 5 Women Connected to Global Theft Ring in San Antonio - hits for \$500,000 (8/29/13)



Racks up new  
ORC Charges  
(9/4/13)

Sentenced  
to 10 years,  
(7/1/14)

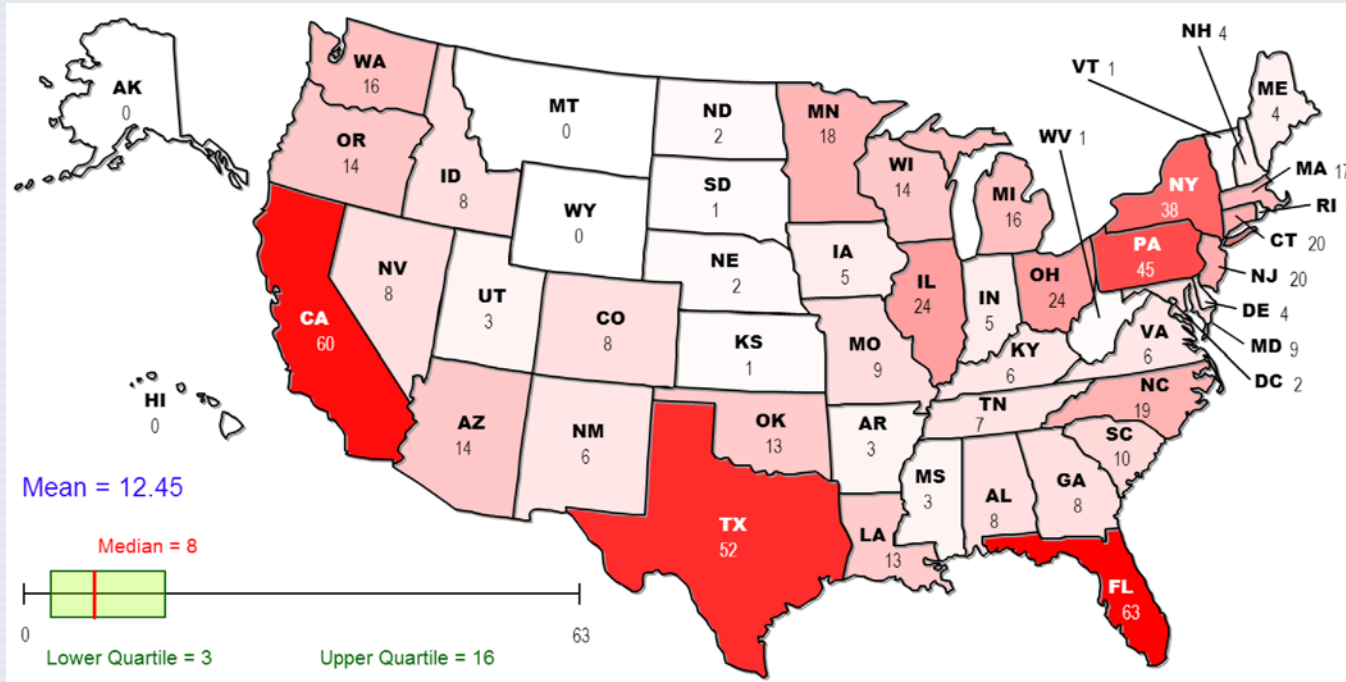




# ORC By the Numbers

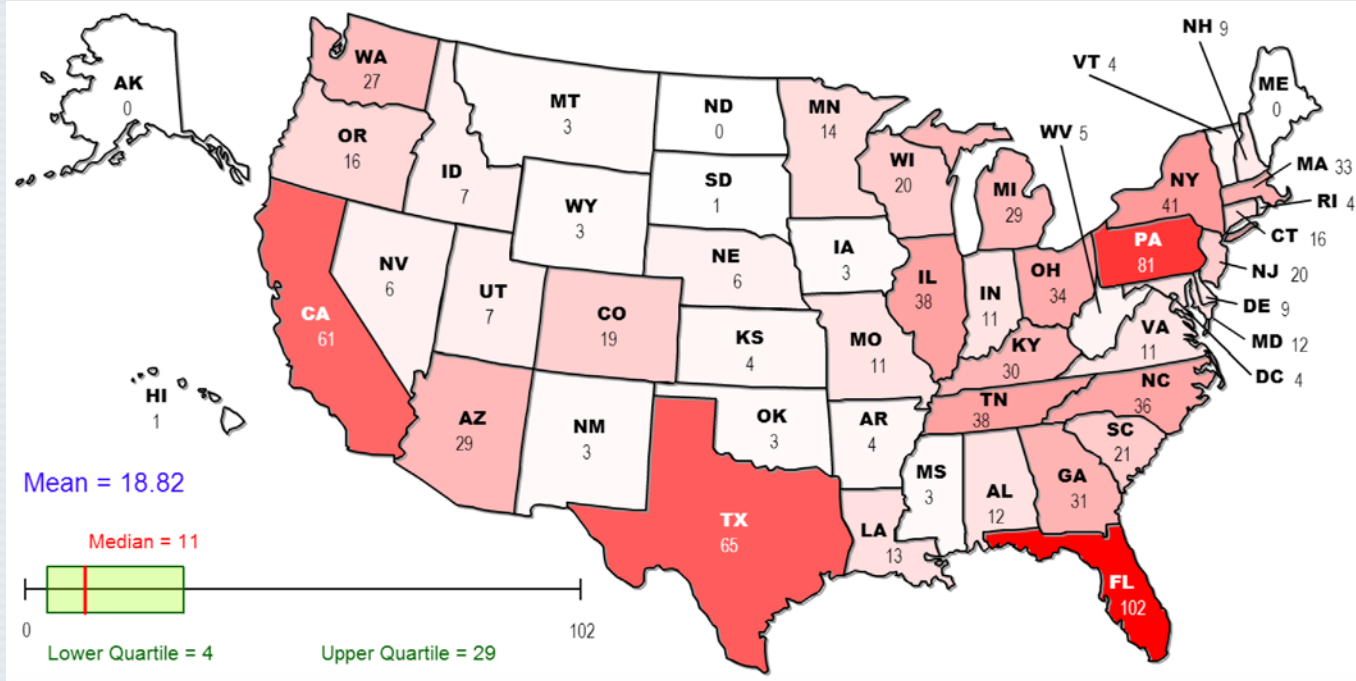
1. Yearly Case Totals
2. Three Year Trends
3. Average Case Dollar Amount
4. Cases over \$500K
5. Cases by State
6. Cases by Gender
7. Cases by Month
8. Cases by Method
9. What We Need to Do

# 2012 ORC Activity Reported



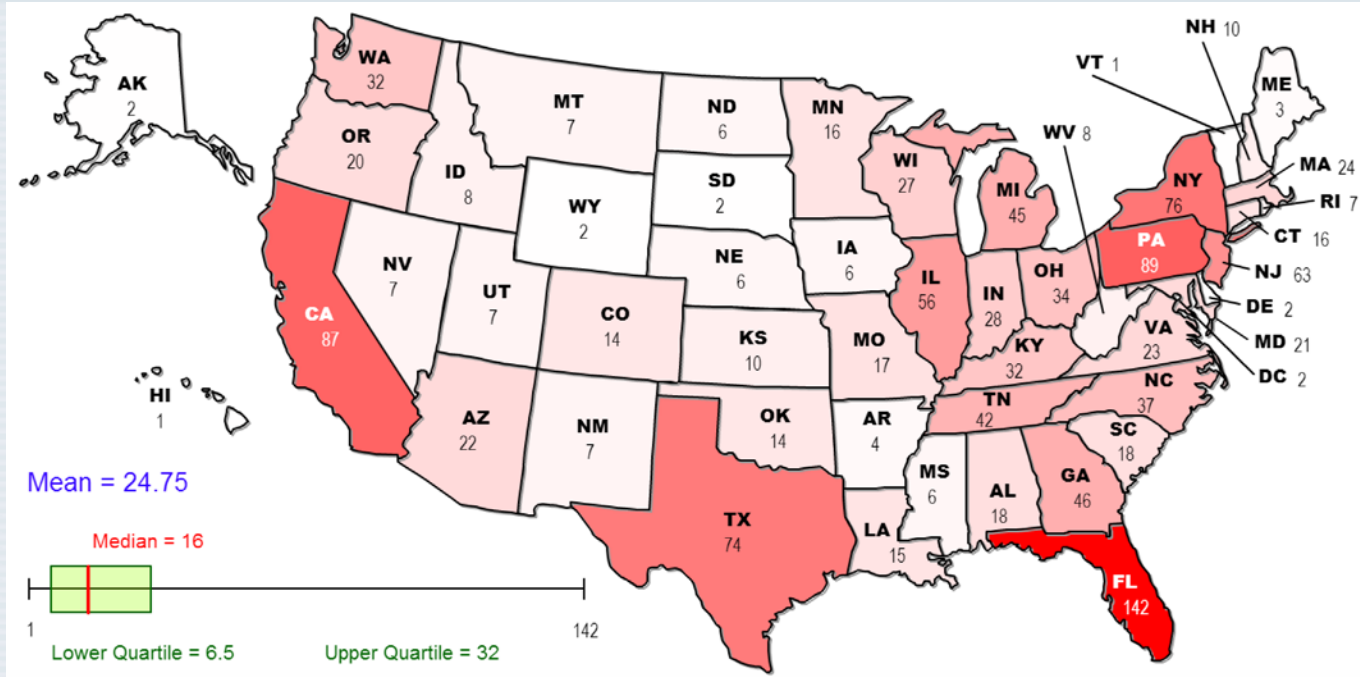
Top 5: Florida, California, Texas, Pennsylvania, New York

# 2013 ORC Activity Reported



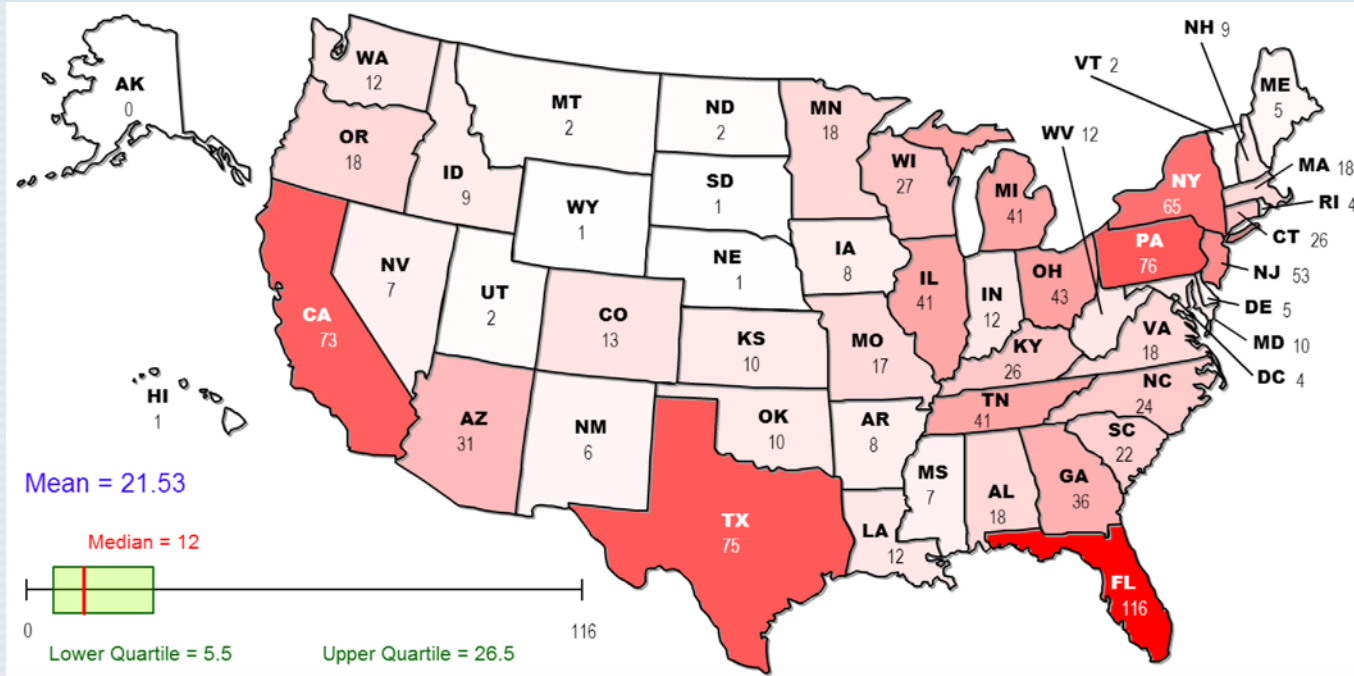
Top 5: Florida, Pennsylvania, Texas, California, New York

# 2014 ORC Activity Reported



Top 5: Florida, Pennsylvania, California, New York, Texas

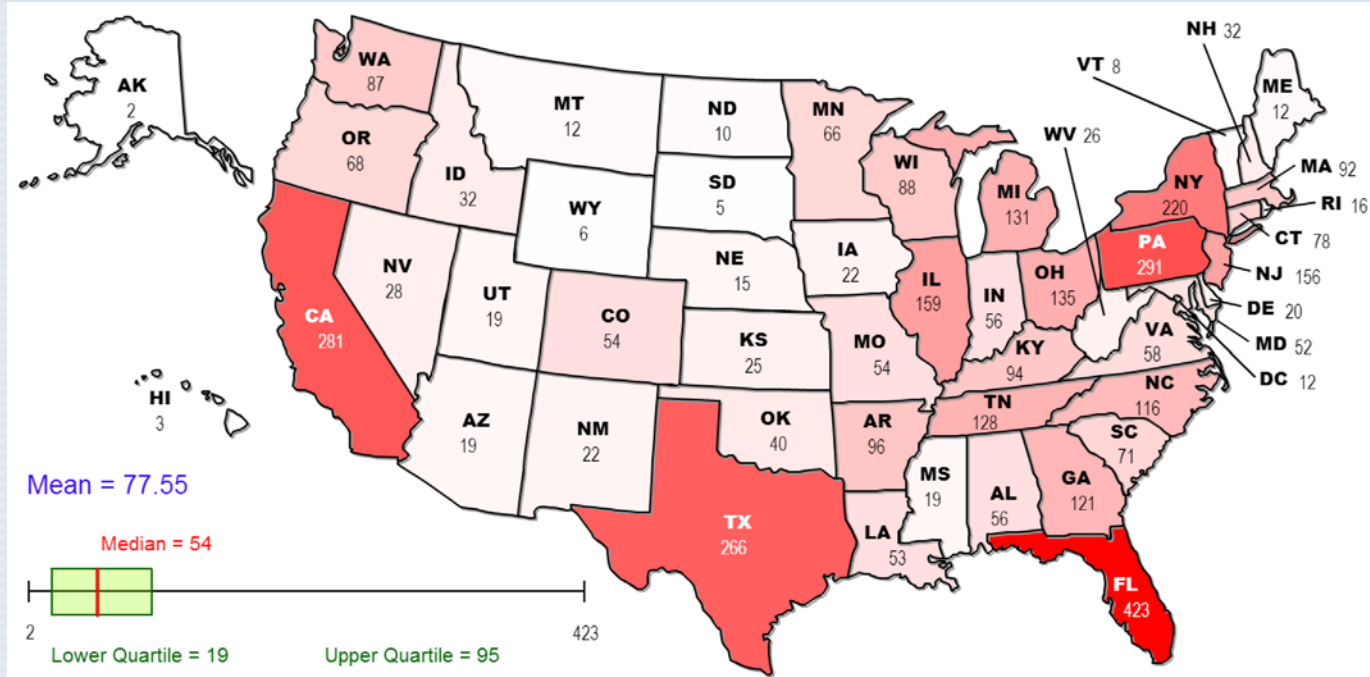
# 2015 ORC Activity Reported



Top 5: Florida, Pennsylvania, Texas, California, New York

\*2015 cases are listed up to September 30th

# 2012-2015 ORC Activity Reported



Top 5: Florida, Pennsylvania, California, Texas, New York

\*2015 cases are listed up to September





# Comparison – Cases Reported 2012 vs. 2013 vs. 2014 vs. 2015\*

Year	Total Cases	Cases with Dollar Amt. Reported	Dollars Reported
<b>2012</b>	515	317	\$146,082,301
<b>2013</b>	893	508	\$501,839,481
<b>2014</b>	1,199	757	\$681,802,614*
<b>2015*</b>	<b>1,092</b>	<b>743</b>	<b>\$459,953,014</b>
<b>Totals</b>	<b>3,699</b>	<b>2,325</b>	<b>\$1,789,677,410</b>

2015 trend indicates Total Cases Reported will exceed 1500.

\*\*U.S. Counterfeit Goods case not reflected here totaling \$300 Million.

\*2015 cases are listed up to September 30th

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# Comparison – Cases Reported 2012 vs. 2014

Year	Total Cases	Cases with Dollar Amt. Reported	Dollars Reported
2012	515	317	\$146,082,301
2014	1,199	757	\$681,802,614
% Increase	132% ↑	139% ↑	367% ↑

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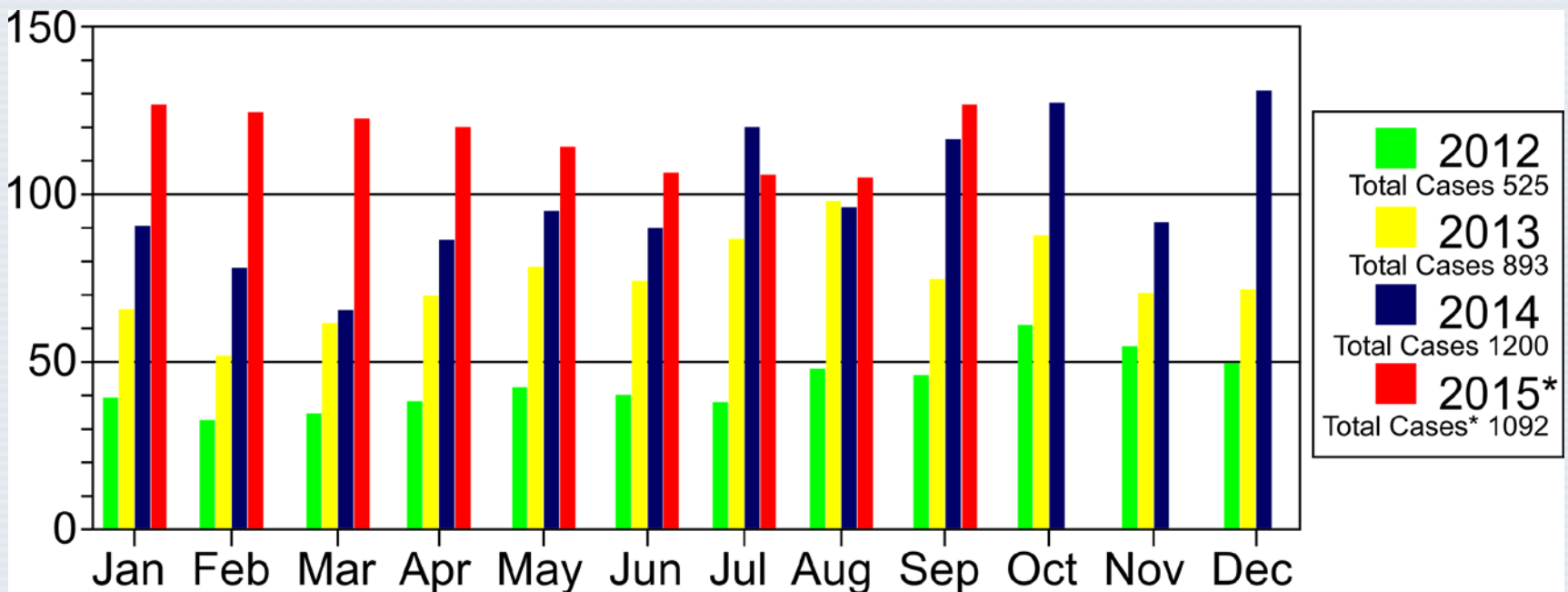


# 2014 \$300M Spike Adjustment

**\$300M**  
**China to NYC**  
**Counterfeit Goods Ring**



# 2012 – 2015\* ORC Cases Listed by Month



\*2015 cases are listed up to September 30<sup>th</sup>.

2015 Trend indicated Total Cases Reported will exceed 1500.



# Comparison – ORC Average Dollar Amt. Per Case 2012 vs. 2015

Year	Total Cases	Cases with Dollar Amt. Reported	Dollars Reported	Average Dollar Amt. Per Case
2012	515	317	\$146,082,301	\$460,827
2013	893	508	\$501,839,481	\$987,873
2014	1199	757	\$681,802,614	\$900,664
2015*	1092	743	\$459,953,014	\$619,048

Year	Total Cases	Cases with Dollar Amt. Reported	Dollars Reported	Average Dollar Amt. Per Case
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2014	1199	757	\$681,802,614	\$900,664
% Increase	132%↑	139%↑	367% ↑	95% ↑



\*2015 cases are listed up to September 30th

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Year	Total Cases	Cases with Dollar Amt. Reported	Dollars Reported	Average Dollar Amt. Per Case
2012	515	317	\$146,082,301	\$460,827
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% Increase	132% ↑	139% ↑	367% ↑	95% ↑



# Credit Card & Identity Theft Cases Over \$500,000 2012 - 2015

<b>Year</b>	<b># of Cases</b>	<b>Cash Value</b>	<b>% of Total ORC \$</b>
2012	15 Cases	\$53,200,000	36%
2013	11 Cases	\$431,000,000	85%
2014	18 Cases	\$501,355,568	74%
2015*	6 Cases	\$28,900,000	6.3%

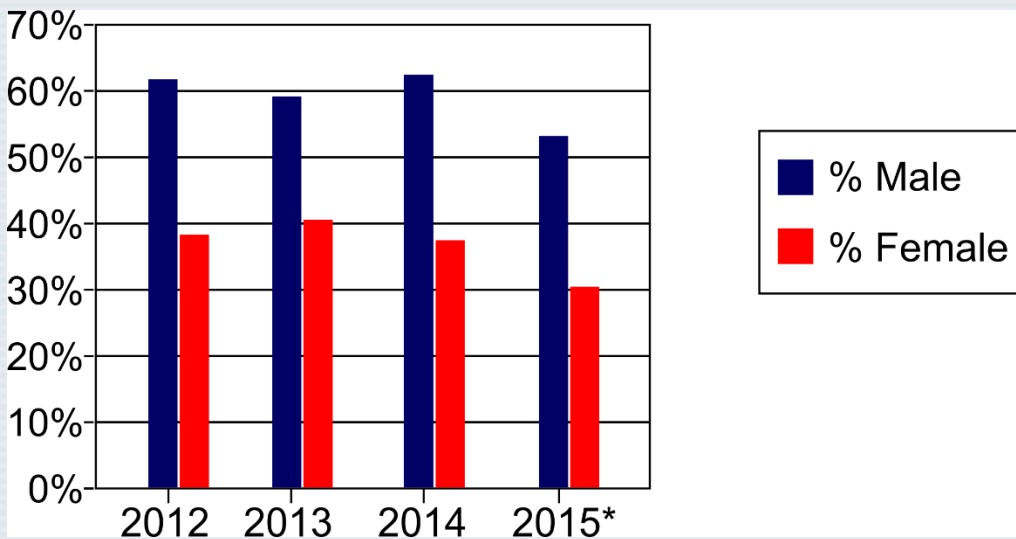
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# Comparison – Percent Male & Female Per Case 2012 vs. 2015

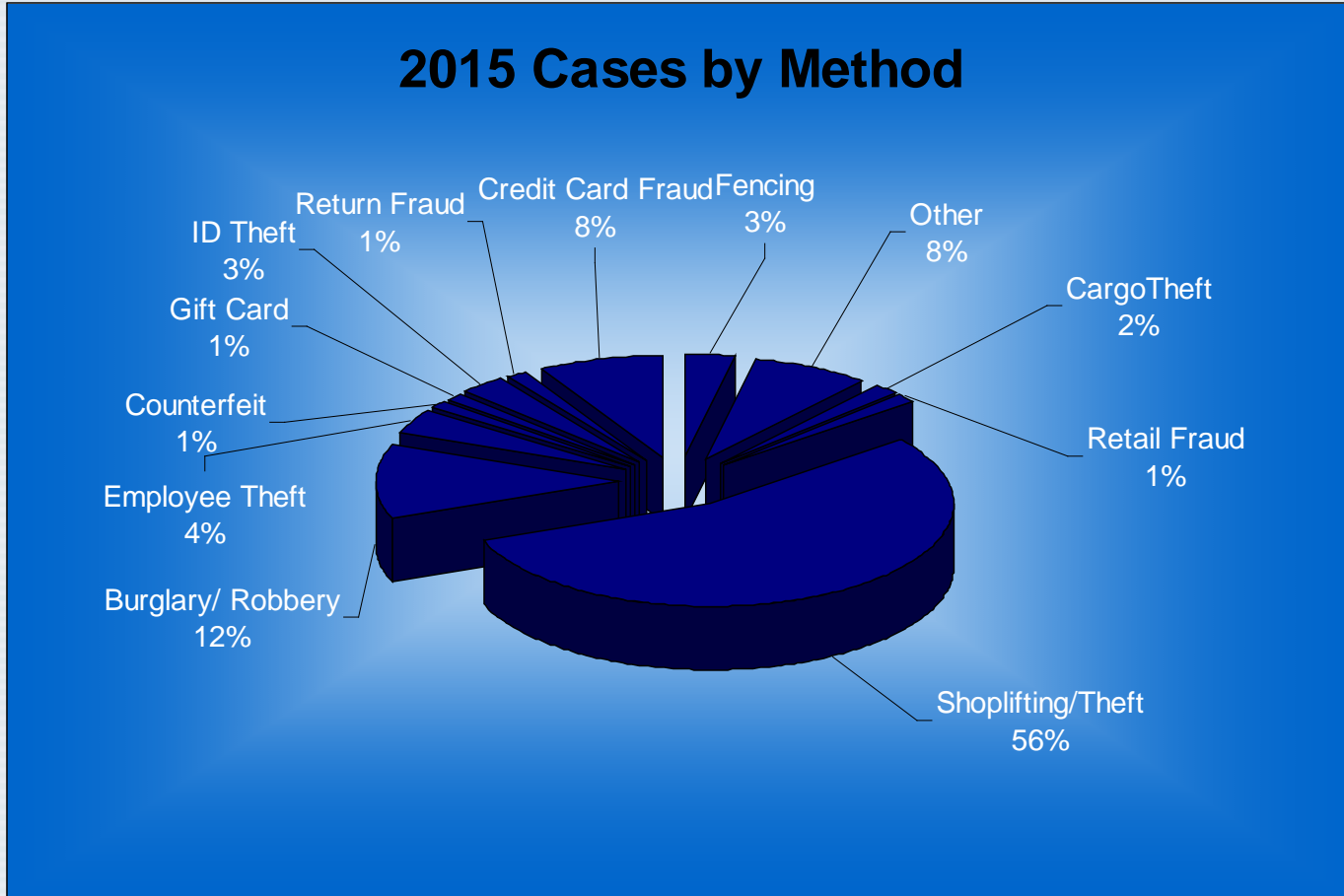
Year	Total Suspects	Males	Females	Gender not reported	% Male	% Female
2012	1865	745	469	651	61.4%	38.6%
2013	3149	1155	788	1206	59.4%	40.6%
2014	3235	1764	1048	423	54.5%	32.4%
2015*	2564	1369	788	407	55.6%	39.2%



Percent Male and Female calculated only for gender reported

\*2015 cases are listed up to September 30th

# 2015\* ORC Cases Listed by Method



\*2015 cases are listed up to September 30th





# ORC Case Rankings

- 1. Credit Card & Gift Card Fraud**
- 2. Online Selling**
- 3. C-Stores – Huge Problem – 10-15%**
- 4. Illegal Shops**
- 5. Pawn Shops – Flea Markets**



# ORC's \$30 Billion Dollar Problem?

## National Retail Shrinkage - \$44 Billion

Source National Retail Security Survey

### Daily's Data

### \$15B to 22B Problem

### 50% of Retail's Nationwide Shrinkage

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# The NRF's LP Legislative Committee, a National Update



**Jon Gold**, VP, Supply Chain & Customs Policy at the NRF

**Jeff Fulmer**, VP of LP for Barnes and Noble



# Combating the ORC Problem

- **Nationwide Database & Association Effort**
- **More Formalized Reporting & Sharing Model with Retailers – Info & Efforts**
- **20 More State Laws – Nationwide**
- **Piggy Back on Cyber Crime Bill**
- **Combining Cyber Crime Effort with ORC Effort**
- **Facial Recognition Application**