

THE HAYES REPORT ON LOSS PREVENTION

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30 Days – You Should Be Ready



As year-end shrink numbers come in, it's time to assess the results of your 2025 LP/Shrink Program—the good and the not-so-good. Did your efforts meet expectations and deliver the shrink results you aimed for, or did the numbers fall short?

Now's the moment to identify what worked, what didn't, and what needs to change for 2026. While awaiting your final shrink results, take the opportunity to review audit scores, theft statistics (internal and external), field feedback, and other performance indicators. Time will be critical to ensure your 2026 program launches promptly and effectively.

If you had a shrink program in 2025, your focus should be on fine-tuning it—building on what worked and correcting what didn't. Your 2026 Program, Audit, and Target/Focus store plans should be ready to go within 30 days of receiving shrink results to capture a full year's impact.

Let's make 2026 your most successful year yet! \$

Be Informed & Prepared ---

Fraudulent Scam Calls To Retailers

By Mark R. Doyle

As digital threats evolve, one of the most persistent dangers to retailers comes not from hacking or malware, but from **fraudulent phone calls**. Scammers often pose as company executives, law enforcement, vendors, or even technical support staff to trick associates into giving away sensitive information or processing fake transactions.

Understanding how these scams work - and how to respond to them - is essential for protecting your business.

Common Types of Scam Calls Targeting Retailers

These fraudulent calls often come across as urgent, authoritative, convincing, and time-sensitive.

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Did You Know

According to a recent survey:

- . Retailers say they are currently most concerned about organized retail crime, shoplifting, repeat offenders, phone scams, return fraud and credit card-related theft.
- . Retailers report increases across various methods of external theft, as well as digital and online fraud.
- . There was a combined 19% increase in external shoplifting and merchandise theft incidents from 2023 to 2024.

2025 The Impact of Retail Theft & Violence Report

Top Employee Theft statistics include:

- . Employee theft costs businesses around \$50 billion each year.
- . 57% of fraud is committed by company insiders.
- . 22% of small business owners have had employees steal from them.
- . The avg dishonest retail employee costs their employer \$1,551.66.
- . The average embezzlement incident leads to \$357,650 in losses.
- . 43% of employees exaggerate how many hours they work.

Exploding Topics

Percent of workers who've stolen from their current employer (by generation):

- . 74% Gen Z
- . 73% Millennials
- . 65% Gen X
- . 56% Baby Boomers

Business.com

Depends on Audit's Goal - - -

Announced or Unannounced Store LP Audits?

By Mark R. Doyle

Loss Prevention (LP) store audits are a cornerstone of any effective retail loss prevention/shrink program. They provide insight into compliance with operational procedures, identify vulnerabilities, and ensure that staff consistently follow policies designed to prevent shrink, theft, and operational lapses. A critical question for management is what type of audit is more effective: **announced or unannounced?** The answer ultimately depends on the goal of the audit.

Announced LP audits are often favored when the objective is education, collaboration, and training. By notifying store leadership in advance, auditors ensure that key personnel are present and prepared, necessary access is granted, and documentation is readily available. This environment encourages open dialogue and allows for deep analysis of policies, training practices, and personnel issues.

Unannounced LP audits are often preferred when the goal is to assess real-world compliance because they provide a true snapshot of daily operations without giving store personnel time to make last-minute corrections/adjustments. These surprise visits quickly reveal whether high-risk loss prevention procedures - such as cash handling, refund controls, key security, safe protocols, and point-of-sale behavior - are consistently being followed. They also expose adherence to broader LP policies and standards, including customer greeting/service, merchandise protection practices like EAS tagging or locked showcases, associate package checks, trash disposal procedures and effective door controls. By highlighting recurring violations that might be hidden during announced audits, unannounced visits serve as a powerful accountability tool, reinforcing that compliance is always expected, not just when leadership is present.

In Conclusion: If the goal is to measure compliance to the company's LP/Shrinkage Control Program then unannounced audits are far superior. However, if the goal is education, training and collaboration, then announced visits may be a better choice. In general terms, I've always thought of it as this:
Audit = Unannounced and Visit = Announced

Testing For Success

Are you ready to take on shrink and safety issues in 2026? Take our short test below to gauge your shrink and safety readiness for the coming year.

1. Will you have a formal written LP/Shrink & Safety Program for your locations in 2026? **Yes** **No**

2. Will your LP/Shrink & Safety Program be ready for rollout/implementation within 30 days of receiving your year-end shrink results? **Yes** **No**

3. Have you identified your target locations (based on shrink results, losses, theft occurrences, injury rates, etc.) for additional focus/attention in 2026? **Yes** **No**

4. Does your LP/Shrink & Safety program contain additional requirements that your target stores must implement? **Yes** **No**

5. Have you established an audit frequency to measure & monitor program compliance for all locations, with additional focus on your target locations? **Yes** **No**

Hopefully, you were able to answer 'Yes' to each of the above questions, giving your 2026 Program a good chance of success!

Note: If you answered 'NO' to #1 above, you'll need some good luck to reach your 2026 Shrink & Safety goals.) \$

Preparation is Critical - - -

Preparing Your Retail LP Program for 2026: Stores and Warehouses

As the retail landscape evolves, preparing your Loss Prevention (LP) program for 2026 is critical to safeguarding both stores and warehouses. Rising shrink, employee theft, supply chain vulnerabilities, and emerging technologies make proactive planning more important than ever.

For **store operations**, the focus should be on strengthening compliance, improving staff accountability, and leveraging data-driven insights. Retailers should implement unannounced audits to ensure policies/procedures - such as cash handling, refunds, customer service, and merchandise protection standards - are consistently followed. Associate training should be continuous, emphasizing not only theft prevention but also operational compliance, safety, emergency response, and customer engagement as a tool for deterrence. Integrating technology like video analytics, RFID, EAS systems, and real-time reporting can further enhance the ability to detect suspicious activity before losses escalate.

In **warehouse/DC operations**, the emphasis shifts to controlling inventory, managing high-value shipments, and maintaining access security. Regular audits, cycle counts, and random inspections help prevent internal theft, misplacement, or diversion of stock. Advanced tracking systems, including RFID or GPS-enabled inventory monitoring, can provide visibility across the supply chain, identifying anomalies quickly. Security protocols for loading docks, restricted areas, and employee access must be continually reviewed and reinforced to minimize exposure.

For both stores and warehouses, **data integration is key**. Collecting and analyzing operational, transactional, and exception-based data allows LP teams to identify trends, anticipate risks, and proactively address vulnerabilities. A strong LP program also emphasizes collaboration between operations, human resources, and LP teams to ensure consistent enforcement of policies and swift response to incidents. Ultimately, preparing your retail LP program for 2026 means embracing technology, reinforcing accountability, and creating a culture of compliance across all levels of the organization. \$

Believe It or Not

College Offers Class on Stealing

Eugene Lang College Lib Arts: Sociology offered a Fall 2025 course titled "How to Steal". Description from the course outline included:

"Students will critically examine what it means to steal – from whom, for whom, and why – through site visits and field work in places where capital is hoarded and value is contested: corporate store fronts, grocery chains . . .".

"We will ask: Is it possible to steal back what has already been stolen? What does theft look like under capitalism, colonialism, and in everyday life?"

"Students will produce field journals, collective mappings, and speculative strategies for redistributing wealth, knowledge and beauty."

Suspects Nabbed When They Run Out of Gas

Three shoplifting suspects were nabbed with over \$1,400 of stolen clothing in their car when their Mercedes ran 2 stop lights and then ran out of gas in an intersection. One was a fugitive on parole.

Uber Driver Turns in Thief

An Uber driver dropped a man off at a local general merchandise store and waited while he shopped. Upon returning to car the driver noted store employees were videotaping him. After dropping the man off at his house, the driver returned and told police what had happened.

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Fraudulent Scam Calls To Retailers

• Impersonation of Executives or Managers

Scammers pretend to be a member of the Corporate Leadership Team or Field Management such as a District or Regional Manager, pressuring staff to process refunds or send money urgently.

• Fake Law Enforcement or Government Officials

Callers claim there's a time-sensitive investigation and demand access to security footage, customer data, or ask for immediate payments to "avoid penalties."

• Tech Support or Vendor Impersonation

Callers claim to be from IT support or a payment terminal provider, asking associates to "update" systems or share credentials.

Red Flags: How to Identify a Scam Call

Watch for the following signs during a suspicious call:

Urgency and Pressure

Scammers create panic: "I am in middle of investigation right now, this needs to be done now or you'll jeopardize this case"; "Do this now or else you'll lose your job," or "This must be resolved within 10 minutes."

Requests for Confidential Information

Any request for passwords, payment terminal codes, customer card info, or internal procedures is a huge red flag.

Payment Requests via Gift Cards or Wire Transfers

Legitimate vendors or authorities will **never** ask for payment via gift cards or urgent wire transfers.

Unfamiliar Names or Companies

They might drop the name of a fake vendor or say they're from a "new" support company.

Instructions That Bypass Protocol

Scammers often urge associates to skip verification steps or act secretly, saying things like, "Don't tell your manager — it's a surprise audit."

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Advisory Board

Mark R. Doyle

President and Owner of Jack L. Hayes International. For more than 39 years, has provided consulting services to many of the world's leading companies, assisting in design and implementation of cost-effective programs to reduce inventory shrinkage and loss.

Jack L. Hayes

Internationally recognized expert on Asset Protection who has consulted for some of the finest retail companies world-wide over his 50 years in the industry.

David J. Cherrington

Professor of Organizational Leadership and Strategy at BYU; certified SPHR, and recognized authority on employee dishonesty and white-collar crime.

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Globally recognized advisor to America's favorite franchised, retail & food service brands. For 30 years, has advised on & designed solutions which improve franchise sales reporting, brand compliance, and inventory shrink.

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Fraudulent Scam Calls To Retailers

What Retailers Can Do: Prevention and Response

Train Managers & Associates Regularly

- Conduct briefings on common scam types.
- Role-play possible scenarios with staff.
- Instruct associates that no one will ever demand immediate payment (cash or gift cards) & never bypass protocols.

Set Clear Procedures

- Have a documented policy for refunds, data access, and vendor verification.
- Take caller's name, title, phone # and company, then confirm with a known corporate or field manager. Management approval for unusual transactions or information sharing is a must.

Use Call Screening Tools

- Install caller ID or call blocking software.
- Flag suspicious numbers reported by other businesses.

Encourage a “Pause and Check” Culture

- Staff should feel empowered to say, “Let me verify this with my supervisor.”
- Never punish associates for slowing down to verify legitimacy.

Report Suspicious Calls

- Notify corporate LP/Security or management immediately.
- Share scam attempts with staff so others stay alert.

If You Think You've Been Scammed

1. Stop any further transactions or communication immediately.
2. Promptly notify your immediate supervisor/manager and corporate office, and follow their directions.
3. Inform your team to prevent repeat incidents.

Scammers rely on urgency, fear, and associate confusion to manipulate retailers. With the right training and response protocols, you can reduce the risk of falling victim. A calm, informed associate is the best defense against fraudulent calls. \$



Jack L. Hayes International, Inc. is widely recognized as the leading consulting firm specializing in loss prevention and inventory shrinkage control worldwide. For decades, the company has provided proven strategies, services, and products that are trusted by top retail, industrial and manufacturing organizations across the globe.

Consulting Services/Products:

- Shrinkage Control Analyses and Assessments
- DC/Whse LP/Security Reviews
- Custom Designed & Implemented LP & Safety Programs and Audits
- 3rd Party LP and Safety Audits
- Outsourced LP Services (Full or Hybrid)
- LP Organizational Review
- The Hayes Report on Loss Prevention Newsletter (quarterly)
- Annual Retail Theft Survey (35th)

For additional information on Hayes International's loss prevention/shrinkage control and safety services, including consulting and outsourced LP Services, visit our website at:

<https://hayesinternational.com/>

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The Bulletin Board

2025 Felony Threshold for Retail Theft

\$2,500: Texas, Wisconsin

\$2,000: Colorado, Pennsylvania, South Carolina

\$1,500: Delaware, Georgia, Iowa, Kansas, Maryland, Montana, Nebraska, Rhode Island, Utah

\$1,200: Massachusetts, Nevada

\$1,000: Arizona, Arkansas, Connecticut, Washington DC, Idaho, Kentucky, Maine, Michigan, Minnesota, Mississippi, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Virginia, West Virginia, Wyoming

\$950: California

\$900: Vermont

\$750: Alaska, Florida, Hawaii, Indiana, Missouri, Washington

\$500: Alabama, Illinois, New Mexico

\$200: New Jersey

(Source: Loss Prevention Magazine V24.4)

Share your favorite 'Bulletin Board' items. Email submissions for "The Bulletin Board" to: operations@hayesinternational.com \$