Retail theft on the rise: How high-tech heists could target stores this season

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A well-dressed woman walked up to the customer service desk at the Opry Mills shopping mall a few months ago and pleasantly described her problem.

She wanted to buy two gift cards for $1,000 but her credit card wasn't working. She asked the info desk to call a toll-free number on the back of the credit card to confirm her charges.

Problem was, the toll-free number was a fraud, as the mall discovered when its gift card account came up $1,000 short. The thief has not been found.

That unsolved theft is part of a disturbing trend, security experts say. Retail crime is on the rise, fueled in large part by highly organized crooks often using high-tech tactics such as crafting counterfeit gift cards or fake bar codes to make off with pricey merchandise.

The cost of retail crime rose 20 percent within the past two years to $37 billion in 2005, according to a study by the University of Florida's Center for Studies in Criminology and Law. At that rate, retail theft losses are rising faster than overall retail sales.

Retail theft typically escalates during the holidays as shoppers crowd into stores and thieves have an easier time slipping through unnoticed. This holiday shopping season could be more expensive than most. The average cost per shoplifting incident is going up — from $265 per theft in 2003 to $803 per incident last year, according to the Florida survey.

Thieves are stealing things like power tools, DVDs, designer clothes, jewelry, and over-the-counter drugs to make methamphetamine. At an estimated cost of about 1.6 cents for every $1 of product sold, the average consumer is paying to cover the cost of all that stealing.

Police officers arrested one man near Portland, Ore., last fall and later found he had more than $600,000 worth of Lego blocks stolen from dozens of stores in at least five Western states.

He took the toys, police said, by counterfeiting bar codes that would ring up a $100 Lego set for $19. Then, he resold them on a Web site to toy collectors.

One former Brentwood resident was sentenced to four years in prison recently after she was found with at least $1,000 worth of gift certificates to various retailers plus other stolen goods in her home. She said she downloaded the gift certificates off the Internet.

"The magnitude of the scheme makes it a serious matter," Williamson County Circuit Judge Timothy Easter said at the sentencing.

Another tactic is to buy an item, a VCR perhaps, and hand the receipt to a collaborator as you're walking out the door, said Lt. Duane Phillips of the Metro Nashville police department. That person picks a new VCR off the shelf and uses the receipt to return the VCR he never bought for cash.

"These people are not dumb," Phillips said. "A lot of times (the retailer) won't know it's gone until they do inventory."

Several people may be sent into a store with a specific plan on what each person will steal — five or six Polo shirts for one; designer jeans for another.

"They grab as much as they can; they're in there a pre-determined amount of time. They have a driver waiting, an escape route," said Scott Born of Valor Security Services, which handles security for 180 malls nationwide, including Opry Mills.

Retailers in the University of Florida survey estimated that 32 percent of shoplifting cases last year could be attributed to professional shoplifters, and these pros are likely responsible for driving up the cost of the average shoplifting incident.

Nashville attorney David Raybin, who has defended and prosecuted shoplifters, said security in other industries, such as banking, is tighter than in most retail shops.

That drives thieves to stores they see as easier prey.

"Instead of having a gang of bank robbers, you have a gang of shoplifters," he said.

The prevalence of Internet auction sites provides an easier way to dump stolen merchandise, said Joe LaRocca, the National Retail Federation vice president of loss prevention.

Thieves can sell their products online with relative anonymity and are getting about 70 cents on the dollar of retail value, he said.

In Tennessee, shoplifting incidents dropped 3.2 percent last year to 24,982 incidents in 2005, according to the Tennessee Bureau of Investigation, but Metro's Phillips said retailers often don't report crimes unless they know who should be arrested.

"Some stores won't prosecute," said Lynn Kittel, marketing manager for Opry Mills. "They just take it as part of their losses in doing business."

Raybin said many retailers downplay the impact of employee theft, which the Florida survey estimated was responsible for just under half of all retail losses.

Companies have put in measures to try to reduce employee theft and shoplifting.

Criminal background checks are more common for job applicants.

Digital cameras can be programmed to look for red flags, such as an employee in a storage area who doesn't normally belong there. Embedding bar codes in tougher plastic or deeper within packaging makes it harder to remove the true code. And gift card companies try to make it harder to counterfeit their cards.

Following pressure from retailers, Congress created an FBI retail task force in January that works with law enforcement and retailers to track down criminal rings. The National Retail Federation has a database that allows retailers to share information.

In the end, though, for every new security measure, there seems to be a new way to get around it.

"There are so many ways that people have thwarted security over the years," said Angie Carter, the general manager of Hickory Hollow Mall. •

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