

**PROTECTING CONSUMERS AND BUSINESSES:
CONFRONTING ORGANIZED RETAIL CRIME**

HEARING

BEFORE THE

SUBCOMMITTEE ON CRIME AND FEDERAL
GOVERNMENT SURVEILLANCE

OF THE

COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES

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WEDNESDAY, DECEMBER 17, 2025

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PROTECTING CONSUMERS AND BUSINESSES: CONFRONTING ORGANIZED RETAIL CRIME

Wednesday, December 17, 2025

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON CRIME AND FEDERAL GOVERNMENT
SURVEILLANCE

COMMITTEE ON THE JUDICIARY
Washington, DC

The Subcommittee met, pursuant to notice, at 9:05 a.m., in Room 2141, Rayburn House Office Building, the Hon. Andy Biggs [Chair of the Subcommittee] presiding.

Members present: Representatives Biggs, Tiffany, Nehls, Moore, Kiley, Lee, Knott, Issa, Cohen, and Raskin.

Mr. BIGGS. The Committee, Subcommittee on Crime and Government Surveillance, is called to order.

Without objection, the Chair is authorized to declare a recess at any time. Without objection, Mr. Correa will be permitted to participate in today's hearing for the purpose of questioning witnesses. He will receive five minutes for that purpose.

I thank our Democratic colleagues for working with us to get started at 9:00 this morning.

I now recognize the gentlewoman from Florida to lead us in the Pledge of Allegiance. Ms. Lee.

ALL. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation, under God, indivisible, with liberty and justice for all.

Mr. BIGGS. Thank you. I now recognize myself for an opening statement.

I am pleased to be here at the Subcommittee hearing this morning. The business before us today is the hearing entitled "Protecting Consumers and Businesses Confronting Organized Retail Crime."

Organized retail crime is a growing threat to our retailers and their employers, our law enforcement, and our communities. The crisis is not going away; in fact, it is on the rise. In fact, we held a hearing on this very topic a little more than two years ago. Today we will have the opportunity to see how the crisis has evolved.

The rise in organized retail crime and cargo theft is causing businesses to close and is endangering the public, where it goes beyond

simple shoplifting. Organized theft groups strategically steal with the specific intent to resell for profit.

Let's look at a recent example that occurred just a few miles from where we sat today.

In March 2025, authorities in Virginia and Maryland arrested two adults and a teenager responsible for allegedly stealing over \$190,000 in a series of organized retail robberies, including \$50,000 taken in Fairfax County.

The suspects first stole perfume. When Ultra secured it behind glass, they allegedly began smashing the cases with a hammer to access the products.

For larger OTG, ORC is another business in a portfolio that may also include narcotics distribution, human trafficking, and other illicit activities. In the United States in 2023, Walmart lost \$6.5 billion in revenue due to theft and was forced to close 11 stores in 2024 due to the severity of theft across the country.

Victims are not only big box stores. Eight in ten retailers have said the violence and aggression associated with ORC incidents increased in the past year. Additionally, ORC groups have increasingly engaged in cargo theft, targeting the trucking and railroad industries as lucrative new sources of stolen goods.

According to the American Trucking Associations, that is ATA, cargo theft has cost the U.S. trucking industry approximately \$7 billion per year.

Rogue prosecutors and soft-on-crime policies in some jurisdictions are fueling a rise in ORC. Criminals emboldened by soft-on-crime prosecutions and progressive bail reform laws know that they can avoid prosecution and incarceration if they stay below the felony threshold. Thus, criminals intentionally steal products valued just below the dollar amount required for the crime to become a felony, knowing that those crimes are not prosecuted.

Furthermore, with some states passing irresponsible progressive bail reform laws, these criminals know that they will be immediately released. Once they are released, they go on to commit similar or more serious crimes without facing any consequences.

It is time we fight back. Organized retail crime must be stopped, criminals must be penalized, and shoppers and retail employees must not live in fear. I want to give some key statistics and impacts.

Cargo theft costs the trucking industry \$18 million per day. That is about \$7 billion annually.

Retail theft is estimated at \$45 billion in 2024, and is projected to exceed \$53 billion by 2027. nationwide job losses are attributed to ORC, more than \$650,000.

Merchandise thefts, shoplifting, are up 19 percent in the past year, on top of a 24 percent increase in 2022 and 2023.

External shoplifting incidents are up 18 percent; overall merchandise theft up 12 percent.

Fifty-one percent of retailers report thieves are more aggressive in that past year, after a 73 reported increase in the prior year.

Seventy percent of retailers saw increases in phone scams; 55 percent in digital e-commerce fraud.

Fifty percent of cargo supply chain theft tied to ORC.

Sixty-six percent of retailers report transnational ORC involvement since 2024.

As someone who lives in Arizona, I can tell you transnational theft is a big issue.

I look forward to hearing from our top-flight list of witnesses today, our panel of witnesses today. I am grateful for you being here. Grateful to you and the audience who are here, and grateful to each Member of the Committee who is here, and our staff as well.

With that, I yield back on my opening statement. Now, I recognize my friend from Tennessee, Mr. Cohen, for his opening statement.

Mr. COHEN. Thank you, Mr. Chair. I am sitting in for Ms. Lucy McBath who is a good friend and an outstanding Member from Atlanta, Georgia. She is, unfortunately, or fortunately she is there to help her husband through surgery, and she asked me to come in. I am not necessarily known for great activity at 9:00 in the morning, but Ms. McBath is not here.

Thank you. I am honored to be here with Mr. Nehls, a hawk on law enforcement against retail crime. Thank you.

Organized retail crime is a very real problem and occurs in every corner of our country. When I was young—and I don't think it necessarily has anything to do with religion—but my grandmother told me to buy wholesale. We are concerned about wholesale crime, too. It is out there.

I discussed our situation with Steve Mulroy, who is our Shelby County District Attorney. I hope he has met you, Stephan. He is District Attorney of Shelby County.

We shared examples of recent cases and how State lines affect law enforcement. Arkansas, we are cornered, Southwest corner of Tennessee. To the West is Arkansas, and to the South is Mississippi. The other two corners or our city or county touch Tennessee.

We are a major transportation and logistics stop, and we have related cargo and freight theft. One of our Senators, Marsha Blackburn, is introducing a bill with Senator Amy Klobuchar called the Cargo Security Innovation Act. I intend to support that with her, because that will be a way to go after the theft that we have had on the railroads, which is a serious problem when they take cargo, threaten the trains, and take the cargo out.

They also hit trucks. That is important. This all threatens the safety of the public, employees of the myriad companies that are targeted, and drives up costs for consumers. At a time when everyone is feeling the affordability crunch, for many the American dream is getting pushed further away; it is being stolen from them.

We don't need to talk about hoaxes or anecdotes, as I am sure you, all of us here, have believable stories to share. We need to talk about solutions, which we will do today.

It is always best to start with data. That is how we ensure to identify and attack our problems with a solution that works. This is one of the difficult parts of the conversation in that it is incomplete and bogged down by different definitions and ways of accounting.

We know we have a problem, but its extent and implications are somewhat unclear. It touches on a fundamental principle of American Government: Federalism. I imagine District Attorney Stephan will discuss that.

We feel this acutely in Memphis because of our location.

The President created the Crime in Memphis Task Force designed to surge Federal law enforcement resources in Memphis and improve coordination across agencies. I support the additional FBI, DEA, and AFT agents that come into Memphis. We already had them in Memphis. They are finding guns, illegal guns, and they are finding drugs and finding other crimes that are against Federal law.

He also put the National Guard in. He put a lot of ICE agents in. Memphis is not an immigration center of crimes. Most of the people that are there that are immigrants, even if they did come into the country illegally, most of them are working legally doing a lot of important work in Memphis: Construction industry and the tourism industry. They are necessary and needed.

If we build that 990-person ballroom, we need waiters. Thinking they will all be Salvadoran. We need to be concerned about that.

The National Guard faces this. They are present, and patrol is important in law enforcement. They are not doing much in the way of crime fighting. That is, of course, intended, I think.

It somewhat changed the relation between Federal, State, and local law enforcement. The order is focused on street and violent crime. Memphis hasn't had too much, and it has gone down. It went down before the Federal Task Force came in, but it has gone down a little bit more.

We don't know exactly what street crime is, but we know when we say we are going to go in with ICE and take out the people that committed the most serious offenses, the worst of the worst, mention crime, homicide, we mention rape, and we mention pedophiles. We know who those people are.

They are arresting people simply for the offense of being in the country illegally. It is not right. It not necessarily something which should cause deportation when they are not committing crimes and they are contributing to the economy. That is a concern we have.

The U.S. Marshals are in charge of the situation in Memphis. We understand that, and they are doing a good job.

All of this is to say we are developing policies to address organized retail crime. It must be well-designed with thoughts of resources, allocation, roles, and responsibilities. Federal assistance is good, but especially an interstate problem. Local, strictly local problems we need to be concerned about the separation of powers.

That is a question I hope we will get into and understand there is a place for Federal law enforcement, and a place for the State and the local law enforcement.

With that, I yield back my time.

Mr. BIGGS. The gentleman yields back. I now recognize the Ranking Member of the Full Committee, Mr. Raskin, for his opening statement.

Mr. RASKIN. Thank you very much, Mr. Chair. Thanks to all the witnesses for coming to be with us today.

In recent years, retailers have emphasized that organized retail crime has become a significant threat, both to public safety and the retail economy, threatening the viability of businesses like cargo brokers, shippers, big box stores, online marketplaces, as well as the physical safety of people who work at these different businesses.

Although we lack one clear definition of organized retail crime, we know that the essential problem is now continuing criminal enterprises that operate in a coordinated way to commit large-scale theft of merchandise for resale, or to defraud retailers and convert the proceeds into cash or crypto currency.

This is not petty shoplifting by middle school students. It is a multibillion-dollar industry that evolves and adapts almost daily to the latest technological trends, security improvements, and modified business operations. Social media and local news reports are filled with videos of smash-and-grabs and mobs raiding cargo containers. These accounts are shocking but they are the tip of the iceberg.

Criminal networks recruit people to steal or boost specified merchandise from retailers, sometimes paying the boosters' travel expenses, then fence these stolen goods online, shipping them across State and sometimes national borders, and arranging for resale of the merchandise to other stores, or even returning them to the retailer that they had stolen from in the first place.

Others steal hundreds of gift cards from retailers. They then peel off the label to obtain the unique code on each card before doctoring them up to look new, returning them back to the store shelves, and using customized software to track the card numbers online. When unsuspecting customers eventually purchase the cards and load them with value, \$50 or \$100, for a nephew's holiday gift or \$500 for a wedding present, the thieves can drain all the money off the cards for themselves remotely in this diabolically clever scam.

The customer only finds out what happened if their disappointed nephew or the newlyweds complain about getting a gift card that has no value on it.

It is increasingly clear that these kinds of operations at this scale are coordinated and enabled by the most up-to-date technology and communication tools; very hard to stop.

The State and local law enforcement are our first line of defense against organized retail crime, but State and local officials have limited resources and authorities to investigate and prosecute crimes across State lines and even international borders.

In recent years, Federal agencies have taken some interest in confronting this problem. The Federal prosecutors tend to focus their own limited resources on the largest and most brazen schemes, especially those involving theft of large amounts of cargo or thefts involving losses in tens of thousands of dollars.

Many organized retail theft schemes are too complex for State prosecutors and too modest for Federal prosecutors, creating a growing enforcement gap.

As this Committee grapples with the problem I see two basic challenges: First, we need better data. Because retailers, retail organizations, and law enforcement all track organized retail crime using different definitions and different methods, we have got a

hard time canvassing the real scope and dimensions of the problem or formulating an effective targeted response.

In some cases, retailers are targeted by the gangs for weeks or even months before it becomes clear that the crime is even taking place. If we are going to tackle this problem we need standardized national data, utilizing a consistent, and widely accepted definition of organized retail crime. We cannot dismantle these criminal networks until we have a real understanding of how they operate and how much damage they are causing.

Second, we need to see better coordination between Federal law enforcement agencies and their State and local counterparts. A national task force could be very useful in finding the broader patterns in local incidents and conducting complex investigations across State lines. I would hope any such task force would be nimble enough to follow organized retail crime as their methods evolve.

In 2022, Congress passed the Informed Consumers Act to bring more transparency to online transactions on certain platforms. Perpetrators of organized retail crime took note and moved their operations to smaller platforms not covered by the law.

A nationwide task force would help us make sure our laws are being kept up with criminals and to ensure law enforcement at all levels is empowered to counter organized retail crime.

I am glad that we have a very strong panel here today to share their expert knowledge and experience, and to discuss solutions that will better protect employees, consumers, and communities across the country.

I thank you, Mr. Chair, and I yield back.

Mr. BIGGS. The gentleman yields back. Without objection, all other opening statements will be included in the record.

We will now introduce today's witnesses. I recognize the gentleman from California, Mr. Issa, for the purpose of introducing Hon. Summer Stephan, without objection.

Mr. ISSA. Thank you, Mr. Chair.

This is truly a great pleasure. There is not enough you can say about Summer's tenure as District Attorney. She came into an organization that needed help. She rebuilt it and then fought off those time and time again who tried to undercut her ability to prosecute and keep San Diego a city that, in fact, has recent one of the safest large cities in America.

Particularly, she fought for Prop. 36. For those who don't know Prop. 36 in California, we had created a situation at the State level in which there was no crime for shoplifting. Effectively, the \$900 rule couldn't even be implemented because you couldn't find out how much they were leaving with.

If they left with a case of high-end liquor, you couldn't stop them finding out if there was over \$900 of high-end liquor. At the end of the day they didn't just steal \$900 for 10–15 times a day, they in fact may have been stealing more but with impunity.

As many of the others in their opening statements mentioned, there was a gap between the Federal and the State. Summer worked very hard with U.S. attorneys of both parties to try to narrow that gap and begin some prosecution.

She particularly, unlike many district attorneys, was willing to go to the field. Whether it is dealing with the retailers, or going

into homeless encampments to see those goods being dumped in massive amounts after being stolen, she has been there. Her advocacy made a difference in the outcome of Prop. 36.

Since the time of its input, its passage, she has prosecuted more than 2,000 repeat felons, created a situation in which San Diego is once again a place where retailers can operate and work with the Federal Government on organized crime that ultimately is the back end of much of that theft.

I am thrilled to see my longtime friend and our ally in San Diego and welcome her. I yield back.

Mr. BIGGS. Yes. At this moment I will recognize the Ranking Member Mr. Raskin for a U.C. request.

Mr. RASKIN. Thank you kindly, Mr. Chair. I ask U.C. to enter a statement for the record, dated today, December 17, 2025, from ICSC, representing 50,000 North American marketplace professionals, including owners and developers of retail centers, as well as retail tenants, investors, and developers.

Mr. BIGGS. Without objection. I will now introduce the rest of the witnesses.

Mr. Scott McBride is the Chief Global Asset Protection Officer of American Eagle Outfitters, a lifestyle brand and retailer with locations worldwide. In his role, Mr. McBride is responsible for the comprehensive protection of the company's assets across five continents.

Mr. Chris Spear is the President and Chief Executive Officer of the American Trucking Association, an organization made up of trucking companies. He also serves on the Board of Directors for the American Transportation Research Institute and the Trucking Cares Foundation.

Mr. Shane Bennett is the Principal of Theft, Fraud, and Abuse at Target. He previously was the Director of Assets Protection and Field Investigations for Target where he led strategy and personnel who addressed organized retail crime.

We welcome our witnesses. Thank you for appearing today.

Will you each stand so we can swear you in. Please raise your right hands.

Do each of you swear or affirm under penalty of perjury that the testimony you are about to give is true and correct to the best of your knowledge, information, and belief, so help you God?

[Affirmative response.]

Mr. BIGGS. Let the record reflect the witnesses have answered in the affirmative. You may be seated. Thank you.

I want you to know that your written testimony will be entered into the record in its entirety. Accordingly, we are asking you to summarize your testimony in five minutes. If you get close you will hear this at first. Then, if you get really long you will hear a whack with the gavel to remind you that time has expired.

I will remind; I will try to remind you so you can turn on your microphone when you speak.

We will now recognize Mr. Bennett for his five-minute opening statement.

STATEMENT OF SHANE BENNETT

Mr. BENNETT. Chair Biggs, Ranking Member Cohen, and the esteemed Members of the Subcommittee, thank you for the opportunity to address the Committee today on a very pressing issue.

My name is Shane Bennett, and I have nearly 40 years of experience in assets protection and fraud prevention. Currently, I lead retail crime strategy for Target Corporation's Fraud and Abuse Team, focused on large-scale organized retail crime, or ORC.

Target is a great American company with more than 400,000 team members and 2,000 stores, all here in the U.S.

Over my career I have worked in stores, in the field as an ORC investigation, and in my current role in fraud and abuse. I have witnessed first-hand how dangerous and highly coordinated ORC has become and the impact it has had on both consumers and businesses.

This isn't about casual shoplifters. Organized retail crime is far more advanced. No single State or retailer can see the full picture. Retail crime enterprises deliberately operate across jurisdictions to evade detection and prosecution. This makes it very difficult for State and local agencies to investigate their activities without the help of Federal partners.

The Combating Organized Retail Crime Act, or CORCA, would help bridge that gap.

The impact on consumers, your constituents, is significant. These criminal enterprises contribute to lower product availability on shelves, increased safety risks for both our team members and guests, and disrupt supply chains, and ultimately fuels widespread financial fraud which funds criminal activities impacting our communities.

More recently, gift card scams have surged. I am certain that many of your constituents have been or know a victim. The Department of Homeland Security has estimated more than \$1 billion in fraud losses over the past two years. A 2022 AARP study found that one out of every three Americans have either experienced gift card fraud themselves or know someone who has.

This issue becomes even more urgent during the holiday season when gift card purchases spike, as people turn to them as easy last-minute gifts. Although there are several fraud vectors involving gift cards targeting consumers and businesses, one example is gift card tampering.

Criminals steal inactive gift cards off retail shelves, tamper with the card by copying the activation data, then reseal them before putting them back on store shelves. Once an unsuspecting shopper loads money onto that card at checkout, fraudsters use sophisticated methods to detect the balance and drain the funds. Ultimately, profits funding criminal organizations.

At Target we have built a multilayered prevention model to combat this fraud. This includes real-time analytics, increased training and education for our team members, and an industry-leading innovation like our decoupled gift card technology. This helps prevent fraud activation and protects our guests and your constituents from being targeted by criminals.

Retailers cannot combat gift card fraud alone. We work closely with partners through the Gift Card Fraud Prevention Alliance

educating consumers, sharing data, and identifying interstate trends. Additionally, our partnerships with Federal agencies are essential.

For example, Target and industry partners coordinate with Federal law enforcement through Project Red Hook, an initiative with Homeland Security investigations. This collaboration traces illicit financial flows, identifies transnational fraud networks, and disrupts organized retail crime operations that span multiple States.

In the past two years there have been 232 arrests, with asset seizures totaling approximately \$8 million. This partnership shows that we can dismantle criminal groups. The Combating Organized Retail Crime Act would strengthen and expand the model by providing tools needed to disrupt the sophisticated criminal networks and protect consumers.

Target, along with the entire retail community strongly supporting CORCA, urges Congress to pass this bipartisan legislation quickly.

Thank you for your leadership on this issue. I look forward to your questions.

[The prepared statement of Shane Bennett follows:]

Statement for the Record of Mr. Shane
Bennett, Principal Cyber Defense, Theft,
Fraud, & Abuse

Target Corporation

Before the House Committee on the Judiciary,
Subcommittee on Crime and Federal
Government Surveillance

**“Protecting Consumers and Businesses:
Confronting Organized Retail Crime
Hearing”**

December 17, 2025



Chairman Biggs, Ranking Member McBath, and Esteemed Members of the Subcommittee:

Thank you for the opportunity to address the committee today on a very pressing issue: Protecting Consumers and Businesses: Confronting Organized Retail Crime (ORC). My name is Shane Bennett, and I have nearly 40 years of experience in Asset Protection and Fraud Prevention. Currently, I lead Retail Crime Strategy for Target Corporation's (Target) Fraud & Abuse team focused on large-scale ORC.

Target is one of America's largest retailers, with more than 400,000 team members supporting nearly 2,000 stores and 66 supply chain facilities nationwide. Over my career, including my time working in stores as an Asset Protection Specialist, in the field as an ORC Investigator, at headquarters as the Director of Field Investigations and my current role in Fraud & Abuse, I have witnessed firsthand how dangerous and highly coordinated ORC has become and the impact it has had on the retail industry.

ORC is far more advanced than your average shoplifting incident. These organized crime rings consist of both interstate and transnational actors who use sophisticated criminal networks to acquire merchandise through theft, deception, large-scale return fraud, barcode manipulation, and digital schemes. Once obtained—whether stolen or fraudulently—goods often move through coordinated pipelines that cross state lines and international borders.

No single state or retailer can see the full picture. ORC groups deliberately operate across jurisdictions to avoid detection. By using online marketplaces, international shipping routes, and digital laundering tools, these sophisticated crime rings exploit differences in legal jurisdictions to evade detection and prosecution, making it very difficult for state and local agencies to investigate their activities without the help of federal agencies.

The impact on both consumers and retailers is significant. ORC contributes to lower product availability on shelves, increases safety risks for both our team members and guests, disrupts supply chains, and fuels widespread financial fraud which could fund other criminal activities impacting our communities.

More recently, gift card scams have surged. The Department of Homeland Security estimates¹ more than \$1 billion in fraud losses over the past two years, and a 2022 AARP study² found that one out of every three Americans have either experienced gift card fraud themselves or know someone who has. This issue becomes even more urgent during the holiday season, when gift card purchases spike as people turn to them as easy, last-minute gifts.

¹ https://www.wsj.com/tech/cybersecurity/url-scam-texts-china-gangs-68e96097?mod=hp_lead_pos9

² <https://www.aarp.org/money/scams-fraud/gift-card-fraud-survey-2022/>

Although there are several fraud vectors involving gift cards targeting consumers and businesses, one example is gift-card tampering. Criminals steal inactive gift cards off retail shelves, tamper with the card by copying the activation data, then reseal them before putting them back on store shelves. Once an unsuspecting shopper loads money onto the card at checkout, fraudsters use automated systems or bots to detect a balance. Criminals then drain the funds by buying items, which are sold on the secondary market, online or overseas with the profits funding the criminal organizations.

At Target, we've built a multi-layered prevention model to combat this fraud. This includes real-time analytics, increased training and education for our frontline team members, and industry-leading innovations like our decoupled gift card technology, which prevents fraudulent activation and blocks criminals from monetizing stolen or fraudulently obtained goods – protecting our guests and your constituents. We also work closely with partners through the Gift Card Fraud Prevention Alliance, sharing data and identifying interstate trends.

Retailers cannot combat gift card fraud alone. Our partnerships with federal agencies are essential. For example, Target and other retailers partner with federal law enforcement through Project Red Hook, an initiative with Homeland Security Investigations (HSI). This collaboration traces illicit financial flows, identifies transnational fraud networks, and disrupts ORC operations that span multiple states. In the two years since implementation, 232 arrests have been made with asset seizures totaling approximately \$8 million.³

This federal partnership proves that combining retailer intelligence with federal capability can dismantle criminal groups—and the Combating Organized Retail Crime Act (CORCA) would strengthen and expand that model.

CORCA provides three essential tools.

First, aggregation authority. ORC networks intentionally keep individual incidents below state thresholds. CORCA allows federal prosecutors to aggregate theft and fraud across jurisdictions, revealing the true scale of these operations.

Second, modernized money-laundering statutes. Gift cards and digital value instruments are central to how ORC monetizes its activity. CORCA ensures these tools are properly covered under federal law, enabling law enforcement to pursue the financial backbone of these criminal enterprises.

Third, CORCA creates a federal Organized Retail and Supply Chain Crime Coordination Center within HSI. This coordination center will unify national intelligence, accelerate

³ Information provided by HSI Baton Rouge – Project Red Hook

investigations, improve coordination with retailers and supply chain partners, and—for the first time—provide visibility into both interstate and transnational ORC activity.

Retailers like Target have made substantial investments to protect our guests and secure our supply chain. But we cannot dismantle interstate and transnational theft- and fraud-driven networks on our own.

CORCA brings the federal partnership needed to protect consumers, strengthen supply chains, and disrupt sophisticated criminal enterprises operating across borders. Target, along with the entire retail community, strongly supports CORCA and urges Congress to pass this bipartisan legislation quickly.

Thank you for your leadership on this issue. I look forward to your questions.

Target Materials on Gift Card Fraud Awareness

Security & Fraud

Target Gift Card Scam Prevention Tips

Account Protection Tips

- Do not purchase, sell or check your balance outside of Target.com.
- Only check your balance on the Target site at <https://www.target.com/guest/gift-card-balance>.
- Do not purchase a gift card if it appears that the packaging has been altered or manipulated. If you have questions about a gift card, ask a Target team member for assistance.
- If you get a call from a stranger who says that a loved one is in trouble and they ask you to provide gift card numbers to help them, hang up and contact your loved one directly.

Be Aware of Gift Card Scams!

Scams can take many forms, often appearing as unsolicited calls, emails, or text messages. Scammers may attempt to purchase gift cards to pay debts, fines, taxes, or other fees.

Target gift cards are only purchased at Target stores or on [Target.com](https://www.target.com).

Legitimate entities **never** accept gift cards as payment for fees or fines – this is a scam!

Protect yourself from scams

Scammers create a sense of urgency, request personal information, and leverage the need to act quickly.

- If you get an unsolicited call requesting gift cards as payment, do not respond to unsolicited texts or emails.

Learn more about common scams

- [Security.Target.com](https://www.target.com)
- [FTC.gov/scams](https://www.ftc.gov/scams)
- Adapted by www.target.com to Target

Protect your gift cards

- Buy from your gift card purchase location or the website and phone number on the back of the gift card.

Victim of a gift card scam?

- Report it immediately!
- Call the number on the back of the gift card.
- Contact your local authorities.
- Call the FTC at 1-877-FTIC-HELP or report it online at reportfraud.ftic.gov

Be Aware of Gift Card Scams

Never give gift card numbers over the phone or email. Report suspected scams to local authorities or the Federal Trade Commission (FTC) at <https://www.ftc.gov/complaint> or call toll-free: 1-877-FTIC-HELP.

Do not purchase a gift card if it appears that the packaging has been altered or manipulated. If you have questions about a gift card, ask a Target team member for assistance.

Be aware of Gift Card Scams that could come from an unsolicited call, email or text that asks you to purchase gift cards to pay a debt, fine, tax or another fee. Target Gift Cards are only accepted at Target stores and on [Target.com](https://www.target.com).

When checking your gift card balance, only follow the instructions listed on the gift card, packaging, or terms and conditions.

Target has the right to prosecute individuals that steal gift cards, gift card information, and/or conduct gift card scams against our guests.

Please Note: Terms and conditions apply to gift cards. Gift Cards and Prepaid Cards cannot be returned or redeemed for cash and credit except where required by law. For more information, visit [security.target.com](https://www.target.com/security).



Mr. BIGGS. Thank you. We appreciate your testimony. Now, I recognize District Attorney Stephan for her five-minute opening statement.

STATEMENT OF THE HON. SUMMER STEPHAN

Ms. STEPHAN. Thank you, Chair Biggs, Ranking Member Cohen, Ranking Member Raskin, and the Members of the Subcommittee for this opportunity to speak before you.

I am before you as a 35-year prosecutor. For the record, that is longer than I have been alive not a prosecutor. I rose through the ranks to become the elected District Attorney for San Diego County.

For perspective, San Diego County is the fifth largest county in the United States. I have the honor of serving 3.3 million people that call San Diego home. I am also the Chair of the National District Attorney's Association, one of the oldest prosecutor associations in the Nation.

A few years ago, we saw that organized retail theft was not what it used to be, that it was highly organized and highly sophisticated. To keep up with it, we needed to get organized. I formed within my office an Organized Retail Theft Task Force and worked with our police departments on combating this crime.

With that we have had great success. I believe that we may be the office that has prosecuted more organized retail theft. In three years, we brought 336 defendants who were responsible for organized-retail theft to justice, with losses to stores of \$3,208,000.

This is just the tip of the iceberg. One of the reasons that I am so grateful for the work of this Committee is because despite all the resources where I put this task force, and the number of people we have prosecuted, we have not been able to get past the booster level—that is the people who are conducting the theft. Then, in many cases where we were able to build through search warrants, cell phone evidence, capturing camera evidence, we were able to go up the chain to the fence level.

We recognized very quickly that we did not get through as a county prosecutor to the level of the organized criminals that are pulling the strings and that area responsible for reselling the products or shipping them overseas to never be found again.

I am going to give you an example of a case that we did recently that I think really illustrates this point.

We had a very sophisticated heist at a chain jewelry store. They targeted Rolex watches. Within a couple of days, as we were putting the case together, we were able to make some arrests and discovered that the Rolex watches were all already shipped overseas.

What really made me more passionate about the fact that this needs to be a whole-nation effort is because we discovered that the same crew was also responsible for the same type of thing in the State of Washington. We had no alert system or a data bank of Federal, State, and locals to address and to get an alert that they might be coming for us because we have a very fancy store just like the one in Washington.

That is just one example. We have had many cases, especially in the crews that target commercial and home burglaries that we

have discovered have committed a chain of those across the United States.

When we got them, we were able to get the group, but we were not able to recover the product nor to get up to the chain, the international and national chain that is involved.

I also want to tell you that another thing about being on the ground is that this is such a victim-centered crime. When we prosecuted the Ultra store \$700,000 heist, looking in the eyes of those young workers that expected to have a safe place to work and found out that they couldn't even look at the thieves because they would look at them, like, "What are you looking at? You can't do anything about it."

That really made it clear that we need a national data bank so that we can really go after this sophisticated crime, these criminals, and protect our employees and our community.

Thank you very much for this opportunity.

[The prepared statement of the Hon. Summer Stephan follows:]



Written Testimony of Summer Stephan

District Attorney, San Diego County, California

Chairwoman, National District Attorneys Association

“Protecting Consumers and Businesses: Confronting Organized Retail Crime”

**U.S. House Judiciary Committee, Subcommittee on Crime and Federal
Government Surveillance**

Wednesday December 17, 2025

Chairman Jordan, Ranking Member Raskin, and respected Members of the Committee. Thank you for the opportunity to speak before you on this critical issue. My name is Summer Stephan, and I have the honor of serving as the elected District Attorney for San Diego County, CA which is the fifth largest county in the United States with a population of 3.3 million people. I bring my experience as a 35- year prosecutor, District Attorney and a national law enforcement/prosecutor perspective as Chairwoman of the National District Attorneys Association (NDAA).

I’ve devoted my entire professional life to protecting my community from crime and violence. Today, I’m here to give you a prosecutor’s perspective on the vital role we play in addressing the serious challenges and destructive impact of organized retail crime (ORC) and other organized theft networks including Transnational Criminal Organizations engaged in commercial and residential burglaries and fraud-based theft impacting consumers, businesses and community. From San Diego County’s lens along with the NDAA lens with 6,000 prosecutor members, a compelling picture emerges demonstrating that Organized retail theft and related crimes pose a significant threat to businesses, employees, consumers, communities, and the overall economic stability of our nation. From my firsthand experience of walking the floor with retail employees, whether in large retail chain stores or small mom and pop shops, they conveyed to me the lack of safety and trauma caused by these crimes. Organized theft crime’s impact is not limited to economic loss; it’s a crime that threatens people’s well-being and livelihoods. It is a visible reflection of whether we live in a democracy with a functioning rule of law— and that is why I’m honored to bring the voices of the many victims of these organized criminal groups before you.

In December of 2023, I testified in front of the House Homeland Security Subcommittee on Counterterrorism, Law Enforcement, and Intelligence on the rise of organized retail crime. In July of 2025, I testified in the Senate Judiciary Committee. Today, I am here to highlight what has been working, what still needs to be addressed, and potential solutions that could curb organized retail and other theft crimes. Organized retail crime inflicts real harm and is never a victimless crime, and that’s why I am grateful for this committee’s deep commitment to effective solutions to combat this public safety threat, including the potential for new laws like the Combating Organized Retail Crime Act of 2025 (CORCA) that has the same language currently with bipartisan support in both the Senate and the House, along with other strategies.

Background

In 2024, Capital One reported that stores in the U.S. lost an estimated \$45 billion to retail theft.¹ The same report projects that shoplifting and retail theft could cost retailers over \$53 billion as soon as 2027.² Multiple reports have found that 76% of retailers were more concerned about organized retail crime theft in 2023 than they were the year before.³ This data paints a concerning picture for the retail industry and our communities. This level of financial loss directly impacts retailers' livelihoods. This leads to higher prices for consumers, additional security measures and ultimately a worse customer experience that deters repeat or consistent customers.

An often overlooked but treacherous impact of retail crime is the report of jobs lost in the retail industry. When organized crime becomes rampant within a community, store closures and reduced hours usually follow. Each store closure and reduction of hours directly translates to a loss of jobs or hours for all employees at that location. With rampant crime, store closures, and a loss of jobs an area can quickly crumble into an unsafe, economic desert. Large retailers such as Target, Walmart, Walgreens, and Dollar Tree have all cited increases in violent crime and retail theft as a contributing factor for closing stores around the country.⁴ In 2022, the US Chamber of Commerce reported that more than 650,000 jobs were lost nationwide due to organized retail crime.⁵ The impact is not just felt by the retail industry but others such as banking, capital markets, and IT services.⁶ Often cited as a victimless crime, retail crime is actually a crime that erodes the core of a safe community.

The reports of an increase in violence and aggression by criminals are very concerning when looking at the overall public safety impact of these crimes. As top public safety official for the fifth largest county in the U.S., I want to make sure our small and large businesses, homes and neighborhoods are safe from organized criminals. I have made combating organized crime syndicates and groups who are proliferating in the organized theft arena a top priority in my office. From the beginning, I wanted to send a clear message to businesses, their employees, customers, and our community that we will follow the rule of law and bring accountability and justice. Several years ago, I formed a specialized team of prosecutors and investigators to fight organized retail theft. Together they worked with local businesses and law enforcement to build sound evidence, which ultimately led to stronger cases. Another theft area that we addressed through the expertise of a "Major Violators Team" is countering the organized criminal rings directly targeting people's homes in San Diego and across the nation. Through this work, I have found several key challenges that are consistently the largest areas for improvement.

Challenges

First is the evolution of organized retail crime. Like any illicit crime ring, the networks, sophistication and ever-increasing willingness to use force and violence to achieve their goals are

¹ CapitalOne, CapitalOne Shopping Research, *Retail Theft (Shoplifting) Statistics*, May 4, 2025, available at [Shoplifting Statistics \(2025\): Retail Theft Data by State](#).

² *Id.*

³ *Id.*; National Retail Federation, Loss Prevention Research Council, SensorMatic by Johnson Controls, *The Impact of Retail Theft & Violence*, p.6, 2024, available at [NRF_ImpactofRetailTheftViolence_2024.pdf](#).

⁴ Thomson Reuters, *How Retailers Can Protect Themselves Against Organized Retail Crime*, May 28, 2024, available at [How retailers protect themselves from organized retail crime](#).

⁵ Grant Baker, Isabella Lucy, U.S. Chamber of Commerce, *Retail Crime Data Center*, Mar. 15, 2023, available at [Retail theft by criminal organizations costs consumers, employees, businesses | U.S. Chamber of Commerce](#)

⁶ *Id.*

constantly evolving. Long gone are the days of retail crime being the work of isolated lone criminals. Instead, it has evolved into highly elaborate operations, often conducted by well-organized networks and coordinated across multiple locations, making identification and prosecution much more challenging. Another area that organized criminal groups are operating in across the United States goes beyond commercial properties like retail stores to brazen residential homes targeting very specific resaleable items such as jewelry and designer bags. Organized retail crime is a multi-billion-dollar illicit industry, and the criminals are willing to do what it takes to protect their investments.

The second challenge is an inadequate legal framework. At the state level, existing laws and penalties in many states are not sufficient to deter or appropriately punish criminals engaged in organized retail theft. Law enforcement and retailers agree that the increase in retail theft-related incidents has been the direct result of changing laws to lighten penalties for theft. The message that these deficient laws send is that organized retail crime is not a priority. Overly narrow statutory definitions of organized retail crime or in some cases, no mention of organized retail crime, forces prosecutors to address sophisticated, multi-layered illicit theft rings as isolated shoplifting cases. Many states require proof of multiple incidents or a high dollar-value threshold to be triggered before felony charges can be considered. Intelligent organized theft ringleaders are aware and adapt to this by spreading their operations across several counties and jurisdictions to circumvent any accumulation of charges and to stay well below the statutory thresholds.

Fortunately, in California we were able to reform our weak laws that allowed repeated and habitual theft under \$950 to be treated as a citation or low-level misdemeanor. We took the issue to the People through Proposition 36 which passed by 68 percent of the vote in California. As of December 18, 2024, prosecutors can charge felony crimes on a third theft conviction and can aggregate thefts from different locations and time periods. It also simplified the ability to bring accountability to organized crime groups through California Penal Code § 490.4 which made it a crime to act in concert to steal merchandise; receive, possess, or purchase merchandise known to be stolen; be involved in a coordinated theft plan; and/or recruit, organize, direct or finance thievery.⁷ An important provision within the statute is that penalties under § 490.4 depend on the value and frequency of offenses committed by the individual. If two or more violations occur within 12 months and the aggregated value is over \$950, the offense can be charged as a felony.⁸ This has provided prosecutors and courts with the tools necessary to properly charge and review cases from a holistic, full-lens view of the offender and the situation at hand. Our new laws can be a model for the nation.

The third key challenge is coordination among all parties affected by organized retail crime. The lack of coordination and information-sharing among retailers, law enforcement agencies, and other stakeholders hinders our ability to combat organized retail theft effectively. A continuous, collaborative and multi-teamed approach is necessary to address organized retail crime theft comprehensively. Organized crime rings easily traverse jurisdictions and state lines to evade detection and to continue their nefarious operations. Without a coordinated response, theft incidents get siloed within jurisdictions and justice is never fully achieved. This results in local law enforcement focusing only on individual cases, retailers tightening security in isolation, and it being more difficult for prosecutors to thread the needle and charge the most serious offenders. A

⁷ CA Pub. Law, Cal. Penal Code, Part 1 Crimes and Punishment, Title 13 Crimes Against Property, § 490.4 (West 2024), verified Jul. 7, 2025 available at [California Penal Code section 490.4 \(2025\)](#).

⁸ *Id.*

unified and coordinated effort ensures that patterns and offenders aren't lost when crimes cross geographic, jurisdictional or organizational boundaries. This is one of the challenges where a coordinated national center like one proposed in CORCA can be beneficial.

What We Are Seeing & What's Been Working

My experience in San Diego County can illustrate the scope and sophistication of the organized retail and other theft crimes that communities across the country are dealing with. I also want to highlight the helpful legal framework that is integral to combatting this issue, as well as the enhanced coordination that we are utilizing daily to bring justice and accountability to our community. I believe what is working in San Diego is not unique to our area and many of these initiatives can be implemented in other communities across the country to establish best practices to address organized retail crime.

In a three-year period (2023, 2024 and 2025), my office filed criminal cases involving organized retail theft against 336 defendants with a loss to stores of \$3,208,175, which resulted in prison or jail terms for the majority of the criminals who have been convicted.

Here is a sampling of some of these Organized Retail Crime cases: Nine masked suspects entered a Nordstrom department store and used wire cutters to take 77 designer bags worth \$147,090.00 in flash mob style. After extensive investigation, only two of the criminal crew were identified, prosecuted and sentenced to prison. The handbags were already gone and very likely resold.

In a case where we worked with an Organized Retail Theft Task Force headed by California Highway Patrol, we were able through search warrants and other investigative tools to successfully get beyond what we call the 'booster level' of the criminal organization to the 'fence' level. The thefts involved an organized retail crime crew of four which hit Home Depot, Lowes, and Target with a focused theft of resaleable item like Lego toys and home tools.

Two men were sentenced to 44 months in prison for a series of brazen, organized retail theft crimes where multiple Sunglass Hut store locations were targeted resulting in a reported loss of more than \$230,000. Hundreds of pairs of sunglasses were stolen from nine Sunglass Hut store locations, some of which were targeted more than once.

Another theft ring stole more than \$350,000 in Victoria's Secret merchandise over a seven-month period.

We successfully prosecuted another retail theft crew for 42 felony counts for breaking into ULTA Beauty, Nordstrom Rack, and other stores. Those thieves caused over \$700,000 in losses to businesses.

These prosecutions were made possible by a law passed in 2019 that allows aggregation on different theft dates and at different stores. The law is specific to organized retail theft, which requires several legal elements to be met, and doesn't apply to theft in general.

Transnational Criminal Networks are also engaged in sophisticated commercial and residential burglaries and thefts that span across county and state lines and require a new level of law enforcement coordination to effectively investigate and prosecute them. In San Diego County, we've waged a battle to protect our community from these syndicates. Our region has mostly prosecuted South American Theft Groups (SATG) which have been categorized by the FBI as a transnational criminal network. Our cases have syndicate members that originate from Colombia,

Chili, Peru, Venezuela and Mexico. Members of the group are interchangeable; however, many specialize in either commercial or residential burglaries and thefts. They use aliases, obtain fraudulent identity documents and communicate via prepaid cellular phones, walkie talkies, Nextels or hand signals. These criminal syndicates utilize rental vehicles that blend into an area, acquired by using a fraudulent or stolen credit card. In one large multi-million-dollar jewelry heist complete with fake construction worker clothing, we've verified stolen goods are shipped internationally and criminal activity in two states. Based on our experience, we believe expanding the recommended task force beyond retail to organized theft would yield additional benefits because the same transnational criminal organizations are engaged in both commercial retail and residential crimes.

Here is a sampling of Transnational Criminal Organization cases the San Diego District Attorney's Office has prosecuted:

After an extensive investigation, we successfully prosecuted four defendants that evidence showed are part of a South American Theft Group (SATG) that committed six residential burglaries in our county and are part of a larger group believed to be responsible for over 100 burglaries in San Diego County and surrounding jurisdictions. The target is high end homes that back up to an open space and the burglars—wearing hooded sweatshirts, gloves and masks, focused on the master bedroom targeting expensive jewelry, designer handbags, safes and cash. The burglary team members often use a pre-paid cellular phone and change the phone and/or Sim card every 30 days or less. This tactic defeats any attempts from law enforcement to track or identify a phone belonging to the group.

Three defendants responsible for high end residential burglaries in San Diego, Los Angeles, Colorado and Chicago were identified as part of the SATG and prosecuted in San Diego after an extensive multi-county investigation.

Multiple suspects arrested after an extensive investigation of an \$8 million jewelry heist from a retail jewelry store in a mall in San Diego were identified as SATG syndicate. The evidence shows that 99 percent of the stolen Rolex watches and other items were shipped overseas by the time the investigation concluded. The same group was linked to the same jewelry store chain in the state of Washington.

Luckily, most states have improved their organized retail crime laws, like California, to allow the aggregation of multiple, individual incidents tied to organized retail theft activity to be tried under the same case. Many states have also established partnerships between law enforcement and retailers, indicating the necessity to address this type of crime at a nationwide level. Currently 34 states have organized retail crime laws. It's important that these laws include increased penalties for those involved in these criminal activities and provisions that enable law enforcement to better investigate and prosecute offenders.

In addition to improved statutes, my office has made strides with retailers, business association representatives, retail industry employee representatives, law enforcement and others to discuss the scope of organized retail crime and address the problem in San Diego County. We communicate frequently and update retailers on the steps law enforcement is taking to thwart and prosecute these types of crimes. We also conduct regular meetings to discuss possible prevention strategies and

measures. As this crime is constantly evolving, so is our communication and how we are addressing it.

My office has also partnered with the California Highway Patrol's (CHP) Organized Retail Crime Task Force and as a result, several successful prosecutions have occurred. This has become an invaluable partnership when investigating organized retail crime rings that traverse county lines. CHP investigators have the ability to build significant cases for our office to prosecute by acting as liaison between retailers and the San Diego County District Attorney's Office. This effort is also supported by the Organized Retail Crime Alliance (ORCA) in our county, which includes retailers, law enforcement and prosecutors working together. They gather reports and video evidence, conduct surveillance, execute search warrants, return stolen products to retailers, and write complete investigative reports with spreadsheets of thefts and loss amounts so we can prosecute defendants for as many thefts in one case as possible. Many of the cases would not have been solved without leveraging state and local resources, and data sharing through successful task force models. It stands to reason that if these local task force models were elevated to a national task force, we would advance the ability to solve more crimes and reach the higher level of organized theft criminal groups.

At the national level, I've partnered with the U.S. Chamber of Commerce, National Retail Federation (NRF), and the Retail Industry Leaders Association (RILA) to host virtual in-person education and dialogues to promote enhanced safety and expertise for businesses, law enforcement, prosecutors and community.

NDAA and the Retail Industry Leaders Association (RILA) created the first-of-its kind national partnership in 2022 to unify prosecutors and retailers in the fight against organized retail crime. The partnership has successfully opened lines of communication, raised awareness of the issue, and elevated the response to organized retail crime. Those NDAA-RILA initiatives include a National Store Walk Initiative where prosecutors nationwide walk retail stores with retail asset protection teams and local store employees, providing both parties with an exchange of insights and comprehensive understanding of challenges. Over 100 District Attorney offices across the nation participated in store walks with leading retail asset protection leaders and store management teams.

My team participates in store walks at Home Depot, Dick's Sporting Goods, Target, Walmart, Lowes and Ulta Beauty. Our local Ulta store in San Marcos, California was one of the 21 Ulta stores in South California consistently were falling victim to what seemed like localized smash-and-grab incidents, but what quickly became clear was they were tied to organized retail crime syndicates. I have also toured local, small retailers, like Sunny Perfumes, a small business near the U.S.-Mexico border that has also been targeted by retail theft. Through these walkthroughs, I not only get the chance to understand the challenges each owner faces, but I also connect face-to-face on a human level with the victims of these crimes and better understand their loss and trauma.

A highlight of the NDAA and RILA partnership is the Vibrant Communities Initiative (VCI). The purpose of the initiative is to address safety concerns for employees and consumers by launching a partnership among public and private stakeholders focused on identifying and tackling issues

that contribute to the increase in crime and violence in and around retail environments, business districts and communities.⁹

Fraud Based Theft

There are many more forms of theft and fraud that potentially intersect with organized retail theft and have a devastating impact on our consumers. For example, gift card fraud where gift cards are compromised through a sophisticated scheme that allows the criminal actors to obtain the money value instead of the gift recipient along with scams where payment is requested through gift cards. Another massive fraud-based theft that is run by sophisticated criminal networks are elder scams that have devastated many seniors by ripping off their life savings. The reason I include it here is because having a national database working seamlessly with federal, state and local law enforcement could expose a connection amongst the criminal networks that might be working in multiple criminal lanes without our ability to connect them. In San Diego County, I was able to help lead the formation of a first of its kind Elder Justice Task Force with FBI as lead agency along with federal and local law enforcement and prosecutors. By tracking the data in a fusion center (Law Enforcement Coordination Center, we confirmed losses of 149 million dollars in the last year from San Diego County alone. We were able to have some positive restitution and prosecutions on the federal and state side that brought some accountability.

Potential Solutions

Several years ago, Congress passed the INFORM Act, which requires online marketplaces, like Amazon and eBay, to collect, verify, and disclose certain information from high-volume sellers and provide consumers with means to report suspicious activity. This was a positive initial step to curb criminals from selling stolen goods online. It removed the anonymity of the seller and made it easier for law enforcement to find online sellers of stolen goods and prosecute them. The INFORM Act directly addresses the interstate aspects of organized retail crime— something I know this committee is concerned about. But there is still room for improvement of organized retail crime law at the federal level.

As both San Diego County District Attorney and in my role with NDAA, I support (S.1404) and its House version (H.R. 2853) Combatting Organized Retail Crime Act with bipartisan support, which would expand federal enforcement of criminal offenses related to organized retail crime and establish an Organized Retail Crime Coordination Center within an appropriate federal agency. We know that an investment in technology consistent with this proposed law can be a game changer. The bill empowers prosecutors with the necessary tools to go after offenders and formalizes the public-private partnerships we are currently fostering and implementing at the local level. With all the efforts and resources San Diego County puts into solving and prosecuting organized retail theft, we've only been able to make arrests at the 'fence level' and not the other parts of the criminal organization responsible for shipping across county, state and international lines, resulting in the large number of profits that are laundered. We have utilized our regional Law Enforcement Coordination Center (LECC), also referred to as a Fusion Center successfully to respond to the threats of mass violence, especially school threats. We've also used it to connect the dots and prosecute cases of Elder Scams in our unique Elder Justice Task Force that I helped

⁹ Retail Industry Leaders Association, *Vibrant Communities Initiative*, 2024, available at [Vibrant-Communities-Proposal-6-15-23.pdf](#).

pioneer with the FBI, and this allowed us to track our reported elder scams resulted in losses of approximately 149 million dollars in the last year alone ripped from our seniors in our region alone. An expanded national model would improve investigations and advance our fight to meet the moment.

The burden of addressing this important and evolving challenge should not rest solely on the shoulders of retailers. Instead, effective collaboration and communication among retailers, prosecutors, law enforcement, and community partners are critical. Locking even more products behind the counter or other protective measures only further diminishes the customer experience and results in further business losses. The Combatting Organized Retail Crime Theft Act's provision on creating a center within a federal agency is a welcome way to establish and foster coordination among federal, state, and local law enforcement efforts against organized retail crime.

When it comes to prosecuting these cases, we simply need to restore the rule of law and have balanced accountability that fits the crime. Prosecutors should continue to pursue justice by assessing and differentiating a youthful offender who had a lapse of judgment and was recruited by more sophisticated criminals to make quick money, or a homeless person being motivated by a few dollars to feed their drug addiction who may be best served through a treatment court, as compared to what we see in organized retail theft or habitual theft. The latter category involves premeditated criminal behavior and lawlessness which require accountability that can include a full measure of consequences. When confronted with organized retail theft operations, we must utilize all legal options and appropriately align the punishment with the culpability and societal harm of the crime. The ability to apply clear and just charges, distinguishing petty theft from sophisticated criminal ring leaders, ensures prosecutors have the tools to properly assess and try each case as a direct and fair review of the facts, circumstances, and consequences at play.

In addition to strengthening the tools used within the court system to address this issue, measures outside the courtroom can also result in effective deterrents. The launching of a nationwide public awareness campaign to educate consumers about the consequences of purchasing stolen goods online or at swap meets, and the role they can play in reducing organized retail theft, is an often-overlooked outreach effort that may result in more dividends than anticipated. A well-informed public can act as an invaluable ally and additional deterrent to these criminal activities.

Conclusion

In closing, my experience of 35 years as a prosecutor tells me that we can only solve complex public safety issues such as Organized Retail Crime and Organized Theft/Fraud that are impacting the financial and personal security of communities across America is by strategically strengthening our laws, our partnerships and our resources. The adoption of common-sense legislation; an increase in coordination and collaboration; advanced prosecutions; advanced data collection in order to strategically combat this harm to our consumers and businesses by better understanding the criminal structures behind their operations, improving public and private partnerships so that social media platforms are doing more to protect consumers from fraud can all be effective and need to happen concurrently to properly combat organized crime.

I appreciate the opportunity to speak before you about this complex and timely issue. The office of the District Attorney of San Diego County and NDAA will continue to do their part in fighting against this incredible harm to our small and large businesses, employees, consumers and community. We stand ready to assist in your congressional efforts to improve laws and resources to safeguard the rights and safety of our communities, and ensure justice is attained.

Mr. BIGGS. Thank you. Thank you. Now, we recognize Mr. Spear for his five minutes of testimony.

STATEMENT OF CHRIS SPEAR

Mr. SPEAR. Chair Biggs, Congressman Cohen, and the Subcommittee Members, thank you for the opportunity to testify about the rapid rise in cargo theft and the threat that it poses to our economy as well as our national security.

For over 90 years the American Trucking Associations has represented an industry that now employs 8.4 million of the hardest working men and women in the country. Today these Americans are on the front lines of an escalating crisis, and they need backup from Congress.

Brazen thieves are robbing our industry to the tune of \$18 million a day. Motor carriers not only have to replace stolen products, but shoulder higher insurance premiums and invest in new security measures. These added expenses put jobs and businesses at risk. Those elevated costs for fleets are felt by consumers at the store.

Plainly, there is a direct connection to rampant cargo theft and what Americans are paying at grocery stores. Across the supply chain cargo theft is estimated to cost up to \$35 billion annually. This is money that belongs in consumers' wallets, not criminals' pockets.

There are two categories of cargo theft: Straight theft and strategic theft.

Straight theft has been around since trucks have been on a road a century ago. It involves the physical theft of cargo from a distribution center or the back of a truck. Crews will stop tractor trailers and strike when they are stopped at a rest area or even a traffic light, putting truck drivers and other essential supply chain workers directly in harm's way.

In Arizona police recently arrested several individuals who had stolen six figures worth of energy drinks. They were later linked to a \$3 million heist of electronics.

In Georgia four men were recently convicted for multiple thefts of electronics, copper, and apparel, totaling more than \$1.7 million across the entire Southeast.

These incidents are happening in every State and in every district.

In contrast, strategic theft involved the use of advanced cyber tactics to trick shippers, brokers, and carriers to divert and hand over their loads. This hi-tech form of cargo theft has become a digital renaissance for thieves, surging 1,500 percent since 2021.

Over 90 percent of fleets are small businesses operating 10 trucks or fewer, but they are forced to compete in an arms race trying to match the formidable technological capabilities of sophisticated criminals who are often based overseas.

Transnational aspects of cargo theft also make it a national security issue. Proceeds from stolen goods finance other criminal activities, including drug trafficking, organized crime, and even potentially terrorism. In just one example, shipments of high-end refrigerators were stolen from one of our Memphis, Tennessee, members

in St. Louis. The local police filed a report but declined to investigate further.

Several months later the ATF stumbled across the refrigerators when they raided a warehouse. They were being stuffed with U.S. drug profits before being sent back across the Southern border.

What the local police dismissed as a simple insurance matter turned out to be a pivotal piece of a Mexican cartel's operation.

Trucking is interstate by nature, which means the thieves targeting the cargo we haul are interstate as well. The State and local law enforcement often lack the resources and the jurisdiction to adequately investigate cross-border crimes. This is clearly a Federal responsibility. Only the U.S. Government is equipped with the capability and the constitutional authority to pursue criminals across State and international lines.

For these reasons ATA strongly supports the enactment of the Combating Organized Retail Crime Act. This legislation will provide law enforcement with tools and enhanced legal frameworks to combat this highly complex national and international threat.

Rather than ignoring what our economy needs, CORCA would centralize data in coordination with Federal, State, local, and industry, and proactively unravel schemes orchestrated by transnational crimes.

The theft of cargo is a nationwide problem, and it requires a national solution. By bringing the fight to organized theft groups, CORCA would help safeguard Americans who work in our supply chain, and it would protect national security.

Thank you. I look forward to answering your questions.

[The prepared statement of Chris Spear follows:]



Statement of

**Chris Spear
President and CEO
American Trucking Associations**

Before the

**Committee on the Judiciary
Subcommittee on Crime and Federal Government Surveillance
United States House of Representatives**

Hearing on

“Protecting Consumers and Businesses: Confronting Organized Retail Crime”

December 17, 2025

Introduction:

Chairman Biggs, Ranking Member McBath, and members of the Subcommittee, thank you for providing me with the opportunity to testify before you today. My name is Chris Spear, and I serve as the President and CEO of the American Trucking Associations (ATA). I am grateful for the invitation to share with this subcommittee the growing challenges that our members, the trucking industry, and our nation's supply chain are experiencing with organized cargo theft and related crimes.

ATA is a 90-year-old federation and the largest national trade organization representing the 8.4 million men and women working in the trucking industry. As a 50-state federation that encompasses 37,000 motor carriers and suppliers, ATA proudly represents every sector of the industry. From less-than-truckload to truckload carriers, from agriculture and livestock transporters to auto haulers and household goods movers, and from large fleets to mom-and-pop one-truck operators, ATA serves as the single unified voice of the trucking industry.

Trucking is the lifeblood of our economy, but prolific incidents of cargo theft are undermining our essential role. Brazen thieves acting with de facto impunity are robbing our industry to the tune of \$18 million per day.¹ The increased costs—from replacing stolen products to shouldering higher insurance premiums to investing in stronger security measures—are mounting. These added expenses put tremendous pressure on motor carriers, putting jobs and small businesses at risk.

The bottom line is that cargo theft is not a victimless crime. It's not just the manufacturers, motor carriers, and logistic service providers (LSPs) that are hurt. The American public is harmed because the goods that people are trying to buy are either not on the shelves or are priced higher than normal. As we approach the holiday season and Americans are looking to purchase goods for their loved ones, cargo theft has the potential to exacerbate inflation. In sum, there is a direct connection to rampant cargo theft and growing affordability concerns.

What has become clear from this growing threat is that more must be done. Greater coordination and information-sharing across the supply chain and at all levels of law enforcement are critical to connect the dots, identify trends, determine hot spots, and utilize innovative approaches to tackle this evolving threat. For that reason, I am grateful for the leadership of over 180 members of the House of Representatives, including a majority of the members of the House Judiciary Committee, in championing H.R. 2853, the *Combating Organized Retail Crime Act (CORCA)*. This legislation will empower federal agencies to take a coordinating role with state, local, and industry partners as well as provide better tools to tackle the increasingly complex crimes targeting our interstate and international supply chains. This legislation is critical to address the growing threat of organized and sophisticated criminal networks.

Trucking is interstate by nature, which means the thieves targeting the cargo we haul are interstate as well. State and local governments often lack the resources and the legal jurisdiction to adequately investigate cross-border crimes. This is a clear federal responsibility. Only the U.S. government is equipped with the resources and the constitutional authority to pursue criminals across state and international lines.

¹ American Transportation Research Institute (ATRI). (2025, October 8). "The Fight Against Cargo Theft: Insights from the Trucking Industry." <https://truckresearch.org/2025/10/new-atr-research-confirms-the-high-costs-of-cargo-theft-to-industry/>

Thank you for convening today's hearing and providing an opportunity to discuss the challenges that cargo theft and related crimes pose to the trucking industry and our nation's supply chain. I look forward to working with this subcommittee, Congress and this Administration to promote the safety of our supply chains and efficient movement of our nation's goods.

The Challenge of Cargo Theft and Supply Chain Fraud:

This hearing serves as a critical opportunity to highlight the explosion of cargo theft across the country and the incredible damage caused by these criminal activities. Earlier this year, the American Transportation Research Institute (ATRI), the trucking industry's research organization, surveyed motor carriers and LSPs to capture their experience with cargo theft, and in October released a report with staggering results. The following statistics—impacting an industry where over 90 percent of fleets are small companies operating ten or fewer trucks²—show only a snapshot of the scale of cargo theft that is plaguing the supply chain:

- Cargo theft costs motor carriers between \$1.83 billion and \$6.56 billion annually in direct and indirect costs;³
- The average loss per cargo theft incident is \$29,108 for motor carriers and \$95,351 for LSPs;⁴
- The estimated daily cost of cargo theft to the trucking industry is more than \$18 million;⁵
- 73.5% of cargo stolen from motor carriers is never recovered, and only 2% of motor carrier cargo theft incidents result in full recovery;⁶
- 65.3% of motor carriers surveyed experienced cargo theft in 2023;⁷ and
- 100% of LSPs surveyed had cargo stolen in 2023.⁸

The nature of cargo theft has evolved as criminal organizations become more advanced. There are two main types of cargo theft:

- **Straight theft**, which refers to thieves physically stealing either a partial or full load of cargo from a shipment. Thieves typically target products that can be sold quickly and easily on the black market, making this one of the most immediately profitable forms of cargo theft.
- **Strategic theft**, which uses fraud and deception to trick shippers, brokers, and carriers into handing loads over to thieves posing as legitimate transportation providers. These schemes often rely on identity theft, falsified credentials, and increasingly high-tech cyber tactics to manipulate load data and routing information.

Straight theft is challenging for trucking and law enforcement to combat because thefts are almost always discovered upon delivery, which is frequently across state lines. Therefore, it can be difficult to know where the crime took place. That creates immediate jurisdictional challenges and reinforces why federal involvement, and strong support for state and local law enforcement, is essential.

² <https://www.trucking.org/economics-and-industry-data>

³ American Transportation Research Institute (ATRI). (2025, October 8). "The Fight Against Cargo Theft: Insights from the Trucking Industry." <https://truckingresearch.org/2025/10/new-atr-research-confirms-the-high-costs-of-cargo-theft-to-industry/>

⁴ *Ibid*

⁵ *Ibid*

⁶ *Ibid*

⁷ *Ibid*

⁸ *Ibid*

Strategic theft, or theft by fraud, is a more elaborate form of theft, and it has grown at an alarming rate. In 2018, strategic theft accounted for 2.2% of cargo theft incidents. In 2023, that percentage had increased to 25% of all incidents.⁹ These criminals are often members of Organized Theft Groups (OTGs) that operate massive networks within and outside the United States. Again, the scope and nature of these organizations create impossible challenges for state and local law enforcement authorities to handle alone and require the support and involvement of the federal government.

These groups are defined as “polycriminal.” The same networks that engage in supply chain theft and fraud show up in numerous other criminal activities: drug trafficking, human trafficking, weapons smuggling, and money laundering, to name just a few. The scope of these activities, and the organizations that carry them out, is international in scale. An editorial by Senator Todd Young from June stated, “With the rise of e-commerce, this crime domain includes sophisticated domestic and international groups from places like China, Eastern Europe, and Mexico. I’ve learned that these criminals not only hijack trucks and rob rail cars but also exploit vulnerabilities in the online ecosystem. They often concoct elaborate and fraudulent schemes to deceive businesses and other third parties and steal or hold their cargo hostage. Transnational groups are using complex tactics and technology to target high-value goods to steal and finance illegal activities like drug smuggling. And, because cargo theft takes so many forms from spoofing and fictitious pickups to phishing and identity theft, this crime is hard to spot and stop, enabling repeat offenders.”¹⁰

The shift from opportunistic thieves to powerful OTGs has given rise to more complex and convincing fraud operations. Less than a decade ago, when smaller and less sophisticated groups were apprehended by law enforcement, it would take around 6-7 months for them to restart theft operations. Currently, when law enforcement successfully disrupts a large criminal network, it takes 30 days or fewer for that group to resume their freight fraud operations, mainly because of the relative ease with which bad actors can reinvent operations online. The result is a constant, exhausting cycle that feels less like enforcement and more like an endless game of “whack-a-mole.”

There are several factors and trends that are responsible for the rise in both the frequency and sophistication of strategic theft. First, the COVID-19 global pandemic created the perfect environment for criminals to exploit a supply chain thrown into chaos by sudden swings in global supply and demand. Second, the rapid digitization of domestic and international supply chains has created new vulnerabilities and thus opportunities for OTGs to weaponize through the exploitation of gaps using ever-evolving cyber capabilities. These groups now steal freight remotely by taking advantage of the very technology our supply chain relies on to move cargo more efficiently. Third, the erosion of traditional, in-person direct transactions—once a cornerstone of supply chain relationships—has created further opportunities for vulnerability. Today, doing business with companies and drivers you’ve never met in person has become the norm, with almost all routine freight transactions occurring via load boards and online platforms, making it far easier for the criminals to pose as legitimate brokers or carriers and deceive unsuspecting supply chain partners. Finally, the lack of coordinated investigations and prosecutions has emboldened these actions. Thieves learned quickly that federal, state, and local law enforcement simply do not have the resources to stop them or the capacity to pursue sweeping multi-state investigations.

⁹ *Ibid*

¹⁰ Young, Todd. “Cargo Theft is a Growing National Security Issue.” The Washington Times, June 24, 2025. <https://www.young.senate.gov/newsroom/press-releases/young-op-ed-cargo-theft-is-a-growing-national-security-issue/>

The impacts of these criminals are felt across all commodities, including our food and agriculture supply chains. Strategic theft schemes orchestrated by organized criminal groups risk the adulteration or loss of perishable goods, with potentially devastating financial results for agricultural shippers and transportation providers that ultimately result in higher prices for consumers. A single broken seal on perishable goods caused by pilferage can result in rejection of the entire load by the shipper or consignee. Agriculture shippers are often not able to salvage goods once seals are breached. If salvage is possible, the cost to reinspect agricultural cargo is typically thousands of dollars. Often, the agriculture shippers that we serve are the victims of random crimes on rail as thieves search for higher-value cargo. The number of agriculture shipments with broken seals is rising rapidly, and agriculture shippers are on the hook to cover the costs to replace these seals. Loads of poultry, meat, and other refrigerated products have been a frequent target of intermodal rail theft, vehicle and trailer theft,¹¹ fraudulent pick-up schemes,¹² and other nefarious strategies.

In general, thieves and fraudsters target goods that they can steal and sell quickly. Partly due to the diversity of opportunities in this space, food and beverage items are targeted frequently and were the most commonly stolen type of freight in 2024.¹³ Thieves prefer food and beverage products because there is consistently high demand, law enforcement typically does not initiate investigations of perishable goods quickly, and it is nearly impossible to track these items after they have been stolen. As soon as the trucking industry, our supply chain partners, and law enforcement agencies identify theft trends and patterns, the criminals have already pivoted to new tactics and targets. Further risks occur when stolen agriculture, food, and beverage products are reintroduced into the legitimate marketplace and consumers who purchase those items may unknowingly consume adulterated goods, a considerable threat to public health and safety. These concerns were recently echoed in the Administration's *National Farm Security Action Plan*, which prioritizes the assessment of vulnerabilities associated with the storage and transportation of agricultural products.¹⁴

Many U.S. motor carriers across the country are expending significant capital to protect themselves against these crimes, but not every company has the resources to do so. Third-party vetting services exist and can be very effective for motor carriers and brokers, but those services come at a cost many small and mid-size carriers simply cannot absorb—particularly in today's challenging freight market. As a result, trucking companies often fall victim in one of two ways: either they lose significant sums of money through stolen freight, or they must spend significant sums of money for services and advanced security systems just to stay operational. As supply chain and cyber technologies evolve at a rapid speed, the cost of defending against these attacks only grows. Success in the transportation industry is no longer simply a matter of having the best drivers and the right equipment; it now requires motor carriers to invest in the strongest IT systems, the most diligent security personnel, and hardened physical infrastructure. These measures can only mitigate an issue that continues to escalate due to a lack of enforcement. In today's trucking environment, a strong defense is not optional; it is critical to ensure a company's survival.

At the end of the day, all these additional costs ultimately fall on the consumer. When carriers must spend more to secure the goods they haul, those costs flow directly to higher prices on the shelves. If

¹¹ Shike, J. "New Suspect in \$100K Chicken Heist May Be Linked to \$400K Meat Theft." *Farm Journal*, 17 October 2024, <https://www.porkbusiness.com/news/industry/new-suspect-100k-chicken-heist-may-be-linked-400k-meat-theft>.

¹² Kuntz, A. "What is Cargo Theft & How Can I Avoid It?" *Trackonomy*, 14 April 2025, <https://trackonomy.ai/newsroom/cargo-theft/>.

¹³ Verisk CargoNet. (2025, January 21). 2024 supply chain risk trends analysis. <https://www.cargonet.com/news-and-events/cargonet-in-the-media/2024-theft-trends/>.

¹⁴ United States Department of Agriculture. (2025, July 8). *National Farm Security Action Plan*. <https://www.usda.gov/sites/default/files/documents/farm-security-nat-sec.pdf>

motor carriers are forced to spend more for security of goods that they are hauling, those costs are inevitably passed on to the purchaser of those goods. Freight rates are also a key driver of inflation across the entire economy. Significant increases in carrier rates contribute directly to overall inflation, which is felt by consumers in purchases for everything from groceries to durable goods. Finally, increased costs can result in supply chain disruptions, in turn causing production delays. Disruptions in the supply chain can result in temporary shortages of key goods.

Why We Need the *Combating Organized Retail Crime Act*:

Economic security is national security. The unfortunate reality is that our national security has been compromised because OTGs and Transnational Criminal Organizations (TCOs) have successfully infiltrated our domestic supply chains and exploited enforcement gaps in the stream of interstate commerce. The trucking industry and U.S. supply chains are both interstate and international by nature—goods cross state lines and move through ports of entry nearly every second of every day. This is why ATA and our supply chain partners have built a large coalition of stakeholders to urge a federal response to the alarming rise of cargo theft across the country. OTGs have identified the glaring gaps between local, state, and federal law enforcement regimes as low-risk, high-reward opportunities to execute sophisticated supply chain fraud and theft schemes and remain undetected. OTGs are actively exploiting U.S. transportation and distribution networks with impunity because there is no concerted effort from the federal government to investigate and prosecute. Without those critical deterrence factors, criminals are emboldened to infiltrate our supply chains, profit off the vulnerability of American businesses, and fund other illicit enterprises with the money generated from fraud and theft schemes. The costs of inaction are enormous, both in terms of financial losses and the denigration of national security.

According to the National Insurance Crime Bureau (NICB), “Most high-value thefts are not committed by lone actors or small groups of opportunistic thieves. Rather, these crimes are committed by well-funded, sophisticated criminal organizations. These groups operate across state and country borders, especially in the U.S., Mexico, and South America, and often use cargo theft profits to fund other illicit ventures, including drugs, weapons, and terrorism.”¹⁵ The proceeds from stolen goods that are resold—whether that be through online marketplaces, overseas, or via underground networks—also fund other illicit activities that pose a direct threat to public safety. The Federal Bureau of Investigation (FBI) went as far as to call cargo theft a “gateway” crime, noting that “in many instances, a cargo theft investigation will turn into a case involving organized crime, public corruption, health care fraud, insurance fraud, drug trafficking, money laundering, or possibly even terrorism. Criminal groups use the illegal proceeds they gain from stealing cargo to fund their criminal operations. And the fear is that terrorists could use their proceeds to launch attacks or fund training.”¹⁶

Therefore, we urge Congress to embrace its responsibilities pursuant to the Commerce Clause of the U.S. Constitution and leverage the cross-cutting enforcement capabilities of the federal government to help combat rampant interstate supply chain fraud and theft. We are grateful to the cosponsors of *CORCA* in the House for supporting legislation that will enhance our legal frameworks, improve enforcement capabilities, and enable swift law enforcement coordination to combat the unrelenting surge of cargo theft and related crimes across the nation.

¹⁵ National Insurance Crime Bureau. Cargo Theft. <https://www.nicb.org/prevent-fraud-theft/cargo-theft>.

¹⁶ Federal Bureau of Investigation. (November 12, 2010). Inside Cargo Theft: A Growing Multi-Billion Dollar Problem. https://archives.fbi.gov/archives/news/stories/2010/november/cargo_111210/cargo_111210.

It is also important to underscore the global reach of cargo theft as OTGs grow and become more profitable. Crime in general is becoming more globalized, as OTGs are collaborating with each other in criminal ventures and are increasingly expanding operations into multiple criminal markets. As noted previously, the “polycriminal” nature of these groups lends itself to expansion into other criminal activities and even into other nations.

The robust coalition of stakeholder support for *CORCA* is a testament to the breadth and scope of U.S. industries that are impacted by supply chain fraud and theft. No industry wants to be seen as the target of criminal activity, but the situation has become so dire that the American Trucking Associations, along with the Association of American Railroads, the Federal Law Enforcement Officers Association, the Intermodal Association of North America, the International Council of Shopping Centers, the National Association of Manufacturers, the National Milk Producers Federation, the National Retail Federation, NATSO, the Protect America's Small Sellers Coalition, the Retail Industry Leaders Association, the Reusable Packaging Association, the Transportation Intermediaries Association, the U.S. Chamber of Commerce, the U.S. Dairy Export Council, and the World Shipping Council have all joined together in advocating for federal assistance through *CORCA*.

The trucking industry supports *CORCA* for the following reasons:

1. CORCA Will Facilitate Better Reporting of Cargo Theft

The method for reporting cargo theft varies across jurisdictions and even varies by law enforcement officer, leading to difficulties in accurate data collection and underreporting of regional and national trends in cargo theft. A prominent factor for underreporting is general confusion and a lack of systems for appropriate reporting protocols. Motor carriers and brokers may not know the correct jurisdiction to which the crime should be reported because they may not know where or when exactly the theft took place. There are also situations when victims reach out to law enforcement to report a crime or seek assistance for cases of fraud or theft, but rather than receiving assistance, they are met with confusion and dismissiveness.

Often, when trucking companies attempt to file a report with local and state law enforcement agencies, law enforcement officers will note cross-jurisdictional issues due to the interstate nature of the crime and direct carriers to report elsewhere. These inconsistencies in reporting protocols leave the industry with more questions than answers: should motor carriers contact law enforcement in the area in which the cargo is stolen, in the area where the cargo is supposed to go, or the area in which the stolen goods are headed? Alternatively, when trucking companies attempt to file reports with law enforcement agencies, they are often told simply to “file an insurance claim instead.” This happens because local and state law enforcement officers lack the necessary training and resources to recognize that cargo theft is not just a property crime — it is a coordinated, often interstate criminal enterprise that requires a very different response.

CORCA fixes the uneven reporting of cargo theft through the creation of the Organized Retail and Supply Chain Crime Coordination Center (ORSCCCC) within Homeland Security Investigations (HSI) at the Department of Homeland Security (DHS). The ORSCCCC will serve as a centralized reporting repository for the trucking industry and our supply chain partners, ensuring that the right information is shared and accessible with the appropriate law enforcement jurisdictions across the nation in a timely manner. The ORSCCCC will simplify reporting protocols and give both industry and law enforcement the venue for the coordination necessary to respond to these interstate crimes.

2. *CORCA Will Enhance Enforcement of Cargo Theft Laws*

Anecdotal responses from all segments of the intermodal transportation and cargo insurance industries indicate a widespread surge in cargo theft beginning with the onset of the COVID-19 pandemic. Investigations and prosecutions of cargo theft and related crimes have not kept pace with this surge, allowing cargo theft schemes to become increasingly sophisticated over time. 18 U.S.C. §659 establishes the ability to prosecute cargo theft, but the federal government’s jurisdiction does not apply until an interstate nexus is achieved. As a result, most cargo theft incidents are investigated by local and state law enforcement.¹⁷ Unfortunately, state laws on cargo theft are not uniform, leading to difficulties establishing an interstate nexus even though these crimes typically involve actors that cross state lines or utilize the Internet to facilitate their crimes.

One of the major reasons why it can be difficult for law enforcement agencies to connect individual theft cases is due to the inconsistency in the statutory definition of cargo theft across jurisdictions. The law that criminalizes cargo theft at the federal level never mentions or defines the term “cargo theft,”¹⁸ and the statutes defining and criminalizing cargo theft are different for each state. Definitional differences often result in a struggle to form and utilize a unified assessment of offenses to coordinate law enforcement response.¹⁹ Additionally, jurisdictional confusion leads to ineffective enforcement of applicable cargo theft laws.

The absence of criminal investigations and prosecutions emboldens criminals to continue their illegal activities. Low rates of repercussions create high-reward, low-risk scenarios for criminals who have the potential to make upwards of \$25,000 a week on cargo theft. In some cases, individuals have been arrested multiple times and never faced prosecution.

CORCA will allow federal, state, and local law enforcement to effectively investigate organized cargo theft schemes by directing DHS to take a leading role in enforcing 18 U.S.C. §659 and strengthening legal tools for law enforcement to dismantle OTGs and TCOs that utilize interstate (and international) commerce to facilitate crimes. Given HSI’s unique cross-border authorities and trade expertise, the FBI’s crucial prosecutorial role regarding 18 U.S.C. §659, and FMCSA’s exclusive authority to challenge fraudulent broker licensing, the trucking industry welcomes the harmonization of the federal government’s disparate functions to address the gaps in our supply chain that are currently being exploited.

3. *CORCA Will Ensure the Safety of the People and Goods That Fuel Our Economy*

In trucking, our best assets are our people, and the safety of our workforce is paramount. Unfortunately, cargo theft – whether through direct hijackings or sophisticated, nonviolent schemes – continues to pose a growing threat to the safety and wellbeing of drivers and other supply chain professionals. While most cargo theft incidents in the U.S. involve the calculated exploitation of technological and operational vulnerabilities rather than physical force or violence, criminal networks are becoming increasingly organized and bold. Globally, hijackings, vehicle theft, and theft from facilities or vehicles (both attended and unattended) ranked among the most common forms of straight theft in 2023.²⁰ These

¹⁷ Federal Bureau of Investigation. (November 12, 2010). Inside Cargo Theft: A Growing Multi-Billion Dollar Problem. https://archives.fbi.gov/archives/news/stories/2010/november/cargo_111210/cargo_111210.

¹⁸ 18 U.S.C. § 659

¹⁹ Bentzel, C. W. (2024, December). Cargo theft: Evaluation of the challenge of combatting cargo theft with recommendations on how to reduce the impact of cargo theft. Federal Maritime Commission. https://news.tianet.org/wp-content/uploads/sites/3/2024/12/2024_12-FMC-Bentzel-Cargo-Theft-Report.pdf.

²⁰ Munich Re. (2025). Cargo Theft Tactics and Trends Report 2025. Munich Re Specialty – Global Markets UK. <https://www.munichre.com/specialty/global-markets-uk/en/insights/cargo-and-freight/cargo-theft-tactics-and-trends-report-2025.html>.

incidents not only disrupt freight movement but also endanger drivers – potentially leaving them stranded in remote or unsafe areas or putting them at risk of direct encounters with perpetrators.

In some cases of straight theft, including hijackings and facility break-ins, drivers and employees may face physical assault, intimidation, or other threats of violence if they seek to protect the targeted load. Strategic theft carried out through deceptive practices poses a less obvious but still serious safety risk for drivers and other supply chain employees. For instance, drivers may unknowingly interact with fraudulent entities posing as legitimate carriers, brokers, or warehouse workers—situations that can quickly escalate if a driver questions or challenges the fraudulent individual(s). In cases where criminals hold freight hostage or use coercion to steal loads or extort payment, trucking employees may be subjected to threats, intimidation, or manipulation—including threats of physical harm to themselves, their families, or coworkers—to force compliance or silence.

The escalation of violence associated with organized crime has made it increasingly difficult for the trucking industry and our supply chain partners to ensure the safety and security of our colleagues. Motor carriers and LSP's have invested millions of dollars into equipment, technology, and personnel to prevent and detect cargo theft, but sophisticated thieves are always one step ahead and often willing to resort to violence to achieve their goals. Moreover, while larger companies have the capital to invest in these safety features, smaller companies may not have the resources to procure these expensive products and services. Despite our steadfast dedication to the safety of our people and willingness to invest in risk mitigation measures, we cannot overcome the brazen attitudes of sophisticated criminals who are undeterred by the lack of consequences for their actions.

CORCA will reinforce that there are consequences for individuals, OTGs, and TCOs who jeopardize the safety and wellbeing of the essential workers who keep the wheels of our supply chains turning. Cargo theft is not a victimless crime, and *CORCA* will ensure that the federal government takes a leading role in coordinating effective enforcement of cargo theft laws. The trucking industry and our supply chain partners are united in our conviction that this is about more than curbing financial losses—it's about ensuring the safety of our workforces, consumers, and local communities.

4. *CORCA Will Strengthen Public-Private Partnerships*

Victims of cargo theft and related crimes often do not report their experiences to law enforcement for a variety of reasons, including concerns that reporting could damage their reputation and deter customers, a lack of confidence that reporting will improve the likelihood of recovery of stolen goods, general misunderstandings about reporting protocols, and frustrations based on previous attempts to file reports and a perceived lack of follow-up. When industry lacks the means or initiative to report crime to the appropriate law enforcement authorities, it fosters conditions that allow crimes to flourish.

CORCA will strengthen industry's confidence in law enforcement to both collect reports and pursue the necessary investigations into reported cargo theft incidents. The reporting framework established through the ORSCCCC will incentivize the trucking industry and our supply chain partners to share information more consistently with law enforcement, effectively addressing existing issues with underreporting of supply chain crimes.

5. *CORCA Will Reduce Inflationary Pressures on the Economy*

Thieves targeting freight shipments are costing the supply chain up to \$35 billion annually and fueling price inflation for consumers. Strategic theft has risen 1,500% since the first quarter of 2021, and the

average value per theft is over \$200,000.²¹ Cargo theft increases the overall cost to ship goods from point A to point B, and those costs are felt directly by consumers across the United States. Carriers face soaring insurance premiums and costly disruptions that delay deliveries and destabilize supply chains. Businesses then absorb the financial fallout through lost inventory and the costs associated with technology, equipment, personnel, and processes to mitigate risk. At the end of the day, the consumer is ultimately left paying the price through higher costs at checkout, longer wait times, and reduced product availability. This cascading effect fuels inflation and undermines confidence in the reliability of the goods being moved via domestic supply chains.

This is not just about protecting freight — it is about protecting the economic backbone of the country and stopping criminal activity that drives up prices for every American. Enacting *CORCA* is a critical step toward protecting America’s supply chain and reducing inflationary pressures that are ultimately passed on to, and felt directly by, the American consumer.

6. *CORCA Will Strengthen National Security*

The rise of organized, sophisticated cargo theft has significantly impacted our national security by disrupting the supply chain, potentially funding criminal and terrorist organizations, and creating vulnerabilities within the interstate transportation network. These activities being undertaken by sophisticated criminal networks are increasingly using technology to steal goods, often diverting them for illegal activities or selling them on the black market. The proceeds from stolen goods finance other criminal activities, including drug trafficking, organized crime, and even potentially terrorism. Furthermore, theft of high-value goods such as electronics, pharmaceuticals, and weapons components can have serious implications for national security.

CORCA will help bolster our national security by identifying, connecting the dots, and finding patterns in organized theft activities across the supply chain. By confronting organized theft groups supporting criminal enterprises, transnational organizations, and even terrorist entities, *CORCA* will strengthen and reinforce our national security.

Experiences with Cargo Theft and Fraud:

The proliferation of cargo theft incidents in recent years has shown that geography matters. The ATRI report on cargo theft released in October 2025 identified the states with the most incidents of cargo theft and fraud for both motor carriers and LSPs.

The following table shows the “top ten” states for motor carriers using an index to identify the severity of cargo theft relative to each state’s total freight activity, as measured by vehicle miles traveled (VMT) by tractor trailers annually.

²¹ Verisk CargoNet. (2025, January 21). 2024 supply chain risk trends analysis. CargoNet. <https://www.cargonet.com/news-and-events/cargonet-in-the-media/2024-theft-trends/>.

Table 8: Motor Carrier Top Ten States by ATRI Cargo Theft Index

Rank	State	Index
1	New Jersey	1.00
2	Illinois	0.97
3	Pennsylvania	0.84
4	Florida	0.70
5	Georgia	0.60
6	Colorado	0.52
7	California	0.51
8	Tennessee	0.47
9	Arkansas	0.45
10	South Carolina and Maryland (Tied)	0.40

The next table shows the same table for LSP's, again using VMT as an indicator of total freight activity for each state.

Table 9: Top Ten States by ATRI Cargo Theft Index (LSP)

Rank	State	Index
1	Illinois	1.00
2	California	0.98
3	Georgia	0.92
4	Nebraska	0.61
5	Nevada	0.60
6	Arizona	0.59
7	Tennessee	0.58
8	Texas	0.40
9	Florida	0.39
10	Iowa	0.33

There are examples every single day—often multiple times a day— across the country— that show just how urgent and rapidly growing the threat of organized retail crime has become to America's supply

chain, and why federal action simply cannot wait. One high-profile case was recently featured in “60 Minutes.” Celebrity chef Guy Fieri and musician Sammy Hagar had 24,000 bottles of their Santo Tequila stolen. Picture this: two semitrucks loaded with more than a million dollars’ worth of premium tequila simply vanish. No chase. No confrontation. No armed robbery. Just gone — swallowed by a criminal network that understood exactly how to manipulate the system. Countless more incidents fly under the radar every day.

In Arizona alone, there were two recent cases that each involved over \$100,000 in cargo. In May, four men were arrested after being caught using semi-trucks to steal storage containers full of energy drinks. Police made the arrest after a security officer happened to call 911, telling police he recognized the gold tractor-trailer from a previous theft. Officers arrived to find the suspects in several vehicles, including the gold tractor-trailer and another red tractor-trailer. Police stopped the suspects and found fake IDs, fake license plates, a collapsible ladder, and a fluorescent traffic vest inside the vehicles. Court documents stated that the gold semi-truck was carrying \$50,000 worth of Red Bull energy drinks in its trailer while the red truck had \$50,000 worth of Rockstar energy drinks. According to court documents, police linked the four suspects to a similar theft, where three trailers loaded with Samsung TVs worth more than \$3 million were stolen. Detectives say surveillance video from both thefts shows suspects wearing distinctive shoes and using the same trucks and plates.²²

In September, Arizona Department of Public Safety officers received a call about a truck stolen from Las Cruces, NM, that was traveling through Arizona. DPS troopers stopped the truck in Pinal County just outside of Eloy, where the driver was detained and later arrested after nearly \$200,000 of stolen copper was found in the trailer.²³ In both Arizona incidents, law enforcement was lucky to get useful tips from trained law enforcement personnel. There are many cases where the stolen cargo is not discovered until much later, if at all.

In Georgia, a top five state for cargo theft, the U.S. Attorney's Office for the Northern District of Georgia announced last year that four men had been sentenced to prison for multiple cargo thefts of electronics, copper, and apparel throughout the southeastern United States totaling more than \$1.7 million. The stolen goods were then taken to Florida and sold. The four men convicted were sentenced to between 2.5 years and five years in prison. The case was investigated by the FBI with assistance from the Miami-Dade County Police Department, the Economic Crime Bureau, and the FBI Miami Field Office.²⁴

In another Georgia case, the Effingham County Sheriff's Office discovered an estimated \$1 million worth of stolen cargo—including cellphones, food, and Peloton exercise equipment—inside a warehouse in Rincon, roughly 10 miles from the main terminal gate at the Port of Savannah.²⁵

In Macon, the Bibbs County Sheriff's Office closed a months-long case in August with the arrest of four individuals for felony theft, felony theft of stolen property, and RICO violations. In December 2024, a 911 call was placed reporting missing semi-trailers loaded with electronics and other goods. Deputies found two missing trailers shortly after, emptied of their contents. Another trailer was reported missing

²² <https://www.azfamily.com/2025/05/28/4-men-accused-semi-truck-full-merchandise-phoenix-yard/>

²³ <https://www.azfamily.com/2025/09/13/troopers-seize-187k-stolen-copper-pipes-pinal-county/>

²⁴ U.S. Attorney's Office, Northern District of Georgia. (2024, June 26). Members of a Cargo Theft Ring Sentenced to Prison.

<https://www.justice.gov/usao-ndga/pr/members-cargo-theft-ring-sentenced-prison>

²⁵ The Associated Press. (2024, February 28). \$1 million in stolen cargo discovered in warehouse near Georgia port.

<https://www.foxatlanta.com/news/1-million-in-stolen-cargo-discovered-in-warehouse-near-georgia-port>

in June, later found without its cargo. Some of the stolen items were recovered, but the thefts themselves remain under investigation.

Members of the ATA have testified to sophisticated, dangerous cargo theft schemes impacting their businesses across the country this year. In July, Donna Lemm, Chief Strategy Officer for IMC Logistics in Collierville, TN, testified about an astounding heist at a terminal in Memphis where multiple masked criminals staged a break-in with high-powered cutting tools to enter a facility, access targeted containers with high-value goods, and escape with tens of thousands of dollars in goods in just three-and-a-half minutes. In February, Adam Blanchard, CEO of Tanager Logistics and Double Diamond Transport in San Antonio, TX, shared stories of thieves impersonating his legitimate business using publicly available information to deceive shippers and other motor carriers and target high-value freight, only to be met with indifference and red tape from law enforcement that lacked the capabilities to combat the criminal enterprise.

A specific example from Ms. Lemm highlighted the vicious cycle that is perpetuated by OTGs and cargo theft in general. In a carefully orchestrated operation, thieves stole a truck and used it to pull off a heist at an IMC Logistics secure facility in St. Louis, where they targeted two containers holding high-end refrigerators. Local police were alerted, who later informed IMC that the only action they would take would be to fill out a report for insurance purposes. When IMC inquired about possible next steps, they were told that this incident was not a priority, and police would only investigate it if a detective had time.

Several months later, out of the blue, IMC Logistics was contacted by an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). The agency had just raided a warehouse in a St. Louis suburb and had unexpectedly uncovered the refrigerators with their back cavities removed and cash stuffed inside. It turned out that they were being used to smuggle money across the southern border, likely by an OTG. Although ATF was entirely unaware of the earlier theft at the IMC facility in St. Louis, their intervention prevented the appliances from being transported to Mexico under the guise of "scratch and dent" returns.

These stories are striking but, unfortunately, all too common. For that reason, I am grateful for the opportunity to advocate on behalf of the entire trucking industry for passage of *CORCA* and for federal leadership in combating this issue.

In Conclusion:

Chairman Biggs, Ranking Member McBath and members of the Subcommittee, thank you again for the opportunity to testify before you today on behalf of the American Trucking Associations. Organized criminal activity targeting the supply chain has been an increasing threat confronting the trucking and logistics industry that now demands federal support. Across the supply chain, small and large businesses alike are battling these same challenges every day, and the bad actors are gaining ground. These incidents imperil our national security, put frontline workers like truck drivers at risk, and raise the cost of goods for American consumers who are already struggling with affordability.

It is imperative that new, coordinated action is taken amongst the federal, state, and local levels to confront and neutralize this growing threat. The trucking industry and our supply chain partners need federal support and interagency information-sharing, as well as a more robust investigative and prosecutorial posture, to tackle these challenges head-on. For those reasons, we are proud to support and

endorse the *Combating Organized Retail Crime Act*, a bill that will provide the tools and resources necessary to facilitate that unified response.

The trucking and supply chain logistics industry stands ready to collaborate hand-in-glove with the members of this committee, Congress, and the Administration to confront the rise of organized and strategic supply chain fraud and cargo theft. Thank you for your attention and leadership in holding today's hearing. We look forward to working together to stop these criminals that are hurting our supply chains and threatening our national security.

Mr. BIGGS. Thank you. The Chair next recognizes Mr. McBride for his five-minutes opening statement.

STATEMENT OF SCOTT McBRIDE

Mr. McBRIDE. Chair Biggs, Congressman Cohen, and the esteemed Members of the Committee, thank you for the opportunity to address the critical issues of organized retail crime.

ORC is not new. What is new is the ferocity, sophistication, frequency, and geographic reach that has escalated dramatically in the last five years. These criminal networks exploit the internet and encrypted messaging apps to recruit thieves, coordinate consolidation of stolen goods, and liquidate them through illicit online marketplaces or black-market sites.

They even exfiltrated stolen products out of the country.

Simultaneously, retailers have invested in new technologies and provided clear insights into the scope of these thefts: Time stamping video evidence, pinpointing locations of the missing items, and enhanced collaboration with law enforcement. Despite our efforts, the problem continues to grow.

ORC is far more than simple shoplifting. It represents a sophisticated criminal network and enterprises perpetrating massive thefts and escalating violence against our associates and customers.

These groups cross jurisdictional lines to avoid prosecution, deploy professional-style tactics to field their nefarious operations, including diverse logistics, illicit liquidation, financial crimes, and recruitment.

They repeatedly victimize retail stores of all sizes, from the mall, to the strip center, to the big box, and Main Street; and from home improvement, to grocery, to apparel, and sporting goods. They interrupt the normal shopping experience for our customers, demoralize our associates, and disrupt our supply chains.

The rise in retail theft and violence is highlighted in the NRF's annual Impact of Violence and Theft report. This year's data reveals that retailers have experienced a 19 percent increase in merchandise thefts over the past year, compounding on the reported 24 percent increase from 2022–2023.

On violence, 51 percent of retailers report thieves are more aggressive this year than the following 73—and in addition to the 73 percent increase from last year.

In-store theft is only one aspect of organized retail crime. Groups have become more sophisticated in both method and tactic. Over the past year, 70 percent of retailers have reported increases in phone scams; 55 percent increased the digital and e-commerce fraud; and over 50 percent saw increases in cargo theft.

Criminal groups utilize military-style tactics, counter-surveillance to commit cargo thefts on railroads, complex deception tactics to obtain gift cards, and cybercriminals' activities to steal freight across the supply chain.

Consider one of my most recent cases where Homeland Security Investigations worked alongside State and local police to investigate and interdict a consolidation and exfiltration scheme:

Stolen apparel was being prepared for packing into sea-land containers destined to cross the Texas border into Mexico. With the assistance of corporate investigators, HSI recovered approximately

2,000 pairs of American Eagle jeans, retail value of \$100,000, inside of nearly \$2 million in other apparel.

RFID research revealed my items were stolen from 35 stores across 13 States within the past four weeks of that time. The group was tied to a group out of Houston and Katy, Texas, that linked to transnational criminal organizations in Mexico.

Another example is when 35—I am sorry. A further example is when 20 stolen vehicles arrived with more than 40 individuals suddenly converging on a suburban mall. Armed with implements of destruction ranging from tire irons to firearms that endangered customers and threatened staff to commit theft. This was a coordinated attack with premeditated malice and a determination to plunder and escape. The stolen items were not necessities. This group operated under the direction of a larger entity, with the means to mobilize and monetize their illicit gains.

In conclusion, the Combating Organized Retail Crime Act, CORCA, is an essential missing layer. It would establish a Cargo Theft and Retail Crime Coordination Center, bringing together Federal, State, and local law enforcement with private sector experts to share vital information. As a professional dedicated to protecting consumers and associates, I implore all the Members of Congress to work together to ensure the Combating Organized Retail Act urgently becomes law.

Thank you for providing me with this opportunity to testify. I look forward to answering your questions.

[The prepared statement of Scott McBride follows:]



TESTIMONY OF SCOTT MCBRIDE

Chief Global Asset Protection Officer,

American Eagle Outfitters, Inc.

Before the

U. S. HOUSE OF REPRESENTATIVES COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME and FEDERAL GOVERNMENT SURVEILLANCE

**Protecting Consumers and Businesses:
Confronting Organized Retail Crime**

December 17, 2025

Chairman Biggs, Ranking Member McBath, and esteemed members of the Committee, thank you for the opportunity to address you on a critical issue: Organized Retail Crime (ORC).

My name is Scott McBride, and I serve as the Chief Global Asset Protection Officer for American Eagle Outfitters, Inc., a multi-channel, multi-brand specialty apparel retailer operating retail locations and digital direct to consumer sales in all 50 States and representing more than 35,000 associates. My responsibilities encompass safeguarding our people, products, and properties across approximately 900 U.S. stores, our online web platforms, and our extensive supply chain. I have been an active member of the National Retail Federation's Loss Prevention Council for the past 19 years, having recently concluded a two-year term as Council Chair and now serve as Chair Emeritus. With over 30 years in asset protection and in close collaboration with my retail industry peers, I possess a broad and deep understanding of ORC's devastating impact on the entire retail sector for large and small retailers alike.

ORC is not new; what is new is the ferocity, sophistication, frequency, and geographic reach that has escalated dramatically in the past five years. These criminal networks exploit the internet and encrypted messaging apps to recruit thieves, coordinate the consolidation of stolen goods, and liquidate them through illicit online marketplaces or black-market sites. They even exfiltrate stolen products out of the

country. Simultaneously, retailers have invested in new technologies to provide clearer insights into the scope of these thefts, timestamp video evidence, pinpoint the locations of missing items, and enhance collaboration with law enforcement. Despite our efforts, the problem continues to grow. Overviews that define Organized Retail Crime, Retail Reporting, and CORCA are attached (Attachments 1 & 2).

ORC is far more than simple shoplifting; it represents sophisticated criminal enterprises perpetrating massive thefts and escalating violence against our associates and customers. These groups cross jurisdictions to avoid prosecution and deploy professional-style tactics to fuel their nefarious operations, including reverse logistics, illicit liquidation, financial crimes, and recruitment. They repeatedly victimize retail stores of all sizes; from the mall, the strip center, the big box, and Main Street, from home improvement, to grocery, to apparel, and sporting goods; they interrupt the normal shopping experience for the customer, demoralize the store associates, and disrupt our supply chains.

The rise in retail theft and violence is highlighted in the NRF's annual [Impact of Theft and Violence](#)^[1] report. This year's data reveals that retailers experienced a 19% increase in merchandise theft and shoplifting over the past year, compounding a reported 24% increase from 2022 to 2023. Regarding violence, more than 51% of retailers reported that thieves were more aggressive over the past year, following a 73% reported increase in the previous period.

In-store theft is only one aspect of Organized Retail Crime. ORC groups have become more sophisticated in both method and tactic. Over the past year, 70% of retailers reported increases in phone scams, 55% reported an increase in digital and eCommerce fraud, and 50% saw increases in cargo theft. Criminal groups utilize military-like tactics and countersurveillance to commit cargo theft on railroads, complex deception tactics to obtain gift cards through financial schemes, and cybercriminal activities to steal freight across the supply chain.

Consider one of my recent cases^[2] where Homeland Security Investigations (HSI), working alongside state and local law enforcement, successfully interdicted a consolidation and exfiltration scheme. Stolen apparel was being prepared for packing onto sea-land containers destined to cross the Texas border into Mexico. With the assistance of corporate investigators, HSI recovered ~2,000 pairs of American Eagle jeans (retail value >\$100,000) and nearly \$2 million in merchandise from other retailers. RFID research revealed my items were stolen from 35 stores across 13 states. Evidence from this seizure led to the discovery of additional members of the group in Houston that linked to transnational criminal organizations in Mexico. Without the national reach of HSI, we would not have achieved such success; the case was far beyond the reach or jurisdiction of any single local agency.

¹ <https://nrf.com/research/the-impact-of-retail-theft-violence-2025>

² <https://abc13.com/post/southeast-houston-home-raid-leads-katy-police-nationwide-100-million-theft-ring-ties-mexican-cartel/16145928/>

A further example^[3] involves 20 stolen vehicles carrying over 40 individuals suddenly converging on a suburban department store. Armed with implements of destruction ranging from tire irons to firearms, they endangered customers and threatened staff to commit theft. This was a coordinated attack with premeditated malice and a determination to plunder and escape. The stolen items are not necessities; this group operated under the direction of a larger entity with the means to mobilize and monetize their illicit gains.

While some sophisticated suspects adopt a stealthy approach, many other groups have escalated to overt violence^[3]. Our store staff face threats with knives, guns, and even dirty needles. Perpetrators use pepper spray, destroy displays, and physically assault associates. Tragically, my peers have witnessed serious trauma and, in some cases, the deaths^[4, 5, 6] of customers, associates, and security personnel at the hands of organized crime members.

These examples coupled with the understanding that ORC groups are exploiting the gaps of the over 18,000 law enforcement agencies and more than one million physical retail establishments, as they jump jurisdictional lines staying steps ahead of authorities and benefit from a lack of consolidated information that would reveal their national and transnational linkages. National visibility and link analysis are crucial to comprehending the entire scope of criminal involvement, enabling agencies to make legal determinations commensurate with the full scale of the activity and to disrupt these groups.

In conclusion, the Combatting Organized Retail Crime Act (CORCA) is an essential missing layer. It would establish the Organized Retail Crime and Cargo Theft Coordination Center, bringing together federal, state, and local law enforcement with private sector experts to share vital information. This bill would allow us to expand upon state-level progress and effectively address cases that cross state lines. As a professional dedicated to protecting customers and associates, I implore all members of Congress to work together to ensure that the Combatting Organized Retail Crime Act urgently becomes the law of the land. This critical legislation will help us stop these senseless crimes in our communities.

Thank you for providing me this opportunity to testify. I look forward to answering your questions.

³ <https://www.nbcnews.com/video/dozens-of-looters-target-walnut-creek-california-nordstrom-in-violent-robbery-126856773759>

⁴ <https://abc11.com/post/home-depot-murder-gary-rasor-trial-terry-mcmillian-jr-charged-shoving-elderly-worker-store-caught-video/16468818/>

⁵ <https://www.yahoo.com/news/sending-message-shoplifter-jacksonville-store-220630163.html>

⁶ <https://www.kltv.com/2024/11/05/walmart-employee-shot-killed-by-accused-shoplifter-authorities-say/>

Attachment 1

Overview of the elements that define Organized Retail Crime (ORC)

Organized Retail Crime (ORC) is a sophisticated criminal enterprise involving the systematic theft of retail merchandise. This extends beyond simple shoplifting to encompass theft from physical stores, cargo in transit, and financial manipulations like gift card fraud. These illicit practices are executed by criminal organizations or conspiracies working in concert to supply stolen goods or value to their broader criminal enterprise and proliferate further crimes.

- **Criminal Enterprise Structure:** Criminal enterprises, while illicit, exhibit structured hierarchies. They often resemble legitimate organizations, complete with command and executive personnel providing strategic direction and instruction. Signal elements facilitate secure, encrypted, or coded communication, while the workers execute specific roles in an orchestrated manner. These roles have been given extensive instructions on how to evade apprehension, have policies and standard operating procedures, develop specialists, and are multi-level criminal networks.
- **Criminal Organizations Defined Roles:** Criminal organizations operate with a clear division of labor, compartmentalizing decision-making and mitigating risk. Key roles include:
 - **Boosters:** These individuals are responsible for the physical act of stealing merchandise from retail stores or during transit. They may receive specific lists of targeted items from the organization. They may operate under the direction of ringleaders, targeting specific items or locations. They are often described as the "foundation" of the ORC enterprise; are often low-level participants in the ORC hierarchy and are easily replaced.
 - **Mules:** Members who transport stolen goods. ORC groups often utilize stolen or untraceable vehicles to transport stolen goods, reducing the risk of apprehension and making it harder for law enforcement to track the criminals.
 - **Cleaners:** In some ORC operations, cleaners are employed to remove identifying marks such as stickers or security devices from products before they are resold. This makes it more difficult to trace the stolen goods back to the original retailer.
 - **Fences:** Fences buy stolen goods from boosters and resell them, sometimes for a fraction of the retail price. They can operate at different levels, from low-level individuals handling small volumes to high-level fences who may use legitimate businesses like pawn shops or secondhand stores to handle large amounts of stolen merchandise. Fences may also instruct boosters on which items to steal based on demand and profitability.
 - **Consolidators:** Central figures who collect stolen products for liquidation, further transport, or exfiltration outside of the country. May be involved in repackaging, changing expiration dates, and coordination with overland and sea transportation.

- **Criminal Organizations Defined Roles (continued):**
 - **Inside Informants:** Individuals working within legitimate supply chain companies (e.g., warehouses, trucking firms, brokers) who provide critical information such as shipment schedules, routes, and high-value cargo details to the ring.
 - **Hackers/Cyber Specialists:** Criminals who leverage technology to facilitate the theft. Their activities include:
 - **MC# manipulation:** Acquiring dormant or impersonating legitimate trucking companies' motor carrier numbers to blend in.
 - **Phishing and impersonation scams:** Gaining access to digital systems (Transportation Management Systems, email networks) to track shipments and create fraudulent documentation.
 - **Fooling AI/software:** Using technology to bypass AI screening software designed to vet carriers and drivers.
 - **Surveillance Teams:** Individuals who conduct physical surveillance of target locations, such as shipping facilities and known "hot spots" (unsecured parking lots, truck stops), to monitor movements and identify vulnerabilities.
 - **Cargo Boosters (Thieves/Drivers):** The individuals responsible for the physical act of stealing the cargo. This could involve intercepting a truck with fake identification, physically breaking into a warehouse, or stealing an unattended trailer.
 - **Diverter:** Those who help move the stolen goods through secondary markets or alternative supply chains to avoid detection.
 - **Scam Call Centers:** Are organized, illicit operation that uses phone calls and social engineering to deceive individuals or exploit legitimate customer service systems for financial gain or identity theft. These centers often function like regular businesses, complete with scripts, multiple operators, and sometimes even a formal office setup, but their entire purpose is fraudulent.
 - **Money Launderers:** These individuals are responsible for disguising the illicit origins of funds obtained through ORC & cargo theft operations, making the proceeds appear legitimate. Methods may include cash smuggling, "smurfing" (breaking down large sums into smaller deposits), using shell companies, invoice manipulation, or leveraging gift cards and cryptocurrencies.
 - **Ringleaders/Organizers:** These individuals orchestrate and lead the overall criminal operation. They recruit and manage networks of thieves, coordinate theft operations, identify target locations, plan strategies to evade security measures, and establish connections with fencing operations and illicit markets for profit.

- **Shipping Fraud:** uses legitimate accounts by creating seemingly credible identities (mules/reshippers) or exploiting existing good credit to place orders, shipping stolen goods to temporary addresses (like P.O. boxes or lockers) for forwarding, often internationally, to obscure origins; fraudsters then sell these items, bypassing detection by using stolen or synthetic identities, phishing for data, and impersonating legitimate shippers to steal both goods and financial info. Legitimate accounts are exploited through:
 - **Mules & Reshippers:** Criminals use real people (mules, sometimes unaware) to receive packages at their home or use forwarding services (reshippers) who bundle and send stolen goods overseas, making them hard to trace.
 - **"Ship-to Fraud" with Good Credit:** Fraudsters create fake profiles with excellent credit histories, place small, paid orders to build trust, then order high-value items, ship them to a different address, and disappear without paying.
 - **Phishing & Identity Theft:** Scammers impersonate major carriers (Amazon, FedEx) via text/email, tricking users into clicking malicious links that steal login details or financial info, allowing them to hijack accounts or place fraudulent orders.
 - **Identity Spoofing:** Impersonating legitimate drivers or carriers with fake paperwork to pick up cargo and redirect it.
 - **Fictitious Pickups:** Unauthorized individuals posing as carriers to collect shipments that never reach their destination.
 - **Shipment Diversion:** Intercepting packages in transit by exploiting weak verification processes or using cyber-hacking techniques to change destination information.

- **Recruiting Methods:** Recruitment into these criminal networks primarily occurs through vanishing message apps, encrypted messages, or coded communications. Transnational organizations frequently target and "hire" low-level operators via these secure channels. These low-level roles are easily replaceable if caught by local law enforcement and are thought of as "expendable" inside of the criminal network. The recruiting of minors for retail theft is common and the potential role of lower penalties and ease of acquiring replacements if apprehended.
 - **Lighter Penalties:** The juvenile justice system generally prioritizes rehabilitation over punishment, meaning minors often face less stringent consequences rather than the lengthy prison sentences adults might receive for similar offenses.
 - **Easier Manipulation:** Minors may be more susceptible to influence and coercion by adults involved in criminal activities.
 - **Reduced Surveillance:** Minors may be perceived as less likely to draw attention from store security or law enforcement.

- **Violence Against Store Associates, Security, and Law Enforcement:** These criminal elements pose a significant threat, employing intimidation, verbal threats, and the brandishing of weapons, including dirty needles and firearms. They routinely engage in physical assaults, including punching, kicking, pepper-spraying, and even using bear spray, knives, and firearms. Furthermore, they demonstrate a callous disregard for safety through reckless driving or trampling associates, customers, and bystanders in attempts to evade.
- **Criminal Domestic Funding Operations:** Criminal operations are sustained through robust domestic funding mechanisms. They leverage fence locations, online tertiary marketplaces, black markets, and online classified ad sites to liquidate portions of the stolen goods for cash, thereby financing further illicit activities.
- **Transnational Poly-criminal Activity:** Intelligence unequivocally shows transnational criminal organizations operating beyond U.S. borders, utilizing recruited operatives within the U.S. Their activities are not confined to a single modus operandi; they engage in a poly-criminal approach, including human, drug, and weapon trafficking, money laundering, identity theft, financial gift card fraud, smuggling, cybercrime, cargo theft and retail theft. These groups exploit differences in legal jurisdictions to evade detection and prosecution, making it challenging to investigate.
- **Retail Associate Impacts:** The escalating intimidation and violence are having a tangible impact on retail workers, making hiring staff increasingly difficult in affected locations. This challenging hiring climate, combined with significant inventory losses, is forcing retailers to re-evaluate location strategies and new store investments.
 - **Increased Violence and Aggression:** ORC often involves violence and aggression towards employees, with a significant number of retailers reporting increased physical and verbal threats against their associates.
 - **Perception of Increased Danger:** The rise in ORC activity can lead to a perception of increased danger in the workplace, causing associates to feel unsafe going to work and potentially impacting their willingness to report incidents.
 - **Mental Health Impacts:** The fear of violence and the emotional toll of dealing with ORC incidents can contribute to stress, anxiety, and even post-traumatic stress.
 - **Increased Turnover:** The negative impact of ORC on employee safety and well-being can contribute to higher employee turnover rates.
- **Consumer Impacts:** In the most heavily impacted areas, consumers face tangible consequences: lack of product availability, diminished choices, and reduced variety in addition to the threat of violence or injury from these groups. The perceived threat to customer safety can lead to reduced foot traffic and lower sales volumes. In severe cases, these conditions have led to the formation of retail deserts where businesses can no longer operate sustainably.

- **Consumer Impacts(continued):**
 - **Higher Prices:** Retailers facing losses from ORC often increase prices to offset the costs of theft, including increased security measures.
 - **Reduced Product Availability:** ORC can lead to retailers removing high-value items from shelves or locking them up, making them less accessible to consumers.
 - **Increased Security Measures:** Retailers are investing in more security personnel and technology, which adds to their operating costs and may make the shopping experience less enjoyable.
 - **Potential for Safety Concerns:** ORC can be associated with violence and other criminal activity, making retail establishments less safe for both customers and employees.
 - **Product Safety Concerns:** Stolen goods, particularly perishables or those with expiration dates, may be tampered with, altered, or improperly stored, posing health risks to.
 - **E-commerce Impact:** ORC also impacts online marketplaces, where stolen goods are often resold, making it harder for consumers to distinguish legitimate sellers from those dealing in stolen merchandise.
 - **Not Just a Retailer Problem:** ORC isn't just a problem for retailers; it affects consumers by potentially increasing costs, reducing product availability, and creating a less safe shopping environment.

- **Transient Crime Sprees:** Organized retail crime groups strategically exploit jurisdictional boundaries to evade detection, apprehension, and prosecution. These transient tactics are designed to maximize the volume of stolen products, avoid aggregation or extradition, and continuously serve the larger criminal enterprise.

- **Cargo Theft, Reverse Logistics, & Exfiltration of Stolen Goods:** These groups demonstrate sophisticated logistical capabilities. They establish robust reverse logistics networks to efficiently transport, warehouse, consolidate, repackage, container load, and ship stolen products, effectively exfiltrating them across land and sea borders.

- **Law Enforcement Engagement:** Retailers are actively pursuing constant and strong partnerships with local, state, and federal law enforcement agencies to ensure a high degree of collaboration. Over the past few years, there has been a concentrated effort to engage prosecutors and State Attorneys General to bolster legal responses.

- **Retail Technology:** Advances in technology, including RFID, video surveillance analytics, and data-driven applications, are providing retailers with an unprecedentedly clear picture of the breadth and depth of organized retail crime. This enhanced visibility illuminates its financial and human impacts, increasing the call to action by retailers, trade associations, law enforcement associations, and law makers to take action for a more robust and decisive defense.

Attachment 2**Retail Crime Reporting and CORCA**

The current fragmented law enforcement approach to disrupting these criminal enterprises is unsustainable. We must recognize ORC as a sophisticated, multi-faceted criminal activity that spans all jurisdictions, including ties to transnational criminal organizations. The breadth and scope of this criminality require a coordinated national response to protect our economy, consumers, retail workers, and the safety of our communities. With over 18,000 federal, state, and local law enforcement agencies and more than one million physical retail establishments, organized retail crime rings currently operate with impunity. They hide in the margins of jurisdictional lines, staying steps ahead of authorities and benefiting from a lack of consolidated information that would reveal their national and transnational linkages. These networks ultimately move stolen merchandise overseas or across borders to reap financial gains and fund ever-expanding criminal activity.

The Critical Distinction: Shrinkage vs. Organized Retail Crime Loss Reporting

It is essential to distinguish between a common accounting terms and the impact of organized criminal activity on retail reporting.

- **Retail Shrinkage:** This is an overarching accounting term for all inventory loss, encompassing administrative errors, damaged goods, vendor fraud, and all forms of theft.
- **Organized Retail Crime Losses:** Are the losses from distinct and complex criminal enterprises. It involves the systematic theft of retail merchandise by highly organized groups. ORC is characterized by massive thefts, the escalation of violence, the crossing of jurisdictional boundaries, and the exploitation of the entire supply chain—from physical stores to cargo in transit, often involving sophisticated financial manipulations like gift card fraud.

For decades, retailers have mitigated the impact of rising ORC thefts by focusing on controls for administrative errors and discrepancies. However, the capacity to offset ORC losses through these means is rapidly diminishing. If ORC remains unchecked at national and transnational levels, the direct consequences will be higher consumer prices, limited product availability, and the potential emergence of "retail deserts."

Discrepancies in ORC reporting data are a direct result of the crime's systemic nature:

- **Varying Definitions and Limited Visibility:** Every retailer operates with unique products and supply chains and maintains a limited view of the scope and complexity of the organized criminal groups victimizing nearly every retail sector. Consequently, each company has its own threshold for defining a theft case as ORC.

- **Jurisdictional Complexity:** ORC frequently crosses state and jurisdictional boundaries, making it nearly impossible for any single local or state law enforcement agency to grasp the full scope of activity. The complex hierarchy of criminal networks—including boosters, mules, fences, and money launderers—further complicates data aggregation and clear identification.

A national-level coordination center is essential to provide the critical national level link analysis needed to establish criminal relationships between locations, suspects, vehicles, and other assets used to mobilize and monetize stolen merchandise.

The Role of The Combatting Organized Retail Crime Act (CORCA)

The establishment of the Organized Retail and Supply Chain Crime Coordination Center, as proposed by the Combatting Organized Retail Crime Act (CORCA), would serve as a critical, unifying layer of collaboration:

- **National Visibility and Link Analysis:** By uniting federal, state, and local law enforcement with private sector experts, the Center would facilitate the sharing of vital information and the coordination of strategies. This collaboration provides national visibility, enabling crucial link analysis to fully expose the scope of criminal involvement.
- **Consistent Accountability:** The Center would effectively address cases that meet specific thresholds or cross state lines, building upon state-level progress. This ensures that appropriate agencies can make legal determinations commensurate with the full scope of the criminal activity, leading to the disruption and dismantling of organized criminal groups.
- **Establishing a Lead Agency:** Leveraging best practices from other National-level coordination centers, CORCA establishes a lead Federal agency to advise, coordinate, and support all aspects of the public-private sector collaborative effort.

It is critically important for law enforcement and private industry to coordinate and share information because ORC operates as sophisticated criminal enterprises that exploit vulnerabilities across the entire supply chain.

- **Retailers' Unique Insight:** Private industry possesses unique insights into the scope of these thefts through advanced technologies like RFID and video surveillance analytics. These tools can pinpoint last known locations and timestamp evidence.
- **Law Enforcement's Mandate:** These criminal cases often extend far beyond the reach or understanding of any one retailer or local law enforcement agency. Only through coordination can investigations access the jurisdictional reach and legal authority required for national disruption.

The Coordination Center, led by Homeland Security Investigations (HSI), will bring together multiple critical federal agencies. Their diverse viewpoints are crucial because ORC is not a singular issue but a complex web of poly-criminal activity, transcending simple retail theft.

Each agency contributes a specialized lens to identify, track, and disrupt different facets of these sophisticated operations, which exploit differences in legal jurisdictions to evade detection and prosecution.

Federal Agency	Crucial Advantage
Customs and Border Protection (CBP)	Essential for addressing the exfiltration of stolen goods across land and sea borders.
US Secret Service (USSS)	Expertise in financial crimes, integral to ORC through gift card fraud and money laundering.
Postal Inspection Service	Addresses the use of shipping for the illicit liquidation of stolen products.
ATF and DEA	Critical given the poly-criminal activities of these transnational organizations, often including human, drug, and weapon trafficking.
Federal Bureau of Investigation (FBI)	Provides national investigative capabilities for complex criminal networks.
Federal Motor Carrier Safety Administration (FMCSA)	Vital for addressing cargo theft and the use of stolen vehicles for transport.

Homeland Security Investigations (HSI) is the ideal agency to lead this national effort due to their:

- **Proven Capability:** HSI has demonstrated expertise in interdicting consolidation and exfiltration schemes that cross state and national borders, leading to the recovery of millions of dollars in stolen merchandise.
- **National Reach and Collaboration:** HSI's ability to effectively collaborate with state and local law enforcement is crucial for developing cases that extend across multiple jurisdictions.
- **Experience with Transnational Organizations:** Their extensive experience in identifying and disrupting transnational criminal organizations, which are increasingly involved in ORC, solidifies their suitability to coordinate this initiative.
- **Leverage Current Best Practices:** HSI has a proven track record of operating coordination centers such as the National Intellectual Property Rights Coordination Center (IPR Center), a U.S. government task force led by HSI, which combats global intellectual property theft, counterfeiting, and piracy, bringing together multiple agencies to protect public health, safety, the economy, and national security by coordinating enforcement and sharing information extensive experience in identifying and disrupting transnational criminal organizations, which are increasingly involved in ORC.

Retailer Technology, Data, and Privacy

Companies prioritize safeguarding people, products, and property. Robust programs leverage advanced retail technologies such as RFID, video surveillance analytics, and data-driven applications. These technologies provide an unprecedentedly clear picture of inventory movement, helping to pinpoint the last known locations of missing items and are critical for identifying and investigating potential inventory diversion into gray or illicit markets.

While internal controls are vital for individual businesses, a collaborative approach through the Coordination Center would transform individual efforts into a collective, national defense. The primary focus must remain on facilitating information sharing to address a problem that extends far beyond the capabilities of any single entity.

Responsible Data Sharing and Privacy

Companies cooperate with law enforcement and federal agencies to report, investigate, and prevent theft, robbery, violence, and fraud. Information shared is strictly limited to what is necessary for law enforcement investigations, adhering to all applicable privacy laws and regulations. Our intelligence sharing specifically supports investigations into Organized Retail Crime, focusing on the theft and illicit movement of merchandise to identify criminal networks and recover stolen goods.

Strong internal privacy and data-handling protocols support efforts that solidify clear, responsible privacy and data-handling protocols for formal information-sharing arrangements with federal agencies align with our existing commitment, building trust and ensuring shared information is directly relevant to combating ORC.

The Retailer's Critical Role in the Center

Retailers, large and small, must play a critical and active role in this public-private partnership. Our role would involve:

- **Providing Expertise and Data:** We possess a broad and deep understanding of ORC's devastating impact and can share valuable data related to loss events, robberies, cargo thefts, and fraud schemes.
- **Identifying Trends and Modus Operandi:** Our day-to-day exposure allows us to identify emerging trends, new criminal tactics, and specific target items, invaluable for proactive enforcement strategies.
- **Supporting Investigations:** Corporate field investigators can represent victim companies and assist in identifying recovered merchandise and providing analytical data to aid in the recovery of additional stolen product and the identification of transient criminal groups.

Formal coordination with HSI under CORCA provides a crucial and necessary framework for a complex, national problem. The "tips, trends, or data provided by private actors" are not the sole basis for enforcement; they serve as vital intelligence that, when combined with law enforcement's investigative capabilities, enables a comprehensive response.

Our focus is on identifying and disrupting organized criminal enterprises that perpetrate massive thefts and engage in sophisticated tactics, such as the use of electronic countermeasures, manipulation of financial instruments, nefarious reverse logistics, or the coordination of large-scale thefts. We prioritize investigations where there is clear evidence of organized criminal activity, differentiating between individual shoplifting and the structured, often transnational, operations of ORC groups.

The intent of CORCA is to facilitate coordination to dismantle organized criminal groups that are exploiting jurisdictional gaps and operating with increasing violence. The alternative—leaving retailers to battle these highly organized and often violent groups in isolation—would be far more detrimental to our communities and the safety of our citizens.

Mr. BIGGS. Thank you. I recognize myself now to enter a U.C. We have a letter from the National Association of Convenience Stores about this issue and about this topic. I will admit that into the record without objection.

Now, I recognize the gentleman from North Carolina Mr. Knott for his five minutes.

Mr. KNOTT. Thank you, Mr. Chair. Thank you for holding this an important hearing.

To the witnesses who are here, I look forward to this conversation.

We are very excited to have this hearing because it addresses a very real problem. It addresses just one more area of American life that organized crime is really striking at the heart. When you step back and look at the effect of organized crime, for a variety of reasons, including unchecked migration from people all over the world coming to this country, some of whom are coming with bad intent. If you look at weak law enforcement policies, antilaw enforcement policies.

You look at former drug dealers are now cartel operatives. If you look at former welfare chiefs are now international fraudsters. Old neighborhood brawls have turned into war zones, gun battles. If you look at local gangs are now being replaced with international crime syndicates.

That extension has certainly gone into retail crime. Many of you have mentioned that already. In my experience in law enforcement, of all those particular types of crime, most Americans are least familiar with organized retail crime even though organized retail crime affects, arguably, every single American the most.

By some estimates, I've seen that the direct cost for organized retail theft is over \$100 billion a year in this country. It is growing. The indirect costs are many multiples higher than that.

In regard to my observations as a former prosecutor, often when you observed a petty crime, an individual crime, it was one spoken in a much larger wheel.

To that extent, Ms. Stephan, I want to start with you. A lot of people who are questioning this bill have a fear that it is going to take away local law enforcement's ability to fight this crime.

As a former Federal prosecutor, I used to work with local law enforcement to attack crime.

Please tell us why Federal assistance in tackling organized retail theft is needed from a district attorney's perspective?

Ms. STEPHAN. Thank you for that question. Absolutely there is a role for State prosecutors, like I talked about. There is a role for Federal prosecutors.

One great example of how you can split, conquer, and make your community safe is an elder justice task force where we were able to take real action against these scammers that are going after our elderly. We could only, again, get to the people that were showing up at the doorstep of our elderly and prosecute them.

By teaming up in a task force that included the U.S. Attorney, we were able, the Federal Government was able to do a RICO action. You know what that is?

Mr. KNOTT. Sure.

Ms. STEPHAN. There is a lot of power to bring the higher-ups of these terrible scammers that are abusing our seniors.

Mr. KNOTT. Sure.

Ms. STEPHAN. I envision the same thing for retail theft.

Mr. KNOTT. Organized retail crime does not stop at your jurisdictional boundary, does it?

Ms. STEPHAN. Not at all.

Mr. KNOTT. In regard to the crimes I mentioned—gangs, drugs, violent criminals, and fraudsters—there is a Federal forum for those criminals?

Ms. STEPHAN. Absolutely.

Mr. KNOTT. If it is a logical extension, why would we not have a Federal forum for organized retail thieves?

Ms. STEPHAN. These criminals travel across county lines and State lines, and international lines, so the only way that you can defeat a big monster like that is to come together and leverage our individual power set to take care of our communities.

Mr. KNOTT. It's safe to say it would be a partnership, not a replacement, in the Federal law enforcement?

Ms. STEPHAN. Absolutely. I don't plan on being replaced.

Mr. KNOTT. Right. Yes, ma'am. Mr. McBride, I want to talk to you briefly.

You talked about the levels of sophistication of these international crime syndicates. Can you describe who these people are and what type of mechanisms they utilize to further their criminal activity?

Mr. MCBRIDE. Thank you for the question, Congressman. I cannot speak to exactly who they are. That is more of a question for HSI and the law enforcement agencies that have ties or information on that.

Mr. KNOTT. In your experience, what have you observed?

Mr. MCBRIDE. In my experience, we know that exfiltration schemes, and we are getting a clearer and clearer picture because of data that we are able to collect on our own product, that is showing there is a highly sophisticated levels of roles and responsibilities within these organizations.

Some people do not leave the State. They commit the crime but they are working for someone that is outside the State, or even outside the country, who might be a shot-caller that is developing this mechanism and is employing—and I say that loosely as a term—employing them to do these crimes at different levels for different jobs, whether it is the boosting, the muling or moving the product, cleaning it and consolidating it, and reshipping it to a central location and then the exfiltration abroad.

Mr. KNOTT. It is safe to say this is not just an interstate issue, it is an international issue, is it not?

Mr. MCBRIDE. It is. Transnational polycriminal organizations are the ones that are really calling the shots here.

Mr. BIGGS. The gentleman's time has expired. Thank you.

Mr. KNOTT. I yield back. Thank you, Mr. Chair.

Mr. MCBRIDE. Thank you.

Mr. BIGGS. The Chair now recognizes the gentleman from Tennessee, Mr. Cohen.

Mr. COHEN. Thank you, sir. I want to followup on Mr. Knott's question. I am going to start with District Attorney Stephan, Darrell Issa's friend.

Is this deterrent-based car theft devices, does that help your situation? They can't get into the cars with these devices on them, can they?

Ms. STEPHAN. Well, innovations like that have been very helpful in auto thefts; that's correct.

Mr. COHEN. Darrell's fighting crime?

Ms. STEPHAN. Pardon me?

Mr. COHEN. Darrell's fighting crime was we speak. As you speak, right?

Mr. McBride couldn't give us any names. Mr. Knott wanted some names. I'd like some.

Who? Who are we talking about? In drugs we know it is El Chapo, and Pablo Escobar, and blah-blah-blah. Who is it in this situation? Who are the big names? Do you get any of them ever?

Ms. STEPHAN. Well, we know some names, yes. We know that, for example, when it comes to what I talked about, the commercial burglaries and the home burglary crews, those we have been able to identify with a group that is abusing what is called an ESTA visa. That is coming from a variety of countries.

They are coming in, and then getting replaced and another group comes in and just follows through with what they have been doing. That has been identified.

Mr. COHEN. Can you tell us the names? Are they big crime syndicates or are they just crime?

Ms. STEPHAN. Well, I think it is big crime because it is affecting a lot of people, victims in my community.

Mr. COHEN. Right.

Ms. STEPHAN. I go by what the Federal Government is what does the designations. I know that the FBI has designated them as a crossnational, transnational crime group.

Mr. COHEN. San Diego is different than Memphis and Kansas City. You are on the international border.

Ms. STEPHAN. Yes.

Mr. COHEN. Are cities in the interior of the United States getting the same type of crimes? Are they people from outside the country that are doing this predominantly?

I see some bobbing heads in the crowd. Do you bob, too?

Ms. STEPHAN. From the people that we have captured in these commercial and residential burglary crews, they have hit multiple States. I don't think that they are traveling from State-to-State very easily. I can't tell you they are in your State. We have had cases where they have Arizona, they have got the State of Washington. They have got Colorado.

We have had several sophisticated crews that have come across multiple countries. How do we know? It is when we arrest them and we download their phones using the proper search warrant. We are able to track their communications and their movements.

They usually rent cars in different locations and start over. This is very sophisticated. It is not like the fentanyl where I can tell you exactly where it is coming from and who is producing it. It is much more distributed.

My answer to you would be this: That without a database we are not going to be able to connect the dots.

Mr. COHEN. That in the CORCA bill, that they would be one?

Ms. STEPHAN. Exactly. In the CORCA bill, Section 17, Number 6, it talks specifically about that part of what it is going to uncover is connections with intersections with other criminal activity, like potentially elder scams, like human trafficking.

Mr. COHEN. I have only got about a minute left. Let me ask you this, and if anybody else can answer me, too.

What I am trying, and I don't know if I know the names anyway, but is there an Al Capone out there? Is there some big criminal type that is in charge of this whole deal?

Ms. STEPHAN. Not that I know of.

Mr. COHEN. OK.

Ms. STEPHAN. What I do know is we haven't done enough to get the answer. We won't get the answer without a task force.

Mr. COHEN. Right.

Mr. MCBRIDE. Congressman, I can only speak to following our product. Our product is being exfiltrated across the Texas border into Mexico. Our product is being interdicted in the Port of Long Beach, headed for Colombia, South America.

We have also been involved in investigations with HSI on container shipments outside of the port of New Jersey.

Those products are being loaded into a container. That container is being manifested to leave the country. All of the products is stolen from multiple retailers, mine included, inside of those containers.

We have recovered many of them. Some have slipped through and not been able to be stopped.

From a transnational perspective there are kingpins out there. I do not know their names. I am not privy to that law enforcement side. There is probably confidential information that is not being shared with the retailers where those—

Mr. COHEN. We need to talk—we need to talk to the FBI and Kash Patel. This should be his area of jurisdiction; is that correct?

Mr. BIGGS. The gentleman's time has expired. You may answer the question, Mr. McBride.

Mr. MCBRIDE. I believe that it is a Federal issue and that we need national link analysis. The HSI has been the most helpful so far. We would expect that they would be able to lead this charge.

The FBI is certainly involved as a partner, along with other Federal agencies.

Mr. COHEN. Thank you, sir.

Mr. BIGGS. The Chair now recognizes the gentlelady from Florida, Ms. Lee, for five minutes.

Ms. LEE. Thank you, Mr. Chair, for holding this important hearing.

Thank you to all our witnesses for being here with us today. You have highlighted something that is so important for us in Congress to recognize, and that is that the threat of organized retail crime has grown exponentially. Today we are seeing such sophisticated schemes involving fraud, impersonation, and also cyber-related tactics. That necessitates, in my ways, a Federal coordinated response.

In my home State of Florida we have seen an increase in cargo theft. It is impacting freight hubs all over our State. The increasing sophistication of these criminal networks highlights that need for greater Federal law enforcement support.

Mr. Spear, I would like to go back to you and your testimony.

One of the things that you noted is that there is in some State and local law enforcement areas a lack of resources in jurisdiction. You noted that this was clearly a Federal responsibility.

I would like to hear a bit more from you about that lack of resources in jurisdiction, how it is affecting crime prevention in this way and, also, the advanced cyber tactics that are being used to disrupt our cargo transport and, also, the safe containment of these retail products.

Mr. SPEAR. Thank you, Congresswoman. Yes, I would be happy to.

Trucking obviously operates in all 50 States, every congressional district. We see the panoramic view of the Nation. Moving freight State-to-State is a daily experience for us.

We work with State law enforcement, we work with local law enforcement. The problem with this is that you are obviously moving from one point to another, this freight can get taken at any point in time, in any State. It is that sporadic.

Obviously, we will work with local law enforcement if they are first on the scene, State law enforcement. That freight can, obviously, be in another State before we can even figure out that it was taken.

The speed of our response the ability to share information quickly, Federal databases could be a harbinger for that to really understand the broader ramifications, not just about where the freight could be headed in different States, but also, other links and organizations that might be responsible for it.

The local and State law enforcement aren't going to have that ability to see State-to-State, see Federal. That panoramic view is the missing piece of the puzzle. OK? We are working just fine local and State. It is getting the national fabric, that interstate fabric into the puzzle to make it complete and actually be able to go after these criminal organizations effectively with the speed that we need to tackle the problem.

The transnational criminal organizations, that is an international element. That is the strategic theft that we are speaking to. These groups are operating out of Eastern Europe, Russia, South Africa, and China. These are places where if you have a laptop, you have access to a process, a system. You can go into a bill of lading and redirect freight as it is in motion.

We have had members that the driver thinks it is legitimate, it is the company's system that is telling them to redirect, drop the freight to a dummy site. That freight is long gone before they even figure out that it was taken. That is going to require multiple States being part of a Federal fabric to be able to understand where that threat is coming from and how to prevent it.

The State and local governments do not have the capability to attack transnational organizations. That is a Federal responsibility. It is the missing piece of the puzzle. If you put it in under CORCA,

then you really have a full solution to tackling this problem quickly.

Ms. LEE. Mr. Bennett, I would like to go back to you on this subject. I know that you also work a lot in digital and cyber defense in your position.

Would you please comment on the that organized retail crime is no longer limited to in-store theft. You touched on a couple of these other digital consequences, things that are happening.

What are you working on? What are you seeing from a cyber defenses perspective and how technology is being used to help promote and perpetrate these schemes?

Mr. BENNETT. Representative Lee, thank you very much for the question.

From my perspective, the work that we do on our team, this is a really important element from a technological perspective. Advanced analytics, identifying atoms of behavior, all these things are critically important.

I am sure everyone on the panel has received a text message that says you didn't pay—you need to pay a fee or a fine in EZPass. At first glance that doesn't seem like organized retail crime. You might not connect it to organized retail crime. That is a fraudster fishing information from you that ultimately is going to turn into some sort of laundering activity, in large part in the retail environment.

Those are examples of how consumers see ORC, and they don't realize it. It might look like an individual issue. It is connected to a much larger scheme and scam. I know I mentioned our gift cards early on. We could talk about that.

Mr. BIGGS. Yes, thank you. Time has expired. Thank you.

Ms. LEE. Thank you.

Mr. BIGGS. The Chair recognizes the gentleman from Texas, Mr. Nehls.

Mr. NEHLS. Thank you, Mr. Chair. Thank you all for being here.

As a former sheriff for Fort Bend County, Texas, in law enforcement for 30 years, back in 2017–2018 already we were experiencing organized crime in the greater Houston area. We arrested several individuals from Venezuela coming in, creating, committing many, many burglaries, and residential burglaries. We had them coming in from Honduras and everywhere else.

I believe that many of these burglars would come into our country having been deported previously several times for previous crimes. Personally, I believe what you guys are experiencing right now and the increase of crime is because of our Southern border, and that porous Southern border over the past several years.

Would you agree—if I can go down the line, would you agree that our policies at the Southern border have contributed to this chaos we see in organized theft and retail theft across the country? Just a yes or no.

Ms. STEPHAN. I can't answer that.

Mr. NEHLS. OK, then we will go to the next. Mr. Bennett, yes or no?

Mr. BENNETT. The view that we often have in retail is limited, so I can't really answer that.

Mr. NEHLS. OK.

Mr. SPEAR. We move 76 percent of the USMCA freight. Yes, it is definitely an issue. We are a moving target.

Mr. NEHLS. Yes. You highlighted the fact that they were—you are the one who talked about the refrigerators?

Mr. SPEAR. That is correct.

Mr. NEHLS. They were going back across to Mexico and everybody else.

Mr. SPEAR. That is correct. How about you, Mr. McBride?

Mr. MCBRIDE. I do not have any data that would lead me to be able to say yes or no.

Mr. NEHLS. Well, the average person that has served in law enforcement for all the years, you are seeing what Tren de Aragua was doing. I am assuming that they are probably involved with some of this.

In just my experience as a sheriff, I think over the past several years our Southern border policies has contributed to this chaos, whether it is in just retail or just part one crimes, everything. Assault, all of it is a result of our Southern border. I am going to make a prediction.

You have seen an increase in crime. The numbers you said that over the past several years these crimes have become increasing. Do you believe that with our position now at the Southern border with Donald J. Trump, are you optimistic that we are going to see a reduction in some of this organized retail crime as a result of our position at the Southern border with they are just not letting anybody in anymore?

Just yes or no, ma'am.

Ms. STEPHAN. I can tell you definitively when it comes to drugs and fentanyl, yes. I cannot tell you with regard to retail theft.

Mr. NEHLS. I am assuming retail theft would probably help them with their drug addiction.

Mr. BENNETT. My perspective would be that we need the support from the Federal Government to help solve this issue.

Mr. SPEAR. If he signs this bill, CORCA, absolutely. We will have the piece of the puzzle that we need to combat it, not just domestically but internationally.

Mr. MCBRIDE. My position is that organized retail crime is recruiting and has recruited more than we know across all States, and that CORCA is the only way that we are going to get visibility to this type of crime in this country.

Mr. NEHLS. Well, again, through my experience as a sheriff and arresting some of these bad *hombres*, knowing that after we have arrested them they have been deported four, five, six times for some of the same damn crimes they have committed before, we have arrested but they keep coming back, I will just say this, Mr. Bennett, the Federal Government is getting involved because Donald J. Trump has secured the Southern border. He secured the Southern border.

The way you reduce all this recidivism is by keep them out of our country; right? Keep them out.

I support the idea of a task force, by the way, Mr. Chair. I think it is a great idea. I believe that we are going to come back, maybe have a hearing in another year or so, and you are going to have a better attitude about this, because that the Southern border is

a serious, serious issue. Now that it has been solved by keeping the bad *hombres* out, help is on its way is what I say.

I yield back.

Mr. BIGGS. The gentleman yields back. I recognize the gentleman from Wisconsin, Mr. Tiffany.

Mr. TIFFANY. Thank you, Mr. Chair.

Mr. Bennett, the leading home improvement retailer in the Midwest, they gave me an example of theft that has happened in their stores. Does this sound plausible? The numbers are really staggering.

In 2022, a husband-and-wife team stoled over \$33,000 worth of goods. They have stolen half a million dollars from other retailers.

Nineteen different teams of Romani suspects—some people referred, or some people refer to them as Gypsies—crossed the Midwest stealing electrical breakers, \$165,000.

In 2024, eight different suspects committed theft via credit card to the tune of \$224,000 at 46 locations. A total of 107 individual police reports, only three have been arrested.

In 2025, 209 separate instances of rental equipment theft, 128 different stores, \$350,000 loss. Is this plausible?

Mr. BENNETT. Representative Tiffany, thank you for the question.

I am not familiar with all those cases, obviously, with a partner retailer, but certainly it is plausible.

Mr. TIFFANY. I mean, \$165,000 of electrical breakers? What the heck are they doing with them?

Mr. BENNETT. Well, I can speak to my space here on fraud. I can tell you that there are numbers of consumers that are victimized.

I have worked on cases where we have had 38 victims from 38 different States all linked to one investigation. These sort of complex, structured activities are certainly, certainly plausible.

Mr. TIFFANY. Mr. Spear, I am going to followup on Mr. Nehls' questioning here.

About the Southern border, doesn't it make sense if we are being diligent as a Federal Government on our Southern border about who is coming in and out of the country, that some of these bad actors are transnational; is that correct?

Mr. SPEAR. That is correct.

Mr. TIFFANY. The best way to access us is oftentimes the Southern border; correct?

Mr. SPEAR. It's a contributing factor.

Mr. TIFFANY. Doesn't it just make sense, then, that by securing the Southern border for this particular issue that it is going to be helpful?

Mr. SPEAR. There is no question about that. The Southern border is certainly an element to it. It is a very complex problem. It is not just the Southern border. It is legit, no doubt, but this is happening electronically, the strategic theft that I have spoken about. That is the 1,500 percent rise since 2021.

Again, if you have a laptop you can access. A lot of these groups want to fly under the radar.

I understand Congressman Cohen's question about names. I wouldn't focus on names; I would focus on numbers. This is a vast

volume of freight being stolen electronically and redirected. A lot of it is getting shipped out of the country.

This goes way beyond hit and run type of theft, the straight theft that we have seen over 100 years with trucks. This is a very complex, digitally driven renaissance. This is really sophisticated stuff. A lot of it is being handled out of Eastern Europe.

I was just over meeting with the European Parliament, educating them on the problem in their backyard. They were oblivious. They had absolutely no idea that a lot of the theft that is occurring here in the United States is originating in their backyard.

There needs to be an element, a Federal element that coordinates that. The States' localities do not coordinate with INTERPOL. That is a Federal responsibility between DHS, DOJ, and DOT. Bringing them into the puzzle, completing that fabric and being able to coordinate the broader implication beyond the Southern border is really what we are looking for.

Mr. TIFFANY. You are talking about all elements need to work together; right?

Mr. SPEAR. All elements.

Mr. TIFFANY. As Mr. Cohen or, no, Mr. Raskin commented about this is not your average shoplifter. There are some prosecutors who are going to have to up their game; right? I am not referring to you. Mr. Issa gave a glowing review of the work that you have done, District Attorney.

Isn't it correct that prosecutors need to do their job also; is that correct?

Mr. SPEAR. Absolutely. It is just all the pieces have to work. Nobody is trying to take jurisdiction from the others; it is just fulfilling those parts and pieces.

Sharing information is step one. You have got to be able to understand beyond one State where the cargo is moving. Is it the origin where it originated? Is it in motion? Is it the destination? That could, that could canvas multiple States.

Who do you file it with? Where does it go? That depository is really needed.

Mr. TIFFANY. I want to get one final question in for Mr. McBride.

Which State policies targeting organized crime in your opinion have been effective? What State policies have been effective?

Mr. BIGGS. The gentleman's time has expired. You may answer, Mr. McBride.

Mr. MCBRIDE. Yes, Congressman. Thank you for the question.

There is multiple States that have enacted organized retail crime laws. Those are being very, very effective within those States. The challenge is we need that national level link analysis and coordination center to be able to tie those together. Thank you.

Mr. BIGGS. The gentleman's time has expired. I now recognize the gentleman from Alabama, Mr. Moore, for his five minutes.

Mr. MOORE. Thank you, Mr. Chair. Mr. McBride, have there been changes in the types of merchandise targeted by criminals in ORC?

Mr. MCBRIDE. Every single retailer—thank you for the question, Congressman—every single retailer has a key set of products that are being targeted by the organized retail crime groups. In my case it is denim, it is jeans from American Eagle Outfitters. It is the

highly lucrative, most expensive item that we sell on a regular basis.

Other retailers have their own products that are being targeted. There were some photographs in the hearing room earlier of those products that are being recovered on a daily basis from law enforcement agencies at the local-State levels all over the country.

Mr. MOORE. Can you explain how certain policies led to an increase in ORC?

Mr. MCBRIDE. In the post-COVID era—

Mr. MOORE. The ones you feel that.

Mr. MCBRIDE. Yes. In the post-COVID era, the organized retail crime groups took the time to retool. They have used the internet encrypted apps to recruit known associates.

They have used leverage techniques and social engineering to gain the upper hand on folks within the—armed citizens within the United States to do the dirty work at the lowest levels. They are sometimes minor. They are recruited and they are expendable to those organizations. They will roll up the next one to commit those crimes.

They have a multilevel organized set of command structures that they use to boost, move, consolidate, and clean. Because they will remove tickets, they will remove sensor antitheft devices. They will throw away any GPS trackers that we insert inside this cargo to try to be able to get eyes on the movements. Then, they will exfiltrate that product out of the country.

Mr. MOORE. Are the jeans being lifted off the shelves? Or how is that happening when you say they just, they come into the stores themselves?

Mr. MCBRIDE. Correct. Correct, Congressman. In the retail stores they are being boosted by what we call boosters; right? They come in and commit mass thefts. They may come in and overwhelm a staff in a store that may only have a few associates working. They use intimidation tactics to try to come back and revictimize the same locations over and over again because it is easier for them.

We are also experiencing cargo theft. We had some of our shipments interdicted. We have, as my fellow witness stated, trucks that are broken into at truck stops, at red lights, in the mall parking lot they will be removed.

Mr. MOORE. Mr. Spear, I remember we were in the trucking business growing up. I was in New York one night. We were in the sleeper asleep and the truck started shaking.

All of a sudden we go back and they have cut the lock, and they are stealing out the back of the truck. Now, it sounds like it is almost and it is a technological advantage for the criminal element; right?

How do they reroute this? Is that something they are doing with the GPS system, or how are they sending these trucks?

Do they look official and then they send them an email and say, hey, you are going here? How does that happen?

Mr. SPEAR. Yes, hackers will get into the systems. Bill of lading they can see, actually, the most expensive cargo.

That is what is different here. It is not just a hit and run and we roll the dice, did we get something valuable? They know what is in the truck. It could be pharmaceuticals. It could be munitions.

It could be a whole host of things that we don't want criminals to even know is in the truck.

You can see that when you get into the system. They double broker. They work with brokers. They are a facade. They are going as a legitimate motor carrier. They are a front, they are a false front. They intervene in that process as the broker that's handling the freight from the shipper to the motor carrier. They pose as a false carrier, basically.

Mr. MOORE. Will they take it to a dock or a warehouse somewhere normally or?

Mr. SPEAR. Yes, it will move in, generally, multiple States. These are products that often end up going overseas. Energy drinks are banned in multiple countries. Didn't know that, actually?

Mr. MOORE. It is like Coors beer used to be banned. In *Smokey and the Bandit* they would move them East in the State.

Mr. SPEAR. Growing up in Wyoming I can understand.

Mr. MOORE. You know all about that, don't you?

Mr. SPEAR. Yes, I do. Energy drinks they put them on the black market in these banned countries. It is a very sophisticated crime. It is not just the hit and run type of crime that we have been familiar with for the last 100 years. This is very crypto-driven criminal activity that is done overseas, well abroad.

Mr. MOORE. Yes. I was in New York that night, they stole shrimp from our reefer unit. The thing was, they didn't know what was in it. I am amazed now that they actually get the bill of lading and know what they are stealing.

Mr. Bennett, one last question here. Do you think soft-on-crime policies affect the safety of the employees and customers inside Target stores?

Mr. BENNETT. My experience is that we have seen violence in our stores. That crime in our communities is problematic.

What is most important to us at Target is protecting our teams and our guests. We certainly focus on that from the strategy perspective.

Mr. MOORE. I yield back.

Mr. BIGGS. The gentleman yields back. The Chair recognizes the gentleman from California, Mr. Kiley for his five minutes.

Mr. KILEY. Thank you, Mr. Speaker. In California, we have had probably the worst retail crime problem in the country. You go to our major cities, most of the things in basic convenience stores are behind lock and key.

The cause of this is probably threefold: A lack of resources for police; some rogue district attorneys like George Gascon in L.A. who, fortunately, has been removed by the voters; and then very weak laws when it comes to punishing retail theft.

Things got so bad—we have a witness from Target here today—that last year our Governor Gavin Newsom was visiting a Target when a thief absconded with a variety of merchandise. The Governor starts berating one of the Target employees, saying, "Why aren't you stopping them?"

Apparently the employee didn't recognize who she was talking to and she said, "Well, we can't because of the Governor."

Despite this, the Governor himself opposed an initiative that I was part of last year to actually restore some real consequences for

retail theft in California. It eventually became known as Prop. 36. The Governor led the opposition against it. The State's political class closed ranks in opposing Prop. 36.

Yet, at the end of the day it passed with 68 percent of the vote. It passed in every single one of California's 58 counties, even Governor Newsom's San Francisco. It got more votes than any other measure on the ballot, showing just how fed up the people of California are with the rampant lawlessness that is proving such a threat to business and to safety.

We have a district attorney with us today. District Attorney Stephan, I know that you are a supporter or at least are grateful for the passage of Prop. 36. Can you just let us know how it has improved the ability of your office to actually hold criminals accountable and deter crime?

Ms. STEPHAN. Thank you, Representative Kiley, for your help with this proposition. It has been a game changer for us.

We have been able to prosecute. It targets, as you know, habitual offenders. It doesn't target the kid who makes a mistake, but we are targeting the habitual offenders.

San Diego has already seen a 23 percent reduction in property crimes. It still doesn't get to that high level organized criminals that we need this legislation, the CORCA legislation, for. It certainly has given us the tools to act.

Of course, something that I worked on for a whole year alongside you and other leaders.

Mr. KILEY. That is right. The DA's Association really led the charge on that. Thank you for all your work on it and what you are doing now. We certainly need these measures at the Federal level to supplement those new consequences.

Just out of curiosity, if you could have your wish as to any other changes that we could work for in California to make your office better able to protect the people of San Diego, anything come to mind?

Ms. STEPHAN. Well, for now my wish is for the CORCA bill that the national DA's Association supports and I support. We don't know what we don't know. By having a database we will learn information, connect the dots, and be able to go after organized crime. There is really no other way to do it.

Mr. KILEY. Right. Well, thanks very much. We have made crime illegal again, as say now in California, with this initiative. We still have a long way to go. We have seen a real improvement in no small part because of dedicated prosecutors like yourself.

Thanks very much. I yield back.

Mr. BIGGS. Will you yield to Mr. Knott?

Mr. KILEY. I would be happy to, yes.

Mr. KNOTT. Thank you, Mr. Kiley. I want to be sure we are clarifying something here.

There is a lot of talk about names, organizations, and so forth. In my experience as a prosecutor you have a local incident, like a drug seizure. Then, you have repeated local incidents, the same seizure, and the same person. There is a search warrant for a device or a car and international contacts are discovered.

You go up the chain, and you realize this is part of a much larger operation. It is not every stop. It is not every seizure. When you

uncover an international organization with a more sophisticated wheel, you have a forum in Federal law enforcement to hand that case over to.

That is where I received the cases. We are talking about whether it is drugs, whether it is firearms, whether it is human trafficking, there is a forum when those incidents occur.

There is not a forum for retail theft. The retail theft is occurring over, and over, and over with impunity. I just wanted to clarify that. Is that consistent with what you have experienced, Madam DA?

Ms. STEPHAN. That is absolutely the right description. We have that. We have a forum for fentanyl where we handle some cases, the Feds handle international cases. We have it for scams. We have it for gang violence.

Mr. KNOTT. Yes.

Ms. STEPHAN. We do not have it for something that is ripping off the places that are the heartbeat of America.

Mr. KNOTT. Right.

Ms. STEPHAN. Small businesses and large businesses.

Mr. KNOTT. That is right. It is literally—one more point, Mr. Chair—it is literally I would get a—

Mr. BIGGS. Quickly. Quickly.

Mr. KNOTT. —notebook of a Case Summary that said this started local and now it is clearly international. Then, I would work with local law enforcement to prosecute that case. You can't do that with retail theft. We need to fix that.

Mr. BIGGS. Thank you, Mr. Knott. Those are great points. I appreciate that. I recognize myself for, for five minutes.

This kind of reminds me of the pre-1972ish idea in America that there was no such thing as the Mafia. If you remember that. Hard to believe that we went into the Seventies, the movie *The Godfather* was required to remove the term Cosa Nostra or Mafia from it by Joe Colombo, who was the head of New York crime families, one of the five families.

This reminds me of that because no one know who the kingpin is. We know that it involves international manipulation. We know and suspect that, in my opinion, you also have South of the border cartel activity as well directing this. Because I live in Arizona and we see evidence of this.

This is a big thing that is happening. It is spreading and it is growing. Even though I am certain that South of the border cartels are involved, I am also just as certain that there are other international kingpins that we have got to reach out that are in China, Asia, Russia, Russia, and Europe.

I just want to report that not too many months ago I took a tour of my local Walmart, big super Walmart place. I have been to Target, too, but I didn't take the tour there. I just, I have been to Target, too, so.

What do we find is they said, "let us show you the aisle from which we have had to take really decisive action because it is the aisle from which most of our stuff was getting ripped off. It is the Lego aisle." Everything is—that is hard to believe. Nonetheless, they were stealing it.

They were doing exactly what you are saying, they are ripping off a whole—like what you were describing with jeans—somebody is coming in, they are boosting a whole bunch, getting it out of there. Overwhelming the staff and moving it on some marketplace, extraneous marketplace.

There is a definite need to resolve some of this issue.

I am going to ask you a question in a second, Mr. Spear. I want to say that one of the things that has to happen at the Federal level besides this national law that you are looking for, which is CORCA, is you are going to have—the Feds have got to do Southbound operations on the border.

We do Northbound operations endlessly. We send people back. That is why you are seeing the slowdown. We don't do Southbound operations very often. That dearth, that void allows truckloads of various items to go South of the border without ever being detected because we just don't have the personnel, nor the strategy to interdict going South. Southbound operations it is going to have to step up if we are going to really close this thing down.

Mr. Spear, I wanted to ask you a question with regard to your testimony on page 10 of your testimony. I am trying to figure out your tables, Tables 8 and 9. I want you to explain those to us.

Then, I also want you to talk about the large trucking companies versus the smaller or 10 units and below trucking companies because I am wondering is there a distinction.

Are the big companies sharing the ripoffs as much as the smaller companies are?

Mr. SPEAR. Yes. If you look at page 10 of the written testimony, Tables 8 and 9. Table 8 is centered on motor carriers. These are actual trucking companies that are, are moving the product. These are the States where we are witnessing the most activity year over year.

As you can see, there is a lot of States in here that are ports. We also have several that are inside the U.S. that also have access to riverways like Tennessee.

It is the type of cargo. It is usually occurring in larger cities, areas where there are ports, where there are ways that you can move very quickly. That is the motor carrier chart.

Then, if you go into Table 9, that is the logistics service provider chart. This is the strategic theft that I was speaking about. This is the brokers, the third-party folks that handle, intervene, that handle the shipments on behalf of the shipper, the motor carrier. They are the brokers.

This is where the electronic element comes in, masking as a motor carrier or a false business. Obtains the cargo and is able to move it from State-to-State, even abroad. This is where we have seen the 1,500 percent surge since 2021. This is the escalating type of crime that is not just on the Southern border, it is around the world.

The access through a laptop is the catalyst for doing that. If you look at these States, you are also seeing a pretty similar pattern to what you see for motor carriers. This is where we really see the surge of cargo theft.

Mr. BIGGS. Is there any distinction between large trucking companies, particularly in the logistics portion, in the hijacking the technology?

Mr. SPEAR. Yes. Some of our largest members have experienced it in various ways. They have more interaction with other modes with rail, for instance, who are listed in the 90-plus supply chain sponsors supporting CORCA. They have a lot of interaction, inter-modal interaction with other modes as well.

There is a lot of connectivity and they are going to have a lot more robust systems to see what is happening and track it. They also have a lot more technology in the trucks, as well as the trailers, to track that cargo.

To get down to 10 trucks or less operations, they are not going to have the wherewithal to combat this, let alone the ability to "who do I call?" Do I call it where the cargo originated, where it is headed, or where the crime occurred? Who do I call beyond State and local law enforcement?

There is no centerpiece to coordinate that. There is no sharing and there is no understanding. That is the missing piece of the puzzle that I think will bring in more capability for the 10 trucks or less businesses.

We don't want to see those folks go under. They are very important to local communities. They are doing the hard work day-to-day. They are just as important as the largest members of ATA.

Obviously, that is a direct interaction, too, with truck drivers. We really do care about their safety as well.

Being able to train up and have that capability, we want that to happen across all members, large and small. Giving them that capability would be a huge step up. We believe CORCA does that.

Mr. BIGGS. Thank you. I appreciate each Member of our panel, and your testimony, and your statement that is written and incorporated into the record. We appreciate it.

This is an important topic to us. As I spoke to all of you beforehand, this is necessary before you can even begin to move a mark-up bill.

We have been called to vote. I am going to yield about 30 seconds max to my friend from North Carolina who is just itching to ask another question, so.

Mr. KNOTT. Mr. Spear, just briefly, is there anything we can do besides the criminal enforcement to assist in protecting the marketplace from these sophisticated scams?

Mr. SPEAR. Yes. The enhanced enforcement, Federal, State, local, and working with us. We have to invest in this. We have got to train our employees just as much. That is all-important. It is multiple pieces at the same time. What is missing is the Federal.

The enforcement piece is important. I think better information sharing is really, really critical.

We talked about that. Deputy District Attorney talked about that in terms of other States and being able to see the broader, bigger picture. That is where you are going to see some of the bigger names and maybe who is behind this.

Mr. KNOTT. Yes.

Mr. SPEAR. Like I said, a lot of these folks want to stay low on the radar. They don't want to be tracked.

Mr. KNOTT. The best criminals are the hardest to catch.

Mr. SPEAR. That is exactly right. You are seeing them grow exponentially.

We think the information, the reporting, and the ability to harbor that information is going to really, really help Federal, State, local, as well as our industry understand the bigger problem, connect the dots faster.

Again, this is all about speed.

Mr. KNOTT. Yes.

Mr. SPEAR. It is being able to act quickly and understand that. You get this extra piece of the puzzle in there; we will be in a better place to do that.

Mr. KNOTT. Thank you so much.

Mr. BIGGS. Thank you, Mr. Knott. Thank you, Members of the panel. Everyone will have five days to ask additional questions or submit statements for the record.

With that, we are adjourned. Thank you.

[Whereupon, at 10:32 a.m., the Committee was adjourned.]

All materials submitted for the record by Members of the Subcommittee on Crime and Federal Government Surveillance can be found at: <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=118765>.

