

ORGANIZED RETAIL CRIME & RETAIL THEFT

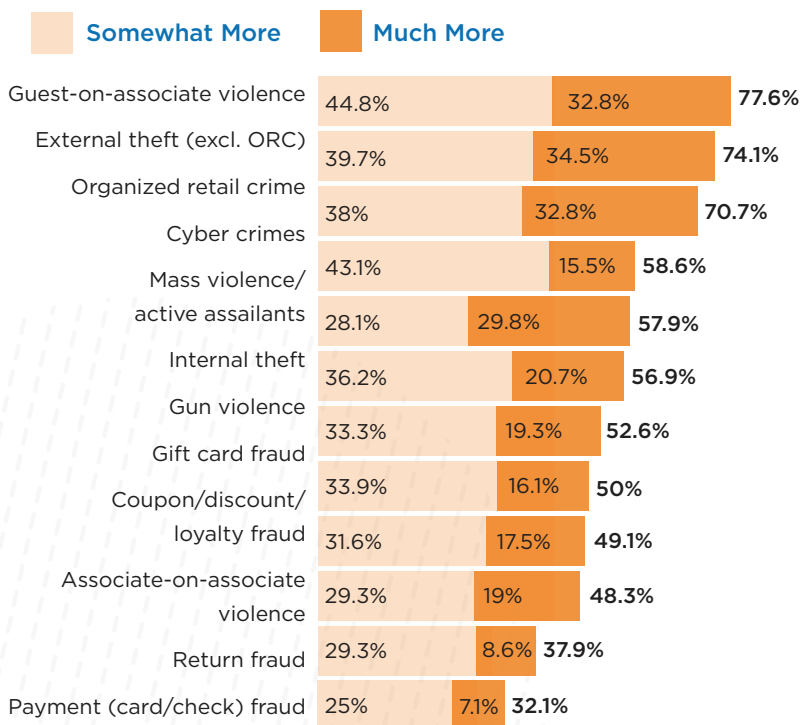


ORC is a growing problem, not only for businesses, but for California communities. ORC fosters a host of illegal activity, including the recruitment of youth, homeless and others into theft crimes. These criminal networks view ORC as a high reward/low risk venture and frequently use their proceeds to finance other illegal activity including drug smuggling and human trafficking. Unfortunately, we have seen far too many retail employees threatened and assaulted by these networks.

ORC involves theft or fraudulent activity conducted with the intent to convert illegally obtained goods into financial gain. Typically, ORC networks organize multiple theft rings at retail businesses and employ a “fencing” operation to sell the illegally obtained goods. The digital revolution and subsequent growth in online shopping and social networking, along with increasingly lax enforcement of property crimes, have exacerbated large scale criminal theft, contributed to significant business losses for large and small retailers and greatly impacted the industry’s ability to provide jobs and keep their doors open to serve their communities.

ORC is on the rise nationwide, but California is recognized as a “hot spot” for these activities. Now more than ever, we need enforcement tools to fight back against these increasingly sophisticated, complex criminal networks. CRA is working to combat ORC in California through legislative and local measures that will empower public safety, in collaboration with the business community, to stop existing crime rings and deter future large-scale networks.

INCREASE IN RISK AND THREAT PRIORITIES OVER THE PAST FIVE YEARS



TOP ORC CATEGORIES

CATEGORY	TOP ORC ITEMS INCLUDE:
Apparel	Denim, designer apparel, activewear, intimates
Electronics	Appliances, charging cords, smartphones, headphones, vacuums
Health and Beauty	Medication (e.g. allergy and pain), fragrance, blades and razors, cosmetics, and body wash
Accessories	Designer handbags, fashion and fine jewelry, belts, & watches, designer sunglasses, branded eyewear
Footwear	Men’s and women’s footwear, athletic shoes/sneakers, designer shoes
Home furnishings	Bedding, home goods and housewares, high-end mirrors
Home improvement	Power tools/equipment, outdoor/seasonal tools, wire
Office supplies	Ink cartridges, printers, toner
Food and beverage	Meat, seafood, candy, alcohol, energy drinks
Children’s items	Infant formula, infant and toddler items, children’s toys
Other	Detergent, tobacco, pet medication, travel items, physical and electronic gift cards

2022 NRF survey: #1 LA, #2 SF Bay Area, #7 Sacramento (down from #6)

SIGNIFICANT ACHIEVEMENTS

In 2022, CRA worked with the Governor and Legislature to secure:

- Permanent funding for the CHP ORCTF including the expansion into the Central Valley with two additional task forces.
- Funding for the California Department of Justice (CA DOJ) to support investigations and prosecutions of ORC, including those referred by other agencies. The DOJ is to submit a report to the legislature by April 2023 identifying challenges and factors contributing to ORC and gaps in enforcement.
- \$85 million in grants to local police, sheriffs' and probation departments to support prevention and response to organized retail theft, motor vehicle theft or cargo theft.
- \$10 million in grants for the Organized Retail Theft Vertical Prosecution Grant, available to district attorneys seeking to address ORC through vertical prosecution model.

Additionally, CRA successfully advocated for the passage of SB 301, which was signed by Governor Newsom in October 2022. SB 301 is part of CRA's comprehensive '4-D' approach to addressing retail theft - DISMANTLE, DISRUPT, DETER and DIVERT.

The bill, which goes into effect July 1, 2023, helps DISRUPT the flow of stolen goods into online marketplaces, where they are resold to unwitting consumers, which has contributed significantly to the rise in organized retail crime.

Though CRA has secured the necessary baseline funding for state and local law enforcement to keep up with the organized criminal networks, there is still work to be done to change the perception that retail theft is a low-risk venture, including enhancing the enforcement of serial retail theft per AB 2390 (Muratsuchi/2022) or similar legislation.



“Opposition to crime is bipartisan. I’ve not met anyone who wants to be a victim of crime -- Republican, Democrat, it doesn’t matter.”

ROB BONTA, California Attorney General

Source: SFGate

CALIFORNIA HIGHWAY PATROL ORGANIZED RETAIL CRIME TASK FORCE (CHP ORCTF) BY THE NUMBERS AS OF 12/7/22:

Since October 2019, the CHP ORCTF has:

- Recovered 286,954 assets at a value of over \$27million
- Conducted/assisted in 1,368 investigations
- Made 728 arrests





CALIFORNIANS FOR SAFE STORES AND NEIGHBORHOODS *Protecting Consumers, Jobs and the Economy*

CRA is leading a diverse coalition committed to advancing solutions to stop organized retail crime and retail theft and protect California's consumers, jobs and the economy. These solutions are what Californians for Safe Stores and Neighborhoods Coalition calls the '4 D's to deter ORC and retail theft:



DISMANTLE

California Governor Gavin Newsom and the legislature made an important first step to address organized retail crime by extending funding for the retail crime task force in the 2021 Budget. Last year, Governor Newsom announced "The Real Public Safety Plan," which includes over \$300 million per year over the next three years to increase law enforcement presence in retail locations and combat organized retail crime so Californians and small businesses across the state can feel safe. This program goes a long way to dismantle the infrastructure behind these crimes with additional state funding to the Organized Retail Crime Task Forces (ORCTF) and other enforcement resources.

DISRUPT

In the Digital Age, the "fencing" of stolen goods has become all too easy. By setting up third-party accounts under fake names, ORC rings are exploiting online marketplaces and the anonymity many of them provide to offload their stolen goods. We need to disrupt the digital black market by passing common-sense, online marketplace transparency reforms, like Senate Bill 301 (Skinner), which Governor Newsom signed in 2022, that will bring these criminal enterprises out of the shadows.

DETER

Many thieves view retail theft as a low-risk/high-reward crime, knowing they face low odds of arrest or serious consequences. This situation only worsens as frustrated business owners and citizens give up on reporting thefts. We need to change the message. By strengthening laws against repeat offenders, we can deter serial theft and encourage responsive intervention from law enforcement, retailers and our communities by providing sentence discretion.

DIVERT

California's rehabilitation programs for habitual shoplifters are underutilized. We need to strengthen and reform diversion programs so we can divert repeat offenders into rehabilitation programs as an alternative to jail — and provide options for these individuals to make better life choices. Programs that provide job training will open up more opportunities for people struggling in life to find and get on a better path, which will reduce the likelihood of recidivism. Many of California's retail businesses offer job training opportunities to the underserved and disadvantaged such as formerly incarcerated individuals and those without a college degree. Retailers have also lead the charge on "banning the box", which is the practice of requiring job applicants to a criminal background check. Banning the box has provided many more job opportunities for those who otherwise may not have been considered for a job.

Learn more at www.casafeshopping.org