

Highlights of [GAO-11-675](#), a report to the Ranking Member, Subcommittee on Crime, Terrorism, and Homeland Security, Committee on the Judiciary, House of Representatives

Why GAO Did This Study

Each year organized groups of professional shoplifters steal or fraudulently obtain billions of dollars in merchandise to resell in an activity known as organized retail crime (ORC). These stolen goods can also be sold on online marketplaces, a practice known as “e-fencing.” GAO was asked to assess ORC and e-fencing. This report addresses: (1) types of efforts that select retailers, state and local law enforcement, and federal agencies are undertaking to combat ORC; (2) the extent to which tools or mechanisms exist to facilitate collaboration and information sharing among these ORC stakeholders; and (3) steps that select online marketplaces have taken to combat ORC and e-fencing, and additional actions, if any, retailers and law enforcement think may enhance these efforts. GAO reviewed retail-industry documentation, such as reports and surveys, and academic studies related to ORC and efforts to combat it. GAO also interviewed representatives from four major retail associations and five individual retailers, selected for their knowledge of and efforts to combat ORC, as well as eight local law enforcement officials involved in the development of ORC information sharing networks, and Federal Bureau of Investigation (FBI) and U.S. Immigration and Customs Enforcement (ICE) officials. The results are not generalizable, but provided insights on activities related to ORC. GAO is not making any recommendations in this report.

View [GAO-11-675](#) or key components.
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ORGANIZED RETAIL CRIME

Private Sector and Law Enforcement Collaborate to Deter and Investigate Theft

What GAO Found

Retailers collaborate with law enforcement agencies to detect and deter retail theft and investigate potential ORC cases, and federal agencies are taking steps to better track their involvement. Stopping ORC begins with retailers, which have invested in new technologies and personnel to deter and investigate ORC. These investigations are often conducted in concert with local law enforcement, which generally must balance ORC investigative demands with other offenses—including violent crime. Federal agencies, including FBI and ICE, also work major ORC cases in conjunction with retailers and local law enforcement. These agencies do not have dedicated ORC resources, but both have implemented recent efforts to enhance tracking of ORC cases within their case management systems, including developing a program code to better track involvement in ORC cases. Such tracking is intended, in part, to improve data collection and reporting of case information and help inform management resource decisions.

Emerging regional networks are facilitating information sharing among ORC stakeholders including retailers and law enforcement, but limitations were cited with the existing national database. Officials from all eight of the local law enforcement entities GAO interviewed have, with retail partners, established regional networks in recent years to facilitate information sharing among stakeholders and identify linkages between connected retail theft cases. A national database, which was created by the retail community with input provided by the FBI based on a legislative mandate, also exists to share ORC information. However, all five retailers GAO interviewed reported concerns related to the database’s functionality, such as missing analytics to help retailers or law enforcement identify trends. In April 2011, the system was acquired by a company with experience managing large information-sharing databases in several major industries. According to the owner, when the new system becomes operational in the summer of 2011, it will include a series of enhancements intended to address the key concerns identified. It is too soon to tell to what extent retailers will expend resources to utilize an enhanced national ORC database.

Leading online marketplaces have taken steps to combat ORC and e-fencing, but it is unclear if additional federal action would further deter this practice. eBay, the largest online marketplace, has recently taken steps to deter e-fencing, but varying business models and available resources may impact efforts of other online marketplaces. Efforts by eBay are designed to make it more responsive to requests for information from both retailers and law enforcement, both of which usually need seller information to link stolen merchandise to specific people. Retail and law enforcement stakeholders GAO interviewed identified two options—both imposing restrictions on sellers using online marketplaces—they felt could help combat ORC. However, these options would require legislative changes to implement, and it is unknown what deterrent effect the options may have on ORC and e-fencing.

In commenting on a draft copy of this report, DOJ and DHS provided technical clarifications, which GAO incorporated where appropriate.