

# THE HAYES REPORT ON LOSS PREVENTION

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## In This Issue

### **Using Facial Recognition to Help Combat Organized Retail Theft.....Page 1**

*This article provides an overview of facial recognition technology, discussing its advancements, practical applications, and the broader implications for privacy and security.*

### **When OSHA Shows Up at Your Door.....Page 2**

*What do you expect when an OSHA inspector surprisingly shows up at your door? This article discusses the process including How to Prepare; Common Focus Areas; and What To Do and What Not To Do during a visit/inspection.*

### **Building a Collaborative LP Network.....Page 3**

*This article explores the collaboration between retailers and law enforcement in combating organized retail crime and reducing shrink and how it can create a more proactive and effective loss prevention network.*

### **Testing For Success.....Page 3**

*Take our short quiz to see if your alarm system is sufficient to protect your location.*

### **The Bulletin Board.....Page 6**

*See the Bulletin Board for OSHAs Top 10 2025 Safety Violations.*

*Mark R. Doyle Talks - - -*

## **90 Days In – How’s Your Shrink Program Going?**



As we are three months into the new year, your 2026 Shrink/LP & Safety Programs should now be fully launched, with added attention directed toward your high-loss Target Stores. By this point, the first round of audits should be underway to verify timely implementation and ensure compliance within those locations. If audits have not yet been completed, ideally they are scheduled for this month. Early execution and immediate adherence to program requirements are critical to maximizing effectiveness and delivering meaningful impact to the company’s bottom-line by year’s end. \$

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*Responsible Use is Essential - - -*

## **Using Facial Recognition to Help Combat Organized Retail Theft**

By Mark R. Doyle

Organized Retail Theft has become a growing challenge for retailers worldwide, costing the industry billions of dollars each year. Unlike isolated shoplifting incidents, organized theft involves coordinated groups that steal large volumes of merchandise to resell through illicit channels. To counter this sophisticated threat, many retailers are turning to advanced technologies - most notably facial recognition - to strengthen their loss prevention strategies.

Facial recognition technology uses artificial intelligence (AI) to analyze facial features captured by in-store cameras and compare them with images in a secure database. When a known repeat offender or suspected member of an organized theft ring enters a store, the system can alert management or loss prevention teams in real time. This early warning allows staff to monitor behavior closely, provide enhanced customer service presence, and take preventive action before theft occurs.

*Continued on Page 4*

**Did You Know**

ORC groups often target multiple stores, brands, and regions, which is why theft surveys and shared intelligence are critical to identifying organized patterns.

*Retail Industry ORC Reports*

Over 50% of retailers reported increases in phone scams (70%), digital/e-commerce fraud (55%), merchandise theft (52%), and cargo/supply-chain theft (50%) being conducted by organized retail crime (ORC) groups.

*NRF*

Employee theft prevention efforts - including audits, analytics, and awareness programs - are among the highest-ROI loss prevention investments retailers report.

*Industry LP Surveys*

National theft surveys are built from confidential data submitted by LP/AP leaders, making them one of the most trusted benchmarking tools in retail.

*NRF*

Consistent theft reporting (internal + external + ORC) helps retail leaders justify LP investments such as enhanced surveillance, analytics tools, team training, and law enforcement partnerships.

*Absco Solutions*

Despite improvements, operational shrink still accounts for roughly one-third of total shrink, making consistent execution and inventory discipline critical to loss reduction.

*NRSS*

*Preparation is Key - - -*

## **When OSHA Shows Up at Your Door**

By Mark R. Doyle

An unannounced visit from the Occupational Safety and Health Administration (OSHA) can catch any retail business off guard. These surprise inspections are typically triggered by complaints, incidents, or random selection. Being prepared ahead of time is crucial for a smooth inspection and to avoid potential fines or citations.

### **What to Expect During a Surprise Visit**

When an OSHA inspector arrives, they will present their credentials and explain the reason for the inspection. This is followed by an opening conference where the inspector outlines the scope of the visit. Common focus areas in retail include:

- Employee safety protocols
- Hazard communication
- Emergency exits and egress routes
- Slip, trip, and fall hazards
- Storage and shelving safety
- Electrical Safety
- Recordkeeping and training logs

The inspector will then conduct a walkthrough of the facility, possibly take photos, review documentation, and interview employees. Afterward, a closing conference is held to summarize findings.

### **How to Prepare**

Even if you don't expect a visit, readiness is key. Therefore, a proactive safety program where safety is a management priority, and employees are part of the safety culture will help minimize safety violations.

- Maintain updated safety records, including OSHA 300 logs, training documents, and inspection checklists.
- Train your staff regularly on safety protocols and how to respond to an OSHA inspection.
- Designate a point of contact for OSHA visits - someone knowledgeable about your safety policies and procedures.
- Perform regular self-audits using OSHA standards as a checklist to proactively identify and fix issues.

*Continued on Page 5*

### Testing For Success

When is the last time you tested your alarm system to ensure all points-of-protection were operating properly and only approved personnel had access to the system? Take the short quiz below to see if your alarm system is sufficient to protect your location.

1. Within the past 3 months, has a thorough review/test of your alarm system been completed? **Yes No**
2. Does each authorized associate have their own unique alarm code (ie. no sharing of codes)? **Yes No**
3. Within the past 3 months, has your location's alarm code list been reviewed and updated? **Yes No**
4. Are all points of entry (doors, windows, etc.) and high risk interior spaces (such as dock, stockroom, offices, high value cages, etc.) adequately protected with contacts, motion, sound, or beams, and do they all have a backup device in case of compromise? **Yes No**
5. Does alarm company promptly notify you when the alarm is accessed outside of authorized days and times? **Yes No**
6. Are alarm reports reviewed at least monthly for any unusual activity? **Yes No**

*Hopefully, you were able to answer **Yes** to all 6 questions. If not, take immediate corrective actions. \$*

*A Critical Strategy for Shrink & Safety - - -*

## **Building a Collaborative LP Network with Retailers and Law Enforcement**

In today's retail environment, loss prevention can no longer operate in isolation. Organized retail crime (ORC), repeat offenders, and increasingly sophisticated theft tactics demand a coordinated response that extends beyond the four walls of any single store. Building a collaborative loss prevention network - one that includes other retailers and law enforcement partners - has become a critical strategy for reducing shrink and improving overall safety.

Collaboration begins with information sharing. Retailers facing similar challenges often encounter the same offenders, crews, and methods. By exchanging non-competitive intelligence such as suspect descriptions, theft patterns, vehicle information, and emerging trends, retailers can move from reactive responses to proactive prevention. Regular roundtables, regional LP associations, and secure digital platforms allow participants to share timely intelligence while maintaining appropriate legal and privacy safeguards.

Equally important is building strong, trusted relationships with local, regional, and federal law enforcement. Retailers that engage law enforcement early and consistently, rather than only after major incidents, are far more effective in addressing repeat and organized offenders. Providing officers and investigators with clear case documentation, quality video, accurate incident reports, and consolidated evidence packages helps law enforcement pursue cases more efficiently and successfully. In turn, law enforcement can offer valuable insight into criminal networks, prosecution thresholds, and investigative priorities.

Successful collaborative networks are built on trust, transparency, and mutual respect. Retailers must demonstrate professionalism and consistency in their loss prevention practices, while law enforcement agencies need to understand retail operations and constraints. Joint training sessions, store walk-throughs, and periodic strategy meetings help align expectations and strengthen working relationships. These interactions also improve communication during critical incidents, reducing response times and enhancing officer and employee safety.

*Continued on Page 5*

**Believe It or Not**

**\$300,000 in Cards Stolen Including Rare Pokémon**

A string of thefts in Southern California, some caught on video, has resulted in the loss of hundreds of thousands of dollars worth of rare Pokémon and other cards. The thefts included multiple break-ins cutting thru metal gates, smashing glass showcases and dumping cards into duffle bags. In one instance, a customer was confronted in a garage by two armed men who confiscated his brief case containing hundreds of thousands of dollars in rare Pokémon cards.

**\$400,000 Shipment of Live Lobsters Never Arrives**

Police are investigating the missing shipment of live lobster which left Massachusetts but never arrived at its delivery points. The heist appears to be part of an organized ring of cargo thieves who target high value product. The theft does not appear to be random, as it follows a pattern where criminals impersonate legitimate carriers using burner phones and spoofed emails during transit.

**Thieves Make Off With 990 Pounds of Snails**

When the owner arrived at his farm one morning the door was open, drawers emptied of petty cash and 990 pounds of fresh and frozen escargot was missing. An inside job, or someone in the know, is suspected to be able to steal a year's worth of stock at one time. Police are investigating.

*Continued From Page 1*

**Using Facial Recognition to Help Combat Organized Retail Theft**

One of the key advantages of facial recognition is its ability to identify repeat offenders who operate across multiple store locations. Organized retail thieves often target different branches of the same retailer or multiple retailers within a region. By sharing anonymized or legally compliant watchlists across locations, retailers can recognize patterns, connect incidents, and disrupt theft networks that would otherwise remain undetected.

Facial recognition also improves the efficiency of loss prevention teams. Traditional methods, such as manually reviewing CCTV footage or relying on employee memory, are time-consuming and prone to error. Automated facial recognition systems can scan thousands of faces quickly and accurately, allowing teams to focus their efforts on high-risk situations.

In addition, the technology can serve as a powerful deterrent. When retailers clearly communicate that advanced security systems are in place, organized theft groups may avoid those stores altogether, opting for a path of less resistance. Over time, this deterrence effect can significantly reduce theft-related losses and improve store safety for employees and customers.

However, responsible use is essential. Retailers must ensure facial recognition systems comply with local privacy laws, data protection regulations, and ethical standards. Transparency, secure data handling, and limited use strictly for loss prevention are critical to maintaining customer trust.

In an era of increased organized theft, facial recognition offers retailers a proactive, data-driven tool to identify threats, prevent losses, and protect their businesses. When implemented thoughtfully, it can be a valuable tool in the fight against organized retail theft.

Looking forward facial recognition technology holds significant potential, yet its path is far from straightforward. As new applications emerge across multiple sectors, questions of privacy and security will remain central as the technology becomes more deeply integrated into society. \$

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.

Michael Mersheimer

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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Continued From Page 2

When OSHA Shows Up at Your Door

What to Do During the Visit

- Verify the inspector's credentials.
• Be polite and cooperative, but stay factual and concise in your answers.
• Take notes and mirror documentation.
• Limit the scope of the visit to what is outlined - don't volunteer unrelated areas unless asked.

What Not to Do

- Do not obstruct or delay the inspection, as this could lead to penalties.
• Avoid guessing or speculating when answering questions. If you don't know, say so and follow-up later.
• Don't hide or falsify documents - this can result in serious legal consequences.
• Do not allow unauthorized employees to answer questions or provide documentation.

A surprise OSHA visit doesn't have to be a disaster. With ongoing preparation, staff training, and a proactive approach to workplace safety, your retail location can handle inspections confidently and maintain compliance with federal standards. \$

Continued From Page 3

Building a Collaborative LP Network

Technology can further amplify collaboration. Shared databases, ORC case-management tools, license plate recognition data (where legally permitted), and real-time alert systems enable faster identification of suspects and patterns across jurisdictions. When combined with human relationships, technology becomes a force multiplier rather than a standalone solution.

Ultimately, a collaborative loss prevention network benefits everyone involved. Retailers reduce shrink and improve safety, law enforcement gains stronger cases and better outcomes, and communities experience reduced criminal activity. In an era where retail crime is increasingly organized and mobile, collaboration is no longer optional - it is essential. By working together, retailers and law enforcement can create a unified front that is far more effective than any single organization acting alone. \$



**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 (35<sup>th</sup>)

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/>

You can email Mark R. Doyle at [mrd@hayesinternational.com](mailto:mrd@hayesinternational.com)

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**The Bulletin Board**

**OSHA's 2025 Top 10 Safety Violations**

- 1. Fall Protection – General Requirements:** OSHA's fall protection rules are clear: employers must provide guardrails, safety nets or personal fall arrest systems when workers face fall hazards. Hazards often stem from unprotected edges, unsafe scaffolds or improperly used ladders.
- 2. Hazard Communication:** The HazCom standard requires employers to develop a written program, maintain Safety Data Sheets, properly label containers and train workers on chemical hazards.
- 3. Ladders:** OSHA requires ladders to be strong enough to support intended loads, free from slipping hazards and positioned properly. Common citations include using ladders at unsafe angles, overloading, or failing to remove damaged ladders from service.
- 4. Control of Hazardous Energy (Lockout/Tagout):** The standard requires employers to establish energy control procedures that prevent machines from starting unexpectedly during servicing. Violations often involve missing lockout devices, inadequate training or failure to develop written procedures.
- 5. Respiratory Protection:** The standard covers respirator selection, fit testing, medical clearance and training. Violations occur when employers fail to evaluate airborne hazards, use the wrong type of respirator, or neglect program administration.
- 6. Fall Protection – Training Requirements:** The rule requires employers to ensure workers can recognize fall hazards and use fall protection systems properly.
- 7. Scaffolding:** OSHA's requirements include that scaffolds support at least four times the intended load and provide proper guardrails or fall arrest systems. Violations often involve incomplete guardrails, unsafe planking or lack of access ladders.
- 8. Powered Industrial Trucks:** The standard covers vehicle design, maintenance and safe operation. Daily inspections, load limits and operator certification are required.
- 9. PPE - Eye and Face Protection:** The standard requires employers to provide appropriate PPE, and maintain it in good condition, for hazards such as flying particles, liquid chemicals and radiation.
- 10. Machine Guarding:** The standard requires machines to have barriers that prevent access to moving parts, sparks or flying debris. Guards can be fixed, interlocked or adjustable.

*(Source: Occupational Health & Safety: ohsonline.com )*

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