

THE HAYES REPORT

ON LOSS PREVENTION

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Be on the lookout for people visiting or calling your stores pretending to be someone else for fraudulent reasons. It is happening more often than you may think. This article cites some incidents, and recommends your stores be made aware of these incidents and 'when in doubt, check it out' before proceeding.

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What does the word "fear" mean to you? See the Bulletin Board for two main meanings, and then you make the choice!

Mark R. Doyle Talks - - -

What a Way to Start the Year!



Nothing like starting out 2020 with some unwanted PTO. I had completely unexpected triple heart bypass surgery on Jan 15th. Felt chest pain, went to emergency room, next morning had bypass surgery. Heart is in great shape, I eat right, I exercise, I stay fit, but heredity/genetics can be a bitch! Dr. said I was a ticking time bomb waiting to drop any day. I am now feeling great and prioritizing some things in my life. Thanks for all the thoughts/prayers!

Then, the Coronavirus hits—really? I hope you are all safe, healthy and taking the precautions recommended by the experts. Your life is too precious to take chances; believe me I know! We will get through this: stay strong, stay vigilant; stay smart! On the business side, I hope your 2019 shrink results met or surpassed your goals. If not, let's all make it happen in 2020! \$

How Aware are You? - - -

Theft by Impersonators

By Mark R. Doyle

It seems like over the past year or two we are hearing of more thefts, and/or attempted thefts, by people impersonating someone else (Corporate help desk, Home Office IT Dept, an associate, armored car driver/pickup person, fire fighter, police officer, security guard, mystery shopper, etc.). We are also noticing more retailers having daily, weekly or monthly passwords, passphrases, etc. for service vendors arriving at store level, or incoming phone calls to a store or warehouse/DC. Even with these passwords/passphrases, thieves continue to impersonate others in order to commit their thefts. A few examples:

NJ: The owner of a convenience store told police a woman dressed in firefighting gear, including full PPE (personal protective equipment) arrived and told everyone to leave the building as she was investigating a gas leak. She stole several items, including lottery tickets, during the incident. Upon being apprehended by the police, they learned the woman had stolen the firefighting gear (jacket, boots, pants, helmet, flashlight, etc.) from a fire truck parked outside a nearby fire station. The woman was charged with burglary, robbery, theft, weapons charges and impersonating a public servant.

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Did You Know

- The amount of stolen credit card numbers on the dark web tripled for the last 6 months of 2019, vs the first 6 months of 2019! There were 76,230,127 compromised cards offered in the last 6 months of 2019, up over 200% from the 23 million offered in the first 6 months of 2019.

Sixgill

- The majority of small businesses fail within the first 5 years, and a study found 82% of the time, poor or negative cash flow contributed to the failure. So before “sell, sell, sell”, watch your cash flow by 1) Categorizing your spending, 2) Benchmark spending when possible, and 3) Micromanage your spending.

US Bank

- Many businesses such as food and drug stores, as well as convenience stores typically operate on a 1.5% to 3% profit margin. At a 3% profit margin, for a retailer to recover a \$100 profit loss due to theft, they must sell \$3,333! This is why shrink control is so important!

- What your information sells for on the dark web may surprise you.
 - Log-In Credentials: A few dollars
 - Credit Card Info: up to \$200
 - ‘Fullz’ Data: up to \$300
 (Complete digital profile of someone)

This stolen data is often sold through online forums on the dark web.

Terbium Labs

A Primary Concern - - -

Workplace Violence

By Jack L. Hayes

Coworker misbehavior in the workplace has always been especially challenging for the victimized employee(s) and management. This article is about workplace violence and other forms of unwanted behaviors, including assault or attempted assault, or verbal and sexual harassment. For discussion, I prefer to place these acts into two separate categories:

Emotional Abuse: When acts of emotional abuse, bullying, humiliation, etc. take place, such incidents are often not reported by the victim out of fear of backlash or reprisal.

However, don't think for a single moment that such inactions by the victim who did not report an act of sexual harassment, etc. at work, due to her/his fear of retaliation, will free the employer of their legal responsibilities. Courts have ruled otherwise. The employee may still sue their employer. This was the ruling of a United States federal appeals court.

(U.S. Court of Appeals for the Third Circuit, No. 17-2646, 2018)

Furthermore, it appears that a California bill (A.B. 3080) prevents allowing businesses from forcing their employees to sign arbitration agreements, a practice many employers used to prevent harassment and discrimination lawsuits.

Violent Acts by Coworker: These acts of violence almost always start small and then escalate for a variety of reasons. Here is one very recent example:

- February 2020: A fired employee at a popular Florida mall store shot and

killed the store's manager. According to witnesses, the shooter calmly returned to the store and moved to the area where the manager was standing and fired a bullet into her. One source reported that the suspect "was not well-liked at the store and that multiple employees [including the deceased manager] had filed complaints against him." Also, a police spokesperson indicated that the suspect had a list of other co-workers. The shooter was later found dead from an apparent suicide.

Usually, there are warning signs for workplace violence (and often many of them) before an individual commits the act. I suggest you keep the below warning signs in mind if you are concerned about any coworker's behavior. *Remember these are only possible warning signs and Do Not necessarily indicate the individual may become violent.*

Warning Signs of Potential Coworker Violence:

- Disrespect for authority;
- Unreasonable demands.
- A negative change in behavior.
- Unsatisfactory work quality.
- Heighten level of passive-aggressive actions.
- Sense of hopelessness.
- Argumentative
- Verbal threats.

If you have concerns... take action! Report your concerns to your supervisor or Human Resources Department. Remember, employers have a legal obligation to provide employees with a safe workplace. \$

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Theft by Impersonators

GA: A man impersonating a store associate stole on at least two separate occasions a total of nearly \$50,000 in cellphones. The impersonator walked into the stores pretending to be a store associate in order to gain access to an inventory locker which was full of cellphones. On one occasion a man dressed as a store associate, approached the customer service desk and asked for the key to the cellphone locker. He stated he was a new associate and needed an escort to the locker's location. After being left alone at the locker, the man placed approximately \$18,000 worth of cellphones in a duffle bag and returned the key to the customer service desk before he exited the store. On a second occasion, the man/impersonator used the same tactics at another store, and walked off with about \$30,000 worth of cellphones. Police believe the impersonator was a former associate having the correct clothing and knowing some of the store managers' names.

MI: A man impersonating a lottery agent entered multiple drug stores and walked off with over a thousand dollars in scratch-off lottery tickets. Upon entering the stores, the man convinced employees he was a lottery agent and was there to service the lottery machine(s). The gig was uncovered when a real lottery agent visited one of the stores and noticed some anomalies at the location. Videos from several stores showed the same suspect vehicle and the same man wearing a jacket with distinctive emblems. When the police arrested the man, they found "unique clothing" at his home which also appeared in the store surveillance

videos. The impersonator was charged with one count of first-degree retail fraud, a five-year felony.

NM: A man impersonating a store associate, entered the store dressed as an employee. After entering an employee-only area, he grabbed a six-wheeled cart and proceeded to load the cart with televisions. Then he walked out the front door without paying for the televisions.

NY: A man wearing an FBI jacket entered a jewelry store and presented a gold badge as he was impersonating an FBI agent. He inquired with the jeweler about purchasing a loose diamond. Upon agreement for a diamond, he told the jeweler he would get a cashier's check and return the next day, which he did still in his FBI jacket. The cashier's check he used to purchase the loose diamond, turned out to be a forgery thereby allowing him to steal the diamond. The police were contacted, and the man was arrested and charged with grand larceny, criminal impersonation, and possession of a forged instrument.

NY: A thief impersonating a Delivery worker terrorizes and duct tapes a family before robbing them of tens of thousands of dollars in cash and jewelry. Video footage shows a man in a uniform and cap approaching the house and knocking on the door while holding a decoy package/box. A couple minutes later someone allows the man inside while another man in uniform runs up into the house. Police report this

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Testing For Success



Hayes International's 31st Annual Retail Theft Survey reported the average dishonest employee case value in 2018 was \$1,361.37, an amazing 30.1% increase from the previous year. Take our short quiz to see if your current employee theft prevention program is effective in reducing/controlling internal theft losses.

1. Controlling employee theft starts at the point-of-hire - do not hire a 'bad-apple'! Do you have a thorough pre-employment screening process in place to help ensure only honest/quality associates are being hired?
Yes No
2. Do you use a confidential reporting line and reward program so associates can easily report their internal theft/fraud suspicions?
Yes No
3. Are adequate back door, trash removal, employee package check and POS controls in place and always being adhered to?
Yes No
4. Are critical POS transactions (refunds, post voids, price overrides, discounts, etc.) always approved by Management at time of occurrence while the customer is still present?
Yes No
5. Are unannounced store audits completed on a consistent basis to ensure compliance to company policies/procedures?
Yes No

Hopefully you were able to answer "YES" to all five questions above. If not, take corrective actions now to reduce your vulnerability to employee theft. \$



Believe It or Not

How Stupid Can You Be?

Southern CA: Multiple police cars were parked in front of the store during the local police department’s annual “Shop with a Cop” event. During the event, a store loss prevention officer received a call that a woman had stole a jacket. After receiving a description and viewing CCTV footage, the police found the woman sitting inside a vehicle in the parking with the stolen \$70 jacket in the back seat. The woman was charged with theft, a first-degree misdemeanor, and driving under suspension.

Pennsylvania: During the police-sponsored “Shop with a Cop” event, a woman was apprehended with a cart full of unpaid merchandise and charged with retail theft. The woman stated she was stealing the items because her mother was sick.

Only In Florida!

- A university professor who wrote a book on money laundering was charged with money laundering.
- A woman was charged with embezzling \$60,000 from her employer while on probation for embezzling from her previous employer.
- A man on probation for burglary violated his probation by burglarizing the probation office.
- A man who had spent \$8 million to buy his own private island was charged with scamming a local retailer out of \$300.
- Police reported they arrested five guys for fist fighting in a Five Guys restaurant.

31st Annual Retail Theft Survey - - -

Shrink Stats & Trends

By Mark R. Doyle



As we are starting to gather statistics for our 32nd Annual Retail Theft Survey, I thought I would share with you some additional shrink and theft stats from our 31st Annual Retail Theft Survey.

Shrink Trend 2018:

- ▶ 55.0% (11 of 20 retailers) had an increase in company shrink.
- ▶ 35.0% (07 of 20 retailers) had a decrease in company shrink.
- ▶ 10.0% (02 of 20 retailers) had no change in company shrink.

Average Case Value 2018:

- ▶ All Retail thefts: \$408.77, up 17.03% from 2017.
- ▶ Shoplifting: \$301.97 up 11.76% from 2017.
- ▶ Dishonest Employees: \$1,361.37 up 30.06% from 2017.

Shoplifting Apprehensions 2018:

- ▶ 40.0% (08 of 20 retailers) had an increase in apprehensions.
- ▶ 50.0% (10 of 20 retailers) had a decrease in apprehensions.
- ▶ 10.0% (02 of 20 retailers) had no change in SL apprehensions.

Shoplifting Apprehension Recovery Dollars 2018:

- ▶ 50.0% (10 of 20 retailers) had an increase in recovery dollars.
- ▶ 40.0% (08 of 20 retailers) had a decrease in recovery dollars.
- ▶ 10.0% (02 of 20 retailers) had no change in recovery dollars.

Dishonest Employee Apprehensions 2018:

- ▶ 35.0% (07 of 20 retailers) had an increase in apprehensions.
- ▶ 60.0% (12 of 20 retailers) had a decrease in apprehensions.
- ▶ 05.0% (01 of 20 retailers) had no change in DE apprehensions.
- ▶ One out of every 40.0 employees was apprehended for theft from their employer in 2018. (Based on over 1.1 million employees.)

Dishonest Employee Apprehension Recovery Dollars 2018:

- ▶ 60.0% (12 of 20 retailers) had an increase in recovery dollars.
- ▶ 35.0% (07 of 20 retailers) had a decrease in recovery dollars.
- ▶ 05.0% (01 of 20 retailers) had no change in recovery dollars.

Unaccounted-for Theft Losses:

For every \$1 recovered by our survey participants, \$12.79 was lost to retail theft. Therefore, only 7.8% of total retail theft losses resulted in a recovery.

(Note: Statistics for our 31st Annual Retail Theft Survey can be found on our website at:

<http://hayesinternational.com/news/annual-retail-theft-survey/>

There is also a downloadable and printable PDF version of the survey which contains some thoughts behind the numbers.) \$

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Theft by Impersonators

was not the first robbery in the area with the same MO (Modus Operandi) of impersonating a delivery man.

Scotland: A conman impersonating a Poppyscotland collector stole a charity collection box from a convenience store. The impersonator told store employees he was there to gather the collection box and in turn gave the employees an empty collection box to replace it. Two days later an official Poppyscotland collector arrived to pick-up the collection box which was used to support members of the Armed Forces. The owner of the store told the official collector that someone had already collected the charity box and obviously they had been scammed.

FL: A man impersonating an armored car worker walked into a store wearing a bulletproof vest and carrying a black duffle bag, both with the company's logo affixed. He asked to pick-up the store's deposit from the previous day. The store manager denied the man access to the back room noting his badge was the wrong color, his hat was missing the company shield, and their deposit was picked up earlier in the day. The man left empty handed without incident.

CA: Just after opening, the store received a telephone call from an individual identifying themselves as a member of the company's IT Dept. The person stated they needed the store's assistance in verifying some overnight updates to the Gift Card

processing at the POS. They had the store read them some gift card numbers and process them thru the register to validate the so called "over night updates". Only later was it determined that the person claiming to be from the IT Dept was an impersonator and the store had been scammed.

Most of the above examples were from on-site impersonators, but we are seeing just as many if not more telephone impersonators trying to commit fraud. A couple of the main areas these fraudsters are trying to circumvent are gift cards and technical support, especially dealing with the POS system. Calls are received by the stores from someone impersonating a Corporate/Home Office employee from a variety of departments (IT, Store Ops, Procurement, Customer Service, Inventory Control, POS Help Desk, Sales Audit, etc.) trying to get the store associate to "test" the gift card system, credit card approval system, or select issues with the store's POS System.

All on-site and phone call inquiries should be challenged by Store Management to ensure they are legitimate. 'When in doubt, check it out' before proceeding. Retail stores need to have daily, weekly or monthly passwords or passphrases in order to combat those who try to impersonate others for fraudulent reasons. The stores/locations should also be tested on these passwords or passphrases to ensure their ongoing compliance. \$

ADVISORY BOARD



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Jack L. Hayes International is recognized as the foremost loss prevention/inventory shrinkage control consulting firm in the world. They offer a variety of related services and products utilized by hundreds of the finest retail, manufacturing and industrial organizations throughout the world.

Consulting Services & Products:

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- ✓ Outsourced LP Services
- ✓ The Hayes Report™ on Loss Prevention Newsletter (quarterly)
- ✓ Annual Retail Theft Survey

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

<http://www.hayesinternational.com>

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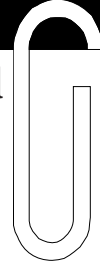
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The Bulletin Board



What does The Word 'FEAR' Mean To You?

The word "Fear" has two meanings:

Forget Everything And Run

or

Face Everything And Rise

The choice is yours!

(Source: Zig Ziglar)

Share your favorite 'Bulletin Board' items. Submissions for "The Bulletin Board" should be addressed to:

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or emailed to: operations@hayesinternational.com



He Had To Be Walking Funny



It took a man in Southern California two trips into the supermarket to steal 30 bags of frozen shrimp. On each trip the man concealed about 15 bags of frozen shrimp down his pants before exiting the store without paying for the items. Per the police, the approximate retail value of the stolen shrimp was \$500.