

**BEYOND THE SMASH AND GRAB:  
CRIMINAL NETWORKS AND ORGANIZED THEFT**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON THE JUDICIARY**  
**UNITED STATES SENATE**  
ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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## **BEYOND THE SMASH AND GRAB: CRIMINAL NETWORKS AND ORGANIZED THEFT**

**TUESDAY, JULY 15, 2025**

UNITED STATES SENATE,  
COMMITTEE ON THE JUDICIARY,  
*Washington, DC.*

The Committee met, pursuant to notice at 10:16 a.m., in Room 216, Hart Senate Office Building, Hon. Charles E. Grassley, Chairman of the Committee, presiding.

Present: Senators Grassley [presiding], Cornyn, Blackburn, Britt, Moody, Durbin, Whitehouse, Klobuchar, Coons, Hirono, and Padilla.

### **OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM THE STATE OF IOWA**

Chairman GRASSLEY. Good morning, everybody. Today's hearing addresses the continued rise in organized retail and supply chain crime and the criminal networks that are involved in that criminal activity. We've all seen videos of mobs ransacking stores of thousands of dollars of goods and doing it in a very short period of time. Somebody measured one time, 2 minutes.

The reality is, some of the worst criminal organizations, including cartels, terrorists, and human traffickers use this type of crime funding their misdeeds or launder ill-gotten proceeds. These groups steal large quantities of merchandise from retail stores and the supply chain then attempt to resell these stolen items online through other illicit channels.

One Homeland Security Investigation operation called King of Thieves uncovered organized retail crime ring, which had sent millions of dollars in criminal proceeds overseas. That same group finance coyote fees for deported individuals to return to the United States.

Earlier this year in Katy, Texas, law enforcement discovered that mall thieves were linked to cartels responsible for over \$100 million in thefts across the United States. So far, law enforcement officials have linked 98 individuals to this ring. This threat has evolved to our supply chains exposing significant vulnerabilities.

The Justice Department recently indicted 11 defendants, including 9 illegal immigrants with stealing nearly \$500 million dollars' worth of Nike shoes. The defendants' new valuable goods were in a train car based on visible high security locks. The defendants cut the air hose to the train's braking system, which can cause

derailments and serious injuries. Criminals see this type of crime as a low risk, very high reward way to fund their enterprises with no regard for the people that they endanger.

It's not just luxury goods these thieves are after. Items in food and beverage categories are among the most stolen in supply chain crime. These goods are transported in specific ways to maintain food safety from infant formula to basic groceries. Once a seal is broken and a single pallet of goods is stolen, the entire container is no longer safe for consumption.

Congress must treat these acts for what they are. They're acts of violent, sophisticated criminals exploiting a patchwork system. Efforts to address this sweeping problem through civil actions are insufficient. Criminal action must be met with criminal punishment. Federal coordination is needed to share information, promote collaborative investigations, and fully address this sweeping cross jurisdictional crime that impacts all Americans.

Homeland Security investigators estimate that the average American family will pay more than \$500 annually in additional costs due to the impact of organized retail crime. This is one of the many reasons 38 States attorneys general support Senator Cortez Masto and my bill. The bill goes by the title of Combating Organized Retail Crime.

Many of the signatories on this letter are from Members of this Committee's home State. They wrote, "This legislation would provide the necessary resources at the State and Federal level to bring organizations and individuals behind this nationwide problem to justice."

So, without objection, I'll enter the letter into the record.

[The information appears as a submission for the record.]

Chairman GRASSLEY. And now, I call on Ranking Member, Senator Durbin, for his opening statement.

**OPENING STATEMENT OF HON. RICHARD J. DURBIN,  
A U.S. SENATOR FROM THE STATE OF ILLINOIS**

Senator DURBIN. Thanks, Chairman Grassley for holding this hearing to look into large scale theft of retail products that are then sold to unsuspecting consumers, often on online marketplaces.

This is not a new problem. Back in 2008, I met with Home Depot. They told me the story about a drill that they sold exclusively that was being found for sale new in the box, and at a discount by sellers online. It had to have been stolen some part of manufacturing or sales process, and it wasn't just tools. This was and still is happening in all kinds of products, all kinds of stores, including cosmetics, electronics, clothes, over-the-counter, drugs, toys, and as the Chairman said, food and other things.

I remember when the CEO of Walgreens came in to see me based out of Illinois, and I said, "Now, why do I have to call a clerk at your drug store when I want to buy underarm deodorant so they can unlock the shelf and I can buy the underarm deodorant? Are these so precious that they have to have special surveillance and guarding?" And he said the fact of the matter is retail theft takes these things in volume and sells them in volume. And of course, it's not the individual. It's likely to be the one to sell it. It's some sort of an operation, which we're going to talk about today.

This is a problem that affects everybody. Higher prices, lost jobs, and lost community investment when shops that can't keep up with the rising cause of theft are forced to close their doors. I've worked on this issue for a long time. As Chairman of the Committee years ago, I held a hearing on cleaning up online marketplace to protect consumers from stolen, counterfeit, and unsafe goods. Not long after, Congress passed my Informed Consumers Act bipartisan bill I introduced with Senator Bill Cassidy, Republican of Louisiana.

This law requires online marketplaces to collect, verify, and disclose information about high volume sellers who offer new or unused consumer products for sale on the platform. Remember that Home Depot drill that I talked to you about earlier when they found out that it was being sold online and clearly had been stolen? They contacted the online operation and said, this is a stolen product. There's no doubt about it. And the online operation said, "So what? That's not our responsibility. That's somebody else's."

Well, this bill, the Informed Bill changed that. The Informed Consumers Act is guided by three principles, verification, transparency, and accountability. If someone's going to sell large volume of goods online on the marketplace, they should tell the marketplace who they are. Home Depot couldn't figure out who was selling these drills. The online operation wouldn't identify their user. The sellers should be verified.

Second, if a product sold online and turns out to be a fake, stolen, or dangerous, consumers should be able to report it and find the seller, and the marketplace must ensure the seller can't just disappear and pop up later with a new account name. Third, if a consumer orders a product from one seller online and the order's actually filled by another company, the marketplace should let the consumer know.

I'm sad to report to you that despite 2 years since we passed this bill, the Federal Trade Commission has literally dropped the ball on enforcing the Informed Consumer Act. It's been more than 2 years since this law went in effect. The Federal Trade Commission hasn't even promulgated regulations in 2 years to implement it.

The FTC has received hundreds of complaints regarding violations of this law. But how many enforcement actions has this agency taken? None. Zero. This is unacceptable and it must change. The Federal Trade Commission has to step up and enforce the law that we passed and the President signed.

In the meantime, State and local governments have stepped up their efforts. In May, in my home State of Illinois, Cook County Regional Organized Crime Task force brought together more than 100 law enforcement agencies and 30 major retailers for a crackdown that resulted in hundreds of arrests across 28 States. That that is a success we must build on.

Federal law enforcement also has an important role to play, but we must acknowledge this administration has announced different priorities instead of combating crimes. Like I described, the Trump administration has diverted critical resources toward the President's mass deportation agenda. Homeland Security Investigations, better known as HSI, plays a leading role in combating criminal networks and organized crime, including organized retail theft. But under this administration, HSI has been diverted toward rounding

up immigrants, many of whom pose no threat whatsoever to this country.

According to one recent report, and I quote, "HSI, supervisors have waived agents off new cases so they have more time to make immigration enforcement arrest." One veteran agent said, "No drug cases, no human trafficking, no child exploitation. It's infuriating." Instead, he said, "HSI is arresting gardeners."

These are not the actions of an administration serious about combating crime, diverting Federal resources and dangers Americans, and leaves us less equipped to target and disrupt criminals like those in organized retail theft. We have to have an open and honest discussion about the role of the Federal Government in reducing organized retail crime. I look forward to that dialog today. Thank you, Mr. Chairman.

Chairman GRASSLEY. Thank you. Before I introduce our witnesses, I'll say thank you for the time that you put in to prepare for this and going out of your way to be with us to help us solve this very important issue.

Our first witness, Honorable David J. Glawe, President, Chief Executive Officer, National Insurance Crime Bureau. In this role, Mr. Glawe leads a united effort among property casualty insurance companies, law enforcement agencies, car rental companies, and other partners to combat insurance fraud.

He served in the intelligence community in law enforcement for 20 years or more before retiring from public service. He was the Senate-confirmed Under Secretary of Homeland Security for Intelligence Analysis, and he happens to come from the State of Iowa.

Ms. Donna Lemm is Chief Strategy officer of IMC Logistics, an intermodal carrier, and the largest marine short distance transport provider in our country. She's a known leader in the industry, having worked in logistics and transportation for over 30 years. IMC is based in Memphis, Tennessee, one of the Nation's largest freight hubs.

Scott McBride, the Chief Global Asset Protection Officer for American Eagle Outfitters. After serving as a Marine, Mr. McBride started his career at American Eagle as a store associate in 1993. He's been with the company obviously for more than 30 years. Mr. McBride is also chairperson of the Loss Prevention Asset Protection Council at the National Retail Federation. He recently received Loss Prevention Magazine, Founders Award for Excellence in Leadership.

District Attorney Summer Stephan. Ms. Stephan is the current President of the National District Attorney's Association. She's the district attorney for San Diego County, California, the second largest DA office in California, and the fifth largest in the United States.

As district attorney, Ms. Stephan created a specialized team to investigate and prosecute organized retail crime cases, working closely with businesses and law enforcement. She's recognized as the national leader in combating human trafficking and sex crimes, as well as organized retail theft.

Now, I'm going to ask you folks to stand so we swear you in.  
[Witnesses are sworn in.]

Chairman GRASSLEY. They all have said yes. Now, you may give your opening statement from Glawe across the table there. So, please begin, Mr. Glawe.

**STATEMENT OF HON. DAVID J. GLAWE, PRESIDENT & CEO,  
NATIONAL INSURANCE CRIME BUREAU, OAK BROOK, ILLINOIS**

Mr. GLAWE. Chairman Grassley, Ranking Member Durbin and Members of the Committee, thank you for the invitation to testify and holding this important hearing on organized retail and cargo theft.

I'm the President and Chief Executive Officer of the National Insurance Crime Bureau. NICB is the Nation's premier non-for-profit organization committed to detecting, preventing, and deterring insurance crime and fraud through intelligence-driven operations. NICB has been fighting insurance-related crimes since 1912. We are supported by over 1,200 property and casualty insurance companies.

For nearly 115 years, NICB has been at the intersection of insurance industry and law enforcement, serving as the hub for information sharing to protect consumers, including for reports of suspected insurance crime and fraud. In fact, NICB is codified by name into many States' insurance crime reporting laws. This gives NICB unique visibility into organized crime trends nationwide.

Equipped with this expertise, NICB trains and assists law enforcements in the investigation of crimes affecting consumers as well as our members at the Federal level. NICB is especially proud of our longstanding relationships and partnership with the U.S. Department of Homeland Security and the Federal Bureau of Investigation. As an example, NICB special agents working with our Federal partners leveraged our expertise on vehicle identification numbers, also known as VINs, to help identify the vehicles in the 1993 World Trade Center and Oklahoma City bombings. NICB also assisted State and local law enforcement to recover over 6,000 vehicles in wake of the Maui and Los Angeles wildfires.

These public and private partnerships continue today and are joint efforts to combat threats that transcend State and national borders, including organized thieves. These sophisticated transnational criminal organizations, which effectively operate as billion-dollar corporations profit from these crimes, cargo theft exploits, supply chain vulnerability.

It's big business, big money, and big opportunity. The impacts are felt at kitchen tables across the country through higher costs. In 2024, cargo theft increased to historic highs, up 27 percent from 2023 with estimated losses exceeding \$1 billion. This year, we expect it to rise another 22 percent. Other estimates suggest that cargo losses may reach up to \$35 billion annually. In the past 18 months, NICB has assisted in more than 240 cargo theft investigations leading to more to over 70 recoveries valued at nearly \$40 million.

Cargo thefts are not the result of small operations. These are well-funded, sophisticated criminal businesses, which include Mexican drug cartels as well as operations out of West Africa, China, and Eastern Europe. Often secured stolen goods, everything from sports drinks to sports cars are routinely exported into illicit mar-

kets to finance other criminal activities including drugs, weapons, and even terrorism.

As an example, NICB recently assisted law enforcement in uncovering a cargo theft ring that used business email compromises to successfully export stolen industrial equipment to resale overseas. In 2024, we assisted in a multi-state investigation that resulted in more than 50 arrests and the recovery of vehicles to include weapons, drugs, and more than \$8 million of cargo stolen from a major railroad. And recently, NICB assisted U.S. Customs and Border Protection in intercepting stolen TVs that were bound for Panama.

NICBs investigations confirmed that transnational criminal organizations are exploiting supply chain vulnerabilities by posing as legitimate or fictitious carriers through identity theft and synthetic IDs. These complex tactics compel a coordinated response from the public and private sectors.

In the public sector, deterrents and coordination are critical. Criminals currently benefit from a legal framework with inadequate deterrence and fragmented law enforcement coordination. The private sector must commit to stronger carrier vetting protocols and adopting other industry standards for preventing theft. Congress can help by passing the bipartisan Combating Organized Retail Crime Act.

CORCA would increase deterrence by enhancing current criminal statutes. The bill also establishes a coordination center within the Department of Homeland Security. Currently, there is no central hub for intelligence sharing and operation coordination, thus making it difficult to confront the full scope of the threat. A coordination center would address this gap. Homeland Security Investigations is well suited for this role given its expertise in transnational criminal organizations.

Public-private partnerships are essential. NICB stands at the intersection to support the center with any requested expertise, intelligence, operational support, and resources. NICB applauds the bipartisan work in the Senate to combat transnational criminal organizations and cargo theft, which harms all consumers.

Thank you again for this opportunity to testify, and I look forward to answering your questions.

[The prepared statement of Mr. Glawe appears as a submission for the record.]

Chairman GRASSLEY [off mic]. Thank you, Mr. Glawe. Now, Ms. Lemm.

**STATEMENT OF DONNA LEMM, CHIEF STRATEGY OFFICER,  
IMC LOGISTICS, COLLIERVILLE, TENNESSEE**

Ms. LEMM. Chairman Grassley, Ranking Member Durbin, and Committee Members, thank you for the opportunity to testify about the exponential rise of cargo theft. We need your help.

My name is Donna Lemm, and I am the Chief Strategy Officer for IMC Logistics. Our company is a nationwide intermodal and drayage provider. IMC and our ATA motor carriers are on the front line of this crisis.

A few years ago, cargo theft was barely on my company's radar. In 2021, we had 5 cargo thefts reported. In 2024, we had 876 cargo

thefts reported. That's alone a 17,520 percent increase. The landscape has shifted, moving from criminals to organized theft groups sabotaging our supply chain.

So much of our cargo moves intermodal. Our partner railroads share with us drone footage of thieves cutting air brakes, containers thrown across the desert and criminals emptying these containers in minutes. These containers arrive for motor carriers pick-up and our large intermodal rail hubs, Chicago, Memphis, St. Louis, Kansas City, and Dallas.

These contents and containers sometimes arriving empty or with contents half gone. Cargo theft impacts all of us, including our food and agricultural shippers who are caught in this explosion of organized thefts. Full trailer loads of food and beverages that have been targeted have been stolen and gone, agricultural exports by rail, sadly seeing loads pilfered, seals cut, our cargo spoiled, damaged, and lost.

It becomes so challenging to pinpoint where the theft happens. In these interstate commerce moves, arrests and prosecutions are nearly impossible. Meanwhile, consumer prices and insurance rates soar. The level of violence surrounding these acts becomes more threatening.

On a local level cargo theft has also taken a very large toll. Just 8 weeks ago, our Memphis terminal was stormed by seven vehicles. Our gates were cut breached, criminals went straight to a specific area of our terminal. They were interrupted by our security team, but not before they had stolen \$25,000 worth of merchandise in just 3 minutes.

In our Riverside, California terminal, similar stories. Three masked criminals cut our gates in broad daylight and opened six containers before interrupted by our guard. We're talking about hundreds of thousands of dollars stolen in incidents across the United States with no resolution.

How can we connect the dots at local, State, and Federal levels on these cargo crimes? Here's an example of the value if we do. We had two containers of appliances stolen in St. Louis. It was reported for insurance purposes, but no arrests were made. Several months later, we got a call from the ATF. They had stumbled across our appliances in a warehouse that they raided. These refrigerators were being stuffed with cash to smuggle money across the southern border.

This is not just an insurance matter. Cargo crimes, if connected, can help us link these operations orchestrated by transnational criminals. Brazen heist like these put our whole supply chain and our workers in harm's way. Our employees and our drivers are our most valuable asset. We invest millions of dollars in multi-layered security, including surveillance equipment, vehicle barriers, tracking technology, engine immobilizers, SOS buttons for our drivers and for our guards.

We also have very advanced cyber security protocol, but these criminal groups are highly organized. They have formidable cyber capabilities of their own. One fraudster stole a customer's identity to place an illegitimate delivery order with us, and we are sending unknowingly valuable goods right into the hands of these bad actors. Another group made counterfeit driver IDs and fake placards

on the side of the truck to impersonate a real motor carrier. They stole five loads and chassis valued at more than a million dollars.

Rising cargo theft and incidents like ours are happening to my counterparts across the trucking industry and across our supply chain. We cannot stay silent. Cargo theft will continue to metastasize unless Congress recognizes the severity of the problem, law enforcement devoting sufficient time and resources, and the Federal Government taking a leading role in coordinating enforcement efforts.

This is why the trucking industry is enormously grateful to Senator Grassley and Cortez Masto for their leadership in introducing the Combating Organized Retail Crime Act. This bill would put law enforcement's coordination on par with their sophisticated criminal adversaries and safeguard our national security. Cargo theft is robbing our supply chain to the tune of \$35 billion per year. Who is harmed? All of us?

I thank the Committee for their focus on this issue, and I look forward to your questions.

[The prepared statement of Ms. Lemm appears as a submission for the record.]

Chairman GRASSLEY. Thank you, Ms. Lemm.

[Off mic.]

Now, Mr. McBride.

**STATEMENT OF SCOTT McBRIDE, CHIEF GLOBAL ASSET PROTECTION OFFICER, AMERICAN EAGLE OUTFITTERS INC., PITTSBURGH, PENNSYLVANIA**

Mr. McBRIDE. Chairman Grassley, Ranking Member Durbin and esteemed Members of the Committee thank you for the opportunity to address this critical issue of organized retail crime. Chairman Grassley, thank you to you and Senator Cortez Masto for reintroducing the CORCA Act of 2025 and inviting me to testify.

My name is Scott McBride. I'm the Chief Global Asset Protection Officer for American Eagle Outfitters, a national retail company that operates stores and online in all 50 States and represents 35,000 associates. I have also been an active member for almost 20 years of the National Retail Federation's Loss Prevention Council, having just completed a 2-year term as chair, and now currently, chair emeritus.

Imagine an organization that leverages masters level business concepts to unite individuals toward a common goal, harnessing technology to their advantage and defining clear roles and responsibilities. You might think I'm describing a successful retail company, but this group also uses intimidation and violence, electronic countermeasures to hide from and evade detection, and manipulates financial instruments like gift cards, and executes nefarious reverse logistics tactics to sell or move stolen product offshore.

ORC is far more than simple shoplifting. It represents a sophisticated criminal enterprise, perpetrating massive thefts, escalating violence against our associates and customers, crossing jurisdictional lines to avoid prosecution, and deploying professional-style tactics to fuel their nefarious operation, including reverse logistics, illicit liquidation, financial crimes and recruitment. They repeat-



edly victimize retail stores and disrupt our supply chains. This is how an organized retail crime group operates.

While ORC is not new, its verdict, its veracity, sophistication, and frequency and geographic reach have dramatically increased in the post-Covid era. These groups use encrypted message apps to recruit thieves, coordinate the consolidation of stolen goods, liquidate them through illicit, online tertiary and black market sites, and even exfiltrate stolen product out of the country.

Simultaneously, retailers have invested in new technology to provide a clear insight into the scope of these thefts. Pinpointing the last known location of the missing items, timestamping video of incidents, and enhancing collaboration with law enforcement in all jurisdictions.

Despite our efforts, the problem continues to grow. Consider the recent case where Homeland Security Investigations working alongside State and local law enforcement successfully interdicted an exfiltration scheme. Stolen apparel was being collected for packing into SeaLand containers destined to cross the Texas/Mexico border.

With the assistance of corporate investigators HSI recovered almost 2,000 pairs of American Eagle jeans with the other retailer merchandise totaling almost \$2 million. The retail jeans were valued at \$100,000 of that \$2 million. RFID research revealed that those stolen AEO jeans came from 35 stores in 13 States. Evidence of the seizure has already led to the discovery of a second arm of the same criminal group in Utah and has generated additional investigative leads in multiple States.

Without the national reach of HSI, we would not have achieved such success in developing this ongoing case, a case far beyond the reach of any local understanding of law enforcement or agency, given the magnitude of the crimes and the multitude of jurisdictions.

This example clearly underscores the urgent need for a national-level involvement to support local and State government, district attorneys, and State's attorneys general. National visibility and link analysis are crucial to comprehending the entire scope of the criminal involvement, enabling the appropriate agencies and offices to make their legal determinations commensurate with the full scope of the criminal activity and lead to the disruption and dismantling of organized crime groups.

In conclusion, the Combating Organized Retail Crime Act is an essential missing layer. It would establish the Organized Retail Crime Group and Cargo Theft Coordination Center, bringing together Federal, State, local law enforcement with private sector experts to share vital information and collaborate on strategies to keep our stores and supply chain safe.

Thank you for providing me this opportunity to tell our story, and I look forward to answering your questions.

[The prepared statement of Mr. McBride appears as a submission for the record.]

Chairman GRASSLEY [off mic].

Chairman GRASSLEY. Thank you very much, Mr. McBride. Ms. Stephan.

**STATEMENT OF HON. SUMMER STEPHAN, PRESIDENT, NATIONAL DISTRICT ATTORNEYS ASSOCIATION, DISTRICT ATTORNEY, SAN DIEGO COUNTY, SAN DIEGO, CALIFORNIA**

Ms. STEPHAN. Good morning, Chairman Grassley, Ranking Member Durbin, and respected Members of the Committee. My name is Summer Steffan. I'm San Diego County's district attorney. I spent 28 years as a prosecutor fighting crime and violence in my community, rose through the ranks to become the elected district attorney, and currently, the chairwoman of the National District Attorney's Association. I bring both the national and local experience to you to help bring a local prosecutor's view and law enforcement view to this issue.

I want to focus on a topic that we often hear about which is a characterization of this as being an economic crime. That is an absolute falsehood. Anybody who goes to a store, and looks in the eyes of the employees, and talks to them will see a very different picture in America than we've had in years past.

I went to an Ulta store where there's 20-year-olds aspiring to become makeup artists. This is a store that is a chain that sells makeup, which is a target of organized retail theft. The way that those young clerks looked was very different than the past. They're looking over their shoulder, they're waiting for something bad to happen. And why they are waiting for that is because a crew of organized criminals attacked the Ulta stores and stole \$700,000 worth.

How do I know this? We were angry in San Diego to see the fear in our community. I brought an organized team working with ORCA, the Organized Retail Crime Theft Alliance, which has businesses and local and State officials. We were able to put together the case and solve it, and be able to bring people to justice and send them to the consequences that they deserved. However, all of the products were already lost. They were either sold online or sold internationally.

The same thing. I went to a small store, Sunny Perfumes, the owner, and the immigrant in the San Ysidro area near the border. Again, this man had a different look. Not one of excitement like our business owners that our heart of America should have, rather a look of trepidation. He showed me his broken camera. He showed me how he has his cheap perfumes in the front knowing that someone's going to come in and take his product.

So, what I want to focus on is not just that Capital One said this was a \$45 billion industry. I want to focus on our fight in San Diego where we've tried to preserve jobs. We know that the U.S. Chamber of Commerce has said that 650,000 jobs have been lost. These are jobs for people to work and provide for their family. This elevates it by itself to a national issue. But in addition to that, because of our efforts in San Diego, we've been able to identify and prosecute in 2 years, 218 defendants engaged in organized theft, and the best we could do is get up to the fence level, which is the second level at a level of \$2.6 million.

Even despite these successful efforts and task forces that came together, we were unable to get beyond to be able to track the product and the shot callers that are providing the shopping list for people to go in and steal hundreds of sunglasses worth \$350,000,

or makeup, or jeans, or Legos as was our LA latest case. Or our recent \$8 million jewelry heist where two other States suffered from the same crew, but it was unsolved because there was no alert system in the national scope that alerted us that their coming to us potentially.

These were part of identified and were prosecuted as part of a South American transnational group that's been identified by the FBI. They've also been the people responsible for a hundred residential burglaries and in the cases we've done, these residential burglaries have linked to multi-State residential burglaries.

Again, proving that this cannot be solved locally, it must be solved by local, State, and national, and this is why NDAA and San Diego DA's office supports the CORCA Bill because we need to bring bigger solutions to a really big problem that's affecting daily lives in every neighborhood. Thank you.

[The prepared statement of Ms. Stephan appears as a submission for the record.]

Chairman GRASSLEY. Before I ask my questions, I got a couple things. So, one for 30 seconds. Last month, Matt Allen from the DEA told this Committee that criminal investigations go hand in hand with the Immigration Enforcement Homeland Security Investigation. Special Agent in Charge, Jason Stevens agreed that these crimes don't operate in isolation. Reconciliation made millions that is intended to and will allow agents to tackle violent crime including organized crime.

Then, I also want to put in the record either statements or letters on this legislation from over two 260 member companies the National Retail Federation, the National Retail Industry Leaders Association, Ulta Beauty Incorporated, Home Depot, National Police Association, National Insurance Crime Bureau, Association of American Railroads, International Council of Shopping Centers, Intermodal Association of North America, and the American Trucking Association. Without objections, they will be entered in record.

[The information appears as a submission for the record.]

Chairman GRASSLEY. So, I'm going to start my questioning. Oh, by the way, I'll announce that on the Democratic side, the order is Durbin, Whitehouse, Klobuchar, Blumenthal, Hirono. On my side, it's Grassley, Cornyn, Blackburn, Britt, Moody.

Ms. Stephan, you're a strong supporter of my bill. You just made an outstanding statement. The bill amends current law to enable prosecution of organized retail and supply chain crime groups using interstate and foreign commerce and establishes the Organized Retail and Supply Chain Crime Coordinator Center at HSI.

How would this legislation improve the ability of both law enforcement and prosecutors like you to tackle organized retail crime?

Ms. STEPHAN. I believe that, Senator, that this would be a game changer because with the 218 organized crime cases that our office has done in San Diego, we have not been able to break through to what is going on nationally. We know these groups are operating nationally, internationally. In fact, the retailers tell us that their trackers are sounding off in the middle of the seas heading to different countries, but the investigations stop at the local level.

This is a national problem that's draining the economic resources from Americans, hardworking Americans, but it's also draining the

heart, and soul, and security of human beings. We have to be able to bring national solutions.

We have multiple examples where national, State, local solutions work when we are dealing with, for example, elder scams. We brought a national task force with the FBI. That's the only way we were able to identify nationals from China that had organized these scams and were able to actually bring both RICO actions on the Federal and my office brought State actions. Fentanyl; we've been able to drop that in San Diego by 37 percent. Absolutely would not happen without working with Customs and Border Protection on a fast team where we got that done.

Chairman GRASSLEY. Thank you. Mr. Glawe, you've served at the top level of law enforcement and intelligence. We know from DHS reports that cartels, terrorists, and human traffickers either facilitate organized retail and supply chain crime, or uses proceeds to finance other crimes.

How are transnational criminal organization using organized retail and supply chain crime to further their criminal activities?

Mr. GLAWE. Chairman Grassley, thank you for the question. We are embedded with the Department of Homeland Security, HSI, and Customs and Border Protection in all the major ports and with the FBI, and we're embedded with all 50 fusion centers or 50 States and multiple fusion centers as well. NICB as involved is the information hub for the insurance carriers the private sector and these organizations. We've done this for 115 years.

We have seen goods moving overseas. In Mexico we repatriated over, 2,000 vehicles that ended up south of the border. We know that the stolen goods are going to West Africa and the Middle East. From my prior role as the Under Secretary and as an FBI agent here in Washington, we know that the supply chains are interdicted with Lebanese Hezbollah. We've seen that through Hamas, and we know that Mexican drug cartels are involved with the goods going south of the border.

A coordination center, a center for excellence to coordinate intelligence from the private sector and my partners to my left and from the local law enforcement as well as coordinating operations is critical. This Committee's well aware of OCDETF and SOD, the Counter-Terrorism Center, Counterproliferation Center. These centers provide the hub for information and operational-sharing information and coordinating resources as well as tactical level response. We know the model, we know the successful model, and this bill would get us there or partially there.

Chairman GRASSLEY. Ms. Stephan, Title 18 makes Federal crime to transport stolen property with a value of \$5,000 or more in interstate and foreign commerce. Supreme Court case law allows prosecutors to aggregate the value of stolen goods in common scheme to reach that threshold. Why is aggregation of theft amounts very important?

Ms. STEPHAN. Aggregation is critical because it distinguishes between somebody who is drug addicted who goes into to steal something, food, is still wrong, but it separates them from the habitual, organized criminals. It allows you to see the activity in totality and to be able to see the repeat offenses that form the structure of organized, habitual criminals.

In California, we recently, after a long tenure fight, made a change in Proposition 36 that allowed us to aggregate. And it's already making a difference because we used to have criminals coming in with the calculators to go right under \$950, thus leaving them at a citation misdemeanor level. That's what caused all our products to become locked up except the criminals that were committing the crimes.

Chairman GRASSLEY. Thank you. Senator Durbin.

Senator DURBIN. Thanks, Chairman Grassley. Ms. Stephan, thanks for what you do, and thanks for endorsing this bill. It sounds like a good one, but it is an expansion of the federal enforcement as it would not apply to your jurisdiction, correct?

Ms. STEPHAN. Well, it actually is an—I think, an expansion. If the task force, I read it a few times, puts together this fusion center like a law enforcement coordination center, then that information is supposed to feed to the locals and all the way up. So, I view it as like the other task forces on fentanyl where we work with DEA, like that it's going to bring that fusion together to assist locals as well.

Senator DURBIN. But the leadership under this legislation is federal, correct?

Ms. STEPHAN. Absolutely, yes.

Senator DURBIN. That's the point I want to make. And the reason I'm making that point is going back to what I said in my opening statement, the investigations of these crimes at the federal level depends on the Department of Homeland Security. Does it not?

Ms. STEPHAN. That's what I read. Yes, sir.

Senator DURBIN. That's the way I understand as well. In February, the Department of Homeland Security in Washington ordered its entire investigations division composed of 6,000 agents to divert focus on drug dealers, terrorists, and human traffickers, and shift priority to the Trump administration's mission of deporting people in the United States who are in the United States illegally.

The new focus for the DHS, Homeland Security Agency, current and former officials say is in keeping with the President's executive orders that demand a wholesale shift in federal law enforcement resources toward immigration, crackdowns, and removal. But they warn the shift will undermine high profile investigations into some of the most dangerous transnational threats Americans face, including Mexican drug cartels, smuggling deadly fentanyl across the border from Mexico. Chris Campanelli, former HSI supervisory agents said, "A lot of my colleagues were afraid this was going to happen. This is going to be a total train wreck."

So, let's put the cards on the table. Yes, if anyone's involved in illegally being in the United States, undocumented or otherwise, and is engaged in criminal activity that is dangerous to themselves and others, they should be removed, period. Prosecuted, period. Are never let in in the first place, period.

But what about those who are living here, who've been here for years, working a job, showing up every day, raising a family, which is mainly American citizens and paying their taxes. Is that a priority over what we're discussing today? Not in my book as far as I'm concerned. We should go after with limited law enforcement re-

sources at the federal level, the most dangerous and threatening situations imaginable.

I've described a few of them where the subject of this hearing is another one in retail theft. I don't doubt for a second that what's been described to us today is part of a much bigger network, even reaching into drug syndication. But to say we're worried about whether someone who is cutting grass on a golf course today is undocumented, and we ought to put the resources of Federal Government into putting them in a detention facility and deporting them, I don't think that's as high a priority as the subject of this hearing today.

Ms. Stephan, let me ask you about criminal forfeiture. Can you describe, or in most general terms, this is not a quiz or a bar exam. Why criminal forfeiture being added to this bill is important?

Ms. STEPHAN. Because all of the crime, this works on greed and on money. So, you being effective means you have to forfeit. You have to take away the things that they stole. It's absolutely important because that's what they rely on, which is profit.

Senator DURBIN. I'm asking you to get down to a little lower level in your primary education course here on what criminal forfeiture is.

Ms. STEPHAN. Criminal forfeiture is where you take moneys from bad doers, wrongdoers, because they've committed a crime and you're able to take cars, their homes, any homes, exactly anything that is related to their criminal activity.

Senator DURBIN. And there's an expansion of that in this new bill as I understand it. Is that what you see it as well, criminal forfeiture?

Ms. STEPHAN. I saw criminal forfeiture. I didn't see that it expanded beyond what is normally allowed, which is a nexus between the crime and the activity. But I can go back and study it, Senator.

Senator DURBIN. I should do the same thing. I'm not being critical of the bill or of your analysis of it, but I'm saying that the notion for dealing with some network and you find the kingpins that their personal possessions could be on the table as well if they're found guilty. Is that correct?

Ms. STEPHAN. That's right.

Senator DURBIN. Right. I'm all for it.

Ms. STEPHAN. Yes.

Senator DURBIN. That sounds good. Thank you, Mr. Chairman.

Chairman GRASSLEY. Before I call on Cornyn, I think this speaks a little bit to what you were just talking about. Congress and State legislature authorized asset discouragement for more than 200 years. This legislation asset discouragement. For convictions of interstate shipment of stolen goods, transportation of stolen goods and sale or reseed of stolen goods. The Government uses discouragement to take the profit out of crime. No one has a right to retain the proceeds of their ill-gotten gains. Doing so would be an invitation to commit similar crimes tomorrow and forever. Senator Cornyn.

Senator DURBIN. Mr. Chairman, let me just add at this point I support that, and I think you do too.

Chairman GRASSLEY. You bet. Senator Cornyn.

Senator CORNYN. Thank you all for being here. I was struck by the fact that in each of your testimony, you highlight the transnational aspects of this problem. In other words, this is not just a local crime that DAs would prosecute in San Diego County necessarily. These are international networks and criminal organizations.

And unfortunately, it reminds me of what we've become familiar with in places like Mexico where the cartels do a lot of different things, but it's all designed to generate money for the cartels, whether they steal food, fuel, traffic, and drugs, or in people. And now, it seems like it's crossed our borders into the United States, because I note that in the *Katy Mills Mall* case that occurred in April 2025, at Katy Mills Mall in Texas, two of the individuals that were apprehended had Mexican IDs.

And then, in the news we hear about, for example, marijuana farms in California where unaccompanied minors who were allowed into the country without any real restriction during the Biden administration were part of the roundup there. ICE, Immigration and Customs Enforcement estimates that there are as many as 662,000 illegal immigrants currently in the country who have either criminal convictions or criminal charges pending against them.

And it strikes me as this is quite a workforce for some of these criminal organizations. In other words, things don't stop at the border. And when people get into the United States who are unvetted and who have criminal convictions or make crime their life's work, they've got to be doing something.

And I wonder, Mr. Glawe, do you think that part of the fact that we've had these open border policies in recent years that have allowed unvetted people, these aren't just people who want to come here to work and have a better life. These are people who are unvetted. We don't know who they are, but if it includes such a large contingent of people with criminal convictions or who are currently charged with crimes, aren't they part of the workforce that are used by these organized criminal organizations to do what we're talking about here today?

Mr. GLAWE. Senator Cornyn, thank you for the question. And in my current role and past role, we know transnational criminal organizations know no boundaries. These are billion-dollar businesses. The Sinaloa Cartel is one of the best known. It runs like a Fortune 500 company moving people and moving goods. It's all about the money. These organizations have connectivity to nation-states and terrorist organizations. We've seen that. This Committee's well briefed on that and has oversight on some of those cases.

Regarding the vetting of individuals and goods, it is critical component to protect the United States. As the Under Secretary for Intelligence, I was the head of intelligence at Customs and Border Protection. I know that very well. And identifying those criminal actors, those criminal networks, those terrorists that are coming in and out of the United States and the goods that are being supplied in and outside of the country.

The vetting process is critical, and I think this law, CORCA is a good step in creating a center to identify the illicit goods and the people involved with traffic those goods globally. It's an excellent

first step. And we well know this model, and it works. It's a center of excellence model to our target and illicit activity that's affecting the United States and affecting the consumers. Thank you.

Senator CORNYN. And Senator Durbin raises a concern that some of the law enforcement authorities that are currently being used to repatriate or deport people with criminal records out of the country that somehow that they're being diverted from other law enforcement activities, but I'll note that recently, we voted for \$170 billion addition to the funding for ICE for detention facilities and for personnel and training, and all of our Democratic colleagues voted against it.

So, I don't know. You really can't have it both ways. But do you believe that as I do, Mr. Glawe, that that these go hand in hand in terms of addressing this problem? You can't get at this problem without dealing with the people who are on the ground committing these crimes on a daily basis, who are then connected with these international organizations. Can you?

Mr. GLAWE. In intelligence sharing on individuals and organizations and the supply chain is critical to have a hub for information sharing to identify those nefarious actors and operationalize a response.

Senator CORNYN. Thank you.

Chairman GRASSLEY. Senator Hirono, you're next.

Senator HIRONO. Thank you, Mr. Chairman. Thank you-all for testifying. I think part of the concern regarding the organized retail crime situation is the lack of, I would say, adequate information and data. Would you agree that what we should have a better system of determining how much of this is going on? I realize that you're here because it is a serious concern, but I do think that since a lot of this data is not reported to the National Incident Bank-based reporting, for example, that that is an area that could be improved. Wouldn't you agree, any of you?

Ms. LEMM. I'd just like to comment that I agree. And one of the things that's been so interesting as we prepare for this testimony, our own statistics. I agree with you that the stats that are being reported are maybe a fraction of really the actual theft that's going on.

Motor carriers are the eyes and ears of our supply chain. We see everything. We're the first ones to see if that seal's broken, right and we're the first ones, because we are held, as soon as we out gate, responsible for that load. And so, when we looked at our own statistics for the past 4 years, it's staggering. And that's why I made the comment about in 2021, we had 5 reports of cargo theft, 5, and by 2024, we had 876 reports. It's huge.

Senator HIRONO. I think that to the extent that it is increasing, it would be also helpful that we should have all of our large cities in particular reporting in on the incidents of these kinds of crimes to the national incident-based reporting system that we put together.

Now, all of you testified that it's going to require, that the enforcement of whatever legislation that we enact will require a collaborative enforcement involving federal, State, local, and the private sector all working together. And that is one of the things that you hope will be created under this this law that you that we are



contemplating, is that a critical part of any kind of a law enforcement effort to get at this crime? And I would ask, Ms. Stephan.

Ms. STEPHAN. Yes, exactly. I think being able to put together—we did that on a State level and it enhanced our ability, and this is why we've been able to get to 218 organized criminal actors, but we know that it goes well beyond that. So, being able to organize a similar thing on a national level.

Because I can cite you multiple cases, Senator, where this same group that we were able to hold accountable in San Diego, went to Chicago, Illinois, did damage, went to the State of Washington, did damage, and we finally caught them. We're unable to prosecute them for those out of State crimes, but we were able to join our California crimes together. But we didn't have any kind of alert or information, data sharing about what to look for. What is the profile, what's coming our way in this big jewelry heist that I mentioned? I hope I was—maybe there's another question.

Senator HIRONO. With regard to the data sharing and all that, that this is something that Homeland Security would supply, is that your expectation under this bill that would require Homeland Security to be the depository or repository of a lot of the enforcement activity under the contemplated bill?

Ms. STEPHAN. I expect a federal agency to do it because of my experience with federal agencies, for example, in the area of elder scams, we were simply guessing until the FBI took on the leadership of our Elder Justice Task Force. We were able to then connect the dots and find out that my seniors were losing \$98 million a year.

Senator HIRONO. Excuse me, I am running out of time. So, to the extent that there's going to be a much bigger federal involvement in enforcement there, there is a concern about what is happening at Homeland Security as well as the Department of Justice and the diversion of resources and bodies to other than prosecuting and going after these kinds of crimes. And literally dozens of experienced people who are normally of focus on these kinds of crimes, are no longer there.

So, we can pass whatever laws we want, but unless there is that commitment to enforcement at the federal level, we are going to continue to run into resource problems. Thank you, Mr. Chairman.

Chairman GRASSLEY. Thank you. Senator Blackburn.

Senator BLACKBURN. Thank you, Mr. Chairman. Ms. Lemm, welcome. We know that you and IMC do a great job in Memphis, and we appreciate that you are here today before the Committee. How long have you worked in logistics?

Ms. LEMM. Actually, Thirty-eight years.

Senator BLACKBURN. Thirty-eight years. So, you have seen this as Tennessee has grown to be a logistics hub, an intermodal hub there in Memphis where you have all of the class one railroads. You have the very active port of Memphis which is moving a lot of cargo and containers up and down the Mississippi River. We have FedEx that is there. And then of course, because of that, we have all the trucking organizations that are well located in Memphis.

I noted in your testimony, you talked about the increase from 21 to 24 was a 5,000 percent increase. So, this is an astounding num-

ber. Now, we all know that weak DAs and weak judges that will not abide by sentencing guidelines and lock these people up and prosecute them is one of the reasons that we have seen this cargo theft explode. So, I want you to talk for a minute about what you think has caused this explosion.

Ms. LEMM. Well, I absolutely agree that, you know, part of it is that there is there's no arrest and there's no prosecution. We do have a problem with that, but we also have a problem with an understanding of what the magnitude of cargo theft actually means so often. And the Memphis Police Department does a great job. I will tell you they do respond.

Senator BLACKBURN. Chief Davis.

Ms. LEMM. Tremendous job.

But in so many ways, cargo theft, we speak almost a different language, our terminology many things are very different. And so, often when the local police do come, they may write this whole theft up as vandalism. They're not able immediately to even qualify and quantify what was taken, what's the value of what's taken. They see the damage when the fences are cut, and it's vandalism as we know it.

And so, I think what we like so much about the CORCA bill is this outline in this standardization of what is cargo theft? What is it? How do we aggregate it? I was talking about motor carriers being the eyes and ears of our industry, because we are, we don't have a voice. We don't know where to report. We need a centralized place to report.

I explained the incident in St. Louis where we, you know, basically had the ATF calling us right, to tell us that, "Oh, we've got your refrigerators." And so, it's this ability to connect the dots, local, State, and Federal that we don't have today. And you asked the question, you know, about what is it, what could we do better in the State of Tennessee? What could we do better in Memphis? I think we're doing all that we can.

Senator BLACKBURN. Right. Let's talk for a minute—pardon me about, about that, because you're right, it takes passing legislation, reframing the conversation, if you will, and then putting the parameters around that. But one of the things that we've looked at is utilization of technology.

Ms. LEMM. Yes.

Senator BLACKBURN. Because of what you're talking about with cutting the fences, and then local law enforcement having to say, is it something that is vandalism? Or how do we know what the extent of the theft is? So, changing the approach and gathering that evidence, utilizing technology, speak to that importance?

Ms. LEMM. Well, 100 percent agree that there are ways perhaps we can use technology to help us better record those instances. And I think that could be very, very helpful part of this whole discussion, too, of reporting resources needed to do it. Technology can help us do it faster, more efficiently, more effectively.

So, I really appreciate you even bringing that up. I think you know we've got a very strong technology team in Memphis would love to invite you to our headquarters and to have this maybe a further discussion about how we could bring in this whole idea of technology to help us in this area of cargo theft where we badly

need standardization, communication, and more speed in our ability to collaborate.

Senator BLACKBURN. Thank you. Thank you, Mr. Chairman.

Chairman GRASSLEY. Yes, Senator Klobuchar.

Senator KLOBUCHAR. Let Senator Padilla to go before me. It's fine. He was waiting.

Chairman GRASSLEY. Go ahead.

Senator PADILLA. Thank you for the courtesy. Thank you, Mr. Chair. Colleagues, it's clear that across the country, policymakers are grappling with how best to respond to this dynamic of increasing reports of organized retail crime. It's on the news constantly. And as a result, it's not just federal officials that are thinking about it, and what can we do about it, State officials, local officials, but through our collective experience, you know, that effective policymaking also, it depends on accurate data.

And right now, much of what we hear based on "shrink estimates" often conflates theft with inventory loss, employee error, and internal fraud. And I just can't help but observe that without standardized disaggregated data, there's a risk that we may find ourselves legislating based on more assumptions than actual evidence.

So, my first question is for Mr. Glawe. The National Insurance Crime Bureau often cites retail shrink data to describe the scale of organized retail crime. How do you distinguish between organized retail crime as opposed to employee theft, inventory mismanagement, or other forms of loss?

Mr. GLAWE. So, Senator, thank you for the question. We have been the hub for information sharing for the insurance industry and law enforcement for 115 years. So, the claims associated with crimes involved, we have access to that.

Since 2023, we've seen almost a 50 percent increase in cargo theft. So, the cans, in the goods that are inside the cans, in the last 18 months, we've seen 240 theft investigations and 70 recoveries totaling \$40 million that our organization's been involved.

So, we're actually embedded in the investigations and with the analysts at State and local levels. Regarding the shoplifting and the shrinkage inside organizations. That data is not something that the NICB actually tracks specifically, it's the larger volume, the criminal organizations and the cargoes associated with it.

Senator PADILLA. So, that in and of itself, I think is an important distinction because the nightly news may not always frame it accurately. Would you agree or disagree with that?

Mr. GLAWE. I would say the cargo theft, we can speak specifically who we have the data associated with that, the data regarding organized retail theft the crimes, which we know are associated with some criminal organizations where the supply chain goes overseas, but the actual data associated to that, I think this legislation would be a good first step in providing some granularity.

Because local law enforcement is really one—you're talking about that theft reporting of where they get their data from, it doesn't resolve necessarily to the federal system or into the claims data that we would access according to crimes.

Senator PADILLA. Right. Let me jump to a different topic. Time goes by quickly in this Committee. Organized retail theft crosses

the State lines and implicates complex networks, which you began to touch on, Mr. Glawe, from theft, to transport, to resale. But addressing the issue effectively requires the right federal partners as well. It's a public-private partnership, if we're going to crack down on this with the right tools and oversight.

Now, the Department of Justice, and the FBI, in particular, have a long history of handling multi-jurisdictional property crimes with prosecutorial discretion and judicial accountability. But CORCA, you referenced the proposal, will shift that rule to the Department of Homeland Security raising questions about mission creep or surveillance.

So, Mr. Glawe, given your background to both national security and fraud prevention, do you think DHS is the best agency to address an economic property challenge?

Mr. GLAWE. Senator, again, thank you for the question. And I did spend a large part of my career in DHS and the FBI, so I have an idea of both organizations. Department of Homeland Security, at the ports, you know, Customs and Border Protection, we're embedded with them on identifying illicit activity in goods going overseas.

Specifically, vehicles, were in multiple major ports. We've covered a lot of high value stolen vehicles at the ports and those goods transiting the ports. CBP is an important Interlochen on people and goods traveling across the borders and identifying illicit activity. HSI has a long history of working transnational criminal organizations as well. We worked with them when they were former customs special agents as well before 9/11 when DHS was formed.

DHS is a logical point of being the center here. But I think in partnership is critical with the FBI, our local law and State partners, as well as national security, which we didn't touch on, is we need to identify these networks that are associated with national security threats being terrorism and nation-state. So, a center where this can be done is very important, and this bill is a good step.

Senator PADILLA. So, I agree when it comes to the cargo dynamic and ports of entry. When it comes to retail as retail shops and theft being conducted at that level, I think that's a different question, needing a different set of tools, experience, and expertise from the Federal partners.

Last question. Now, my time is up, but if the Department of Homeland Security were to gain access to both business and consumer data, again, at the retail level, not through the supply chain, how do we prevent that information, that consumer business data, from being used for unrelated purposes?

Mr. GLAWE. Senator, I think the prioritization, as Ranking Member Durbin said before on violent criminals, transnational criminal organizations that are a threat to the United States that transit the borders is critical. This center, the vetting of people and goods that travel for threats to the United States that are associated with violent criminal organization, Mexican drug cartels, as well as terrorist organizations, is critical in this center to be a good first step to do that.

Senator PADILLA. Thank you. Thank you, Mr. Chair.  
Chairman GRASSLEY. Senator Britt.

Senator BRITT. Thank you, Chairman Grassley, for convening today's hearing. And thank you to all the witnesses for taking time to be here.

I'm proud to be a co-sponsor of the Chairman's bill, and I agree that both deterrents and a coordinated response are essential to addressing the issue. We know organized retail crime and supply chain crime have been a growing problem in recent years.

So, as my time before I came to the U.S. Senate, I was President and CEO of the Business Council of Alabama. This is something we dealt with our members across the State, and we learned that it's a multifaceted problem and it poses law enforcement, economic, and national security challenges.

While these activities involve theft, in which and of itself is a crime that must be addressed, one of my concerns is to the extent in which organized crime in the retail and supply chain area are carried out in furtherance of additional illicit crimes and to the extent in which that often involves a sophisticated criminal network.

My first questions are for Mr. Glawe and Ms. Stephan. Based on your experience, what are some of the downstream illicit activities that are tied to or furthered by the retail and supply chain theft?

Ms. STEPHAN. Thank you, Senator, for that question. What we do know is when, for example, our ORCA, our organized theft task force does these investigations, hundreds of search warrants. It's not uncommon to find the retail theft goods along with guns and drugs. So, we see that interconnection right there.

We don't have the federal tools currently to be able to then tie those to specific activity into what cartels, what organized crime is involved in this particular shipment that we have right there, and that's where the bill that you're supporting really can come into play and help us.

We also know, just from our experience, that the intersection of crime, we know that cartels in Mexico, they work with our Mexican mafia which is our, LaEME and they then issue orders to our local gangs, which then control the human trafficking activity. It's very hard to separate. These criminal organizations are there based on greed and profit, and wherever they can do that, that's what they're doing. They are not always specialists, just specialists in retail theft.

In a recent case that we did that had the South American theft groups that were linked to hundreds of residential burglaries, especially targeting our Asian communities, where they would watch as they're in their business and they would attack their homes while they were away. They would survey in those cases, you know, they had pictures on social media, that same group with guns and with inviting escort services, which is really human trafficking and other things.

So, the intersections abound. And I think that having those, connecting the dots at a federal level will allow us to see the whole framework and be able to then attack that monster in a better, more precise, strategic way.

Senator BRITT. Thank you so much, Ms. Stephan. And Mr. Glawe, before you answer not only the downstream illicit effect, but also how does this fit into the larger picture of these transnational criminal organizations? And kind of speak directly to that as well.

Mr. GLAWE. Thank you for the question. And actually, working on the transnational organized crime strategy under two administrations, I can speak specifically how important it is to have centers so the intelligence and the operation coordinating can be put together. The national security threats and transnational criminals organizations cannot be stated more emphatically that we need these centers to be able to run this information against classified data bases to understand if these are being sponsored by nation-states, being it North Korea, Iran, China, Russia, or these are by terrorist organizations.

And we know all too well this Committee had oversight on the Lebanese Hezbollah bulk cast smuggling involving vehicles in 2010, 2015 era. There's historical cases that show the model works, but you have to have a center oversight is appropriate where you can run classified and unclassified data together that brings State, local law enforcement, federal, and the private sector together to identify those criminal networks that are associated with the highest threats to the homeland.

Senator BRITT. And let me ask you, in my few remaining seconds, you obviously mentioned the center. Can you speak to any gaps in information-sharing that may need to be addressed in how we actually through the coordination and creation of this center can work to actually fill those gaps?

Mr. GLAWE. So, every center from the Organized Drug Enforcement Task Force to the Counterterrorism Center, that we know well, the models works there. It'll take time for the policies and the strategies to get in place, and of course, to correct oversight and the legal parameters to go with it, but the public private sector partnership is critical. But also bringing together disparate law enforcement organizations from the Federal Bureau of Investigations, Homeland Security Investigations, to CBP and our national security partners to identify the threats that are the biggest to the United States is critical. And the center is a good first step.

Senator BRITT. Excellent. Well, thank you all for being here. I have some more questions, but I will submit those for the record.

Chairman GRASSLEY. Senator Klobuchar.

Senator KLOBUCHAR. Hello. Thank you so much for being here. I was talking to Senator Whitehouse there about my previous job when I was a prosecutor, and we actually set up a whole group of prosecutors to work on this retail theft. It seems like our problems were simple back then compared to now.

But I guess I'll start with you, Ms. Stephan. Could you tell me how this federal legislation would ensure that criminals who engage in what is actually different than it was back then, I'll say that's now organized retail theft, face accountability.

Ms. STEPHAN. Thank you, Senator Klobuchar. The cases that we've done, which have been 218 cases in over 2 years with \$2.6 million loss, show us that there's a footprint and it's outside our State. It's across the Nation and an international footprint, a recent \$8 million jewelry heist. The Rolexes were gone overseas with the fence being in Chile.

So, it will enhance our ability to be ahead of it, to prevent the same type of jewelry heist had happened in the State of Washington, but we received no information, our local task force to tell

us there's this trend be on alert to it because it's extremely sophisticated.

Senator KLOBUCHAR. That's why that retail crime coordination center would be so important——

Ms. STEPHAN. Exactly.

Senator KLOBUCHAR [continuing]. If you get that information. Mr. Glawe, could you tell me how transnational criminal organizations use cargo theft to actually fund other illicit operations?

Mr. GLAWE. We have seen an exponential increase in cargo theft over the last 3 years. In 2023, we saw almost a 27 percent increase. We're seeing another 22 percent increase, that's a 50—well, we estimate in the end of 2025, we'll up be 50 percent. We know this supply chain is going overseas. We know it's going over our border. These stolen goods essentially have 100 percent markup. You steal it, and your profits are 100 percent.

So, the question is how do we identify those nefarious actors, those networks that are the biggest threat to the homeland. As Senator Britt's was talked about, is that's the need for those classified data bases to be run against these criminal networks. And, you know, well, Senator, this bill would provide us the strategic and tactical intelligence to address these biggest threats to the homeland, which we have no doubt that these supply chains are being used to facilitate for.

Senator KLOBUCHAR. Thank you. And Mr. McBride, I think this is an important point. How do the threats of violence by these organized retail crime cartels not only threaten the safety of store employees, but also make it hard to keep the stores open?

Mr. MCBRIDE. Thank you for the question, Senator. Yes, it's the threat of violence and the actual violence that some of my peers have experienced is grown exponentially over the last decade. My fellow witness here testified to the attitudes of some of the store and shop owners that are concerned for their safety when they're operating their shops. The intimidation tactics to come back and to be able to revictimize the retail locations over and over again is grown so much that we've had to implement additional counter-measures, had to implement training to keep our employees safe, we've had to lock up and hide.

All of that leads to a reevaluation of the investment that's being made in new stores different locations and those types of things. And has in some cases with the entire retail sector led to product deserts in some parts of this country because stores have had to close up and leave because they could no longer sustain a viable operation because of the violence, the crime, the theft, and the losses that they are incurring.

Senator KLOBUCHAR. Very good. Ms. Lemm, last but not least, so first of all, thank you for the support for the Ocean Shipping Reform Act, the bill that Senator Thune and I did. Yes. And as many of you know, that was about the pricing during the pandemic that was hurting our farmers and our retail making it really difficult.

And after we passed that bill on a bipartisan basis, then President Biden signed it into law, it actually—the rates went down for a number of reasons, but I think the threat of that in the Maritime Commission eventually doing rules made a difference, and it wouldn't have happened without companies like yours.

So, just one question on this topic. Do you agree that cargo theft poses a risk to the security of our food supply chain?

Ms. LEMM. I absolutely do.

Senator KLOBUCHAR. Can you explain that quickly, why?

Ms. LEMM. Yes, Senator, and thank you for the question. First of all, food and beverage is the number one targeted commodity in cargo theft. Number one. And why? Demand, of course. It's so difficult to track. It's so easy to distribute. And what is so devastating about that is, you know, the price of food we know already is so high. The average American cringes every time they go to the grocery store.

And what happens with these targeted thefts on food is once you have something that's precious, any kind of food, you pick it. We see 2, 3, 4 percent stolen. Those costs are immediately passed on to the consumer. And you've been very helpful with us as we discuss ag exports and what's happened is actually targeting agricultural exports, beef, poultry, perishables.

And what we also see that's happening because of so much of this transnational cargo organization, crime that's happening on our railroads, pilferage, yes it may be secondary. We believe these thieves are after high value cargo, but in the meantime, destruction to our Ag exports as they cut the seals and the integrity of load is lost.

Senator KLOBUCHAR. Thank you. Appreciate it.

Chairman GRASSLEY. Senator Moody.

Senator MOODY. Thank you, Mr. Chairman. Thank you for introducing the Federal legislation, Combating Organized Retail Crime Act. I am incredibly proud to be a co-sponsor of that. And it is timely, certainly, and needed now more than ever. I'm one of the newest Senators here, as you can tell, I sit down here at the edge of the dais. And one of the things that has shocked me and frustrated me, and that's putting it mildly, is when we're dealing with issues like organized retail crime, whether that's cargo, or smash and grab, or organized retail theft, really this should be a bipartisan effort and how we approach it.

But I'm always incredibly surprised to hear questioning that. Is it really that bad? Like, shouldn't we attribute that to something else? Or why is FBI and DHS helping? So, what I am finding is that I think in whether it's a Governor or a mayor in so many places, and just to be clear, that's the executive branch whose responsibility to it is to enforce the law. There is almost an ignorance or willful blindness, or maybe it's self-promotion over the success and stability of their State or city.

I don't know what it is, but it is increasingly hard for somebody like me that served as a judge and a Federal prosecutor and is the wife of a law enforcement officer to watch these statements. For example, in one Governor, Newsom out of California, went to a cargo theft site and was like, "I don't know what's happening. This looks like a Third World country."

In fact, I don't think it's a coincidence that in the last 3 years, the incident rate of cargo theft has gone up 17,000 percent. And we've also seen unvetted people come into this country by the millions and invited into California, and nobody's picking up on that.



How many times have we heard the word transnational criminal organization, transnational criminal organization.

In fact, we just rolled out more arrests since Trump's been in office of people here that have been deported time and time again with criminal backgrounds and are stealing from cargo freight. In Florida we just arrested a ring of people here from Venezuela with ties to Tren de Aragua, who were found to have been responsible for dozens of retail thefts in Florida.

Now, what I'm happy about is we now seem to have proposed legislations that are going to do what we did in Florida. So, when I was Attorney General, we launched a data base that started tracking these cross jurisdictions. So, where one might look like a single theft incident, we were able to then show, "Oh no, this was nine jurisdictions, \$20 million in loss, 20 different retailers," and we charged it that way and prosecuted that way and locked them up for the true crime.

We also did legislation that expanded the time period on which you could tie in these multiple hits and incidents into the organized crime. And that is what this proposed federal legislation is going to do. But what we have to stop doing is saying the problem's not bad when the numbers are staggering.

It's costing Americans when we're trying to figure out how we're going to afford to put food on the table with skyrocketing prices, we don't need built into those prices theft that can be avoided if we just have executives understand that it is their job, Governors, and mayors to work with law enforcement to enforce the law.

When you have DAs abdicating their responsibility and saying, "I'm not going to lock anybody up for theft," that just flows gasoline on the fire. And what did we do different in Florida, we actually removed the DAs that wouldn't enforce the laws they didn't like. So, in New York, it shouldn't have been surprising when they were catching people stealing and they said, "Well, we steal here, but we go in Florida to spend our money because in Florida, if we get caught, they'll lock us up."

We need a national approach that says we're taking this seriously. That is costing Americans money. It's costing us the ability to share information across not just county lines within a State, but across State lines and then across nation-states. This is so important. I cannot stress how important it is otherwise. Mr. McBride, you referenced this and I want to say to you, you said, "look, it's costing us so much money. Can we even stay open?"

Miracle Mile was about a third empty, Miracle Mile in Chicago, and you had a mayor blaming the businesses that they didn't have more security. If that is not shortsightedness in the role of an executive in an executive branch, I don't know what is. And that is a primary driver of this.

Mr. McBride, can you say from your experience, how much do you think costs go up as a percentage as a result of this organized retail crime?

Mr. McBRIDE. So, I cannot speak exactly to a number. I can tell you that the losses are absorbed by corporations for as much as they possibly can stand. But it does end up coming back to the consumer in a lot of different ways, whether there's cost of goods, because we have to provide additional inventory to cover the gaps

that now are missing from the store. Cost of security, cost of training, the cost of rehiring associates when they no longer feel safe enough to want to work in those locations.

So, it is a very exponential amount of increased effort and costs on the part of every single retailer because every single retailer in this country, in every single State, have been victimized in some way by these crime groups.

Senator MOODY. Thank you, Mr. Chairman.

Chairman GRASSLEY. Senator Whitehouse.

Chairman GRASSLEY. And then I don't know whether Senator Tillis—are you going to ask questions? I've got to go vote. So, you guys will have to work this out here.

Senator WHITEHOUSE. [presiding]. We'll manage.

[Laughter.]

Senator WHITEHOUSE. Ms. Stephan, I think you're the prosecutor here on the panel. Is that correct?

Ms. STEPHAN. I believe so, and I'm one that doesn't mind prosecuting. So, there have been some comments.

Senator WHITEHOUSE. Well, that's usually a good attribute in a prosecutor. I wanted to first of all let my colleagues know that I'm very happy to work on legislation to focus on the organized nature of these theft rings. I'm a little skeptical of making ordinary shoplifting a Federal offense, but I think we can figure out our way through that as we start to actually design legislation. So, I just wanted to open with that point.

One of the very powerful laws for dealing with criminal organizations, specifically criminal enterprises, as you will have figured out from my use of the word enterprise, is the RICO statute and both transporting, and selling, or receiving stolen goods are RICO predicates. Could you walk us through where there have been RICO successes at dealing with these systemic theft rings that then obviously have to transport, sell, or have somebody receive the stolen goods, and where you've run across or your colleagues in law enforcement have run across legal impediments to using the RICO statute against this predicate offense?

Ms. STEPHAN. So, in California, our State statutes don't have an actual RICO component. We don't have the laws as strong as the federal side. This is why in our, for example, fentanyl task forces and in our Elder Justice Task Force, the cases that are solved in the task force are provided where the federal prosecutor takes those cases that involve a RICO element because it's such a powerful tool. And the State prosecutors—

Senator WHITEHOUSE. So, California does not have a State RICO law?

Ms. STEPHAN. On the State side, no, we don't.

Senator WHITEHOUSE. One of few.

Ms. STEPHAN. We're fighting. We fight for different—we have conspiracy laws, but they're not the same as a RICO statute.

Senator WHITEHOUSE. So, you would have to go to the U.S. attorney—

Ms. STEPHAN. Exactly.

Senator WHITEHOUSE [continuing]. And work with them in order to get a prosecution together. How about your colleagues around the country who have State RICO laws? Have they been able to

bring cases involving transportation sale or receipt of stolen goods under those State statutes?

Ms. STEPHAN. They've done, I mean, through NDAA. I know there's been a lot of successes in bringing organized retail theft cases. San Diego, we've brought 218 cases even under—

Senator WHITEHOUSE. But not under RICO?

Ms. STEPHAN. Not under RICO, but under an organized retail theft statute which is a little easier to get to. But those tools that allow you to go to the higher ups, whether it's organized retail theft, or RICO, are absolutely imperative.

Senator WHITEHOUSE. Well, I'm going to close out here and turn the gavel over to Senator Coons, who is the last Senator, can get us in all sorts of trouble alone in the room.

Senator COONS. I move the confirmation

Senator WHITEHOUSE. Exactly. I would love if you have a chance, if there is any particularly helpful document out there from the NDAA, for instance, about the use of State RICO statutes in this area, or if you have any personal experience from your colleagues that would help inform our deliberations or if there've been any good uses of your colleagues bringing cases to Federal U.S. attorneys and getting RICO prosecutions that resulted. I'd love to get that from you. So, I'll make that as a question for the record, if I may.

Senator WHITEHOUSE. And I thank all the witnesses for being here, and I yield back my time.

Senator COONS. [presiding]. Thank you, Senator Whitehouse.

Senator WHITEHOUSE. Over to you, Senator.

Senator COONS. Thank you to the witnesses. And I'd like to thank Chair Grassley, and Ranking Member Durbin, and their staff pulling together this hearing.

Look, this is an important topic all over the country. Certainly, in my home State, Delaware, has a retail crime prevention task force to examine and better understand this issue. And it's a focus for Delaware's Law Enforcement Fusion Center. Interstate organized networks present challenges for any one State. And so, I'm very open to seeing how we can coordinate federal resources and federal legislation to help address this and to coordinate intelligence sharing and prosecution.

How we disrupt organized networks. I think is also important that we avoid wasting precious federal resources on just minor shoplifters as opposed to those who are actually part of an organized effort. I've long been concerned about the criminalization of poverty. That's why I've led the bipartisan Driving for Opportunity Act with the support of Senators Grassley, Tillis, Whitehouse, Blumenthal, and Booker. And I think we need to avoid unintentionally exacerbating the problem while addressing the critical issue of organized retail theft.

Ms. Stephan, thank you for the NDAA's long support of my Driving for Opportunity Act. I appreciated how your testimony recognized the importance of distinguishing between petty theft from sophisticated ringleaders. Could you say just a little bit more about that? What sort of indicators are there in investigation that you're dealing with, just casual petty theft versus those who are commit-

ting casual petty theft in order to feed into an organized criminal ring?

Ms. STEPHAN. Thank you so much, Senator. And part of having the data and having organized task forces helps us make those distinctions in a more factual manner, not stereotyping. So, being able to look at a track record at the data points. How many times has this person been captured doing the same thing and stealing the exact same item, which they can't possibly need 200 sunglasses. There's got to be another use that isn't one that makes it a necessity or something that should be dealt with at a lower level, not an organized crime level.

So, relying on data. And I think that is part of why I support this Federal, is not only to make more prosecutions, that's really important, but to distinguish the correct organized level and hold those who are really pulling the strings. And sometimes they're using vulnerabilities such as homeless people trying to feed an addiction. A young kid who's, you know wants to have a phone, different things. We've seen those solicitations of young people vulnerable people.

So, having the correct data at the national level, the State level, the local level allows prosecutors to make good decisions that comport with justice.

Senator COONS. Thank you. I also have to vote. One last question, if I might. Mr. Glawe, on behalf of the National Insurance Crime Bureau, any thoughts about how we would get better data? I mean, you gather data in a very broad way, neutral way. How do we make sure that we've got that data, and that we're sharing it effectively and broadly?

Mr. GLAWE. Senator, thank you for the question. So, we bring together over 1,200 property and casualty insurance carriers, and the claims associated with crime and suspicious activity. We've done this for 115 years. We started with auto thefts. We were actually the hub for all auto thefts back in 1912. So, this is what we do. And I would say we do it really, really well.

But that engagement and partnership with State, local law enforcement, and the private sector, and my partners to my left is critical to this. And we've seen the centers, and I've said this throughout my testimony; the Organized Crime Drug Enforcement Center, the Counterterrorism Center, the Counterproliferation Center, a center to bring us all together and unite us public and private sector, but as well as running the information against national security threats so we're prioritizing resources against the biggest threats to the homeland of Mexican drug cartels, terrorist organizations, nation-states; Iran, North Korea. We know they're involved in organized crimes.

Some of the biggest cases I had in the FBI was against those organizations. So, a holistic approach. And this bill, CORCA, would have that first good first step for us to start building that center so we can prioritize resources, and all have strategic and tactical intelligence to address this threat.

Senator COONS. Thank you. That makes great sense to me. I appreciate all of your testimony. This will conclude our hearing. And any written questions can be submitted for the record for 1 week

from today. I'll ask the witnesses to answer and return those questions to the Committee within 2 weeks.

Thank you again, and this hearing is hereby adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

[Additional material submitted for the record follows.]

Statement of

THE HONORABLE DAVID J. GLAWE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

NATIONAL INSURANCE CRIME BUREAU

Before the U.S. Senate Committee on the Judiciary

For a Hearing on:

“Beyond the Smash and Grab: Criminal Networks and Organized Theft”

July 15, 2025

**I. Introduction**

Chairman Grassley, Ranking Member Durbin, and Members of the Committee:

Thank you for the invitation to testify on behalf of the National Insurance Crime Bureau (NICB), and for holding this important hearing on organized retail and cargo theft—a complex and rapidly growing threat to American consumers and job creators, as well as to our national security.

I am the President and Chief Executive Officer of NICB. Headquartered in Oak Brook, Illinois, NICB has been fighting insurance-related crime and organized theft since 1912, dating back to our inception as the Automobile Protective and Information Bureau; transformation into the National Automobile Theft Bureau in 1927; and our consolidation in 1992 as the National Insurance Crime Bureau.

NICB maintains operations in every state around the country. Over the many years of our existence and through the experience and lengthy tenure of many of our agents, NICB has cultivated strong partnerships and trusted relationships with federal, state, and local agencies across the nation in support of our member carriers. Our employees work hand-in-hand on a daily basis with those agencies to provide assistance in all manner of cases, including on the frontlines of combating cargo theft. NICB’s special agents and intelligence analysts support our local, state, and federal law enforcement partners in identifying, investigating, and prosecuting cargo theft rings—as well as in theft recoveries.

But these highly sophisticated criminals are gaining the upper hand. What NICB sees in the field is nothing short of a call to action—

- In 2024, cargo crimes increased to a historic high—up 27% from 2023—and are expected to rise another 22% by the end of this year.

- Criminal networks are exploiting supply chain vulnerabilities and increasingly employing identity theft and fraudulent cargo pickups, posing as fictitious carriers, and using other cyber-enabled logistics manipulation to achieve their objectives.
- Once secured, stolen goods—everything from sports drinks to sports cars—are routinely routed out of our country and into black markets and the hands of transnational criminal organizations to finance other illicit activities, including drug and weapons trafficking and even terrorism.

These highly orchestrated theft rings are not just targeting our nation's major ports or urban centers. They operate in our small towns, along rural highways, and on remote rail corridors. The impacts, including increased costs, are felt from Main Street to Wall Street.

Now is the time for both the public and private sectors to work together to stop criminal organizations from stealing from the real victims: American consumers and their communities.

Congress can help in several ways, including through passage of the bipartisan Combating Organized Retail Crime Act (CORCA). This bill would strengthen deterrence and collaboration—keys to securing our supply chains, disrupting transnational criminal networks, and keeping costs down for all Americans.

## **II. NICB Background**

With an over 110-year history, NICB is the nation's premier non-profit organization exclusively dedicated to detecting, preventing, and deterring insurance fraud and insurance-related crimes through intelligence-driven operations.

We are supported by approximately 1,200 property and casualty insurance companies, associate members, and other strategic partners within the anti-fraud and anti-crime ecosystem. Many of our members underwrite America's supply chains and retailers, including those most impacted by organized theft. While we provide value to our members and law enforcement—such as through on-the-ground investigative support; intelligence reporting and information sharing; education and training; and advocacy on public policy matters—NICB also serves a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance-related crime causes every year to consumers and policyholders nationwide.

Insurance fraud is not a victimless crime. According to the Federal Bureau of Investigation (FBI), insurance fraud (excluding health insurance) is estimated to be more than \$40 billion per year, costing the average U.S. family between \$400 and \$700 annually in the form of increased

premiums.<sup>1</sup> The Coalition Against Insurance Fraud estimates that the damage is far greater, with fraudsters stealing approximately \$308 billion each year from American consumers.<sup>2</sup> These crimes are complex and can take many forms—from vehicle and cargo theft; staged accidents and slip-and-fall schemes; and home and auto repair scams; to identity theft, predatory towing, and medical billing fraud—and are limited only by the scope of fraudsters’ capabilities and resourcefulness.

To disrupt and deter these crimes, NICB sits at the intersection of the insurance industry, insurance regulators, and law enforcement across the country. This ecosystem recognized long ago that communication and collaboration is key to the fight against insurance crime and to protect consumers.

We know that criminals and fraudsters are coordinated—often within sophisticated, organized networks—and thus we should be too. To encourage that coordination, most states mandate that insurers report suspected insurance fraud and related crimes to the appropriate Department of Insurance, state insurance fraud bureau, or law enforcement agency. NICB has long served as a facilitator of these reports. In fact, we are codified by name into many states’ reporting statutes and regulations. In nearly all 50 states, insurers can report suspected insurance crimes and thefts directly to NICB. In partnership with state insurance commissioners, NICB relays these reports to the appropriate state authority.

This process provides NICB with unique, unmatched visibility into organized crime and theft trends nationwide that directly target or impact the insurance industry. Our expert analysts can identify trends and patterns—and can uncover complex criminal networks—that are visible only from NICB’s multi-state, multi-carrier vantage point. NICB shares this vital information to our members and other strategic partners—through intelligence reports and actionable insights—to alert them of potentially overlapping networks of insurance fraudsters.<sup>3</sup>

In 2024 alone, NICB received over 180,000 reports from insurers about suspicious activity and fraud connected to policies they underwrite. Through these reports and related sources, NICB identified over 1,600 organized crime rings and issued over 2,200 alerts to our members and partners.<sup>4</sup>

Equipped with this unique visibility, NICB personnel—many of whom are themselves former law enforcement—work every day with our federal, state, and local law enforcement

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<sup>1</sup> Insurance Fraud, Federal Bureau of Investigation, available at <https://www.fbi.gov/stats-services/publications/insurance-fraud>.

<sup>2</sup> Fraud Stats, Coalition Against Insurance Fraud, available at <https://insurancefraud.org/fraud-stats/>.

<sup>3</sup> See, e.g., *New York Lawyers And Doctor Sentenced For Defrauding New York City-Area Businesses And Their Insurance Companies Of More Than \$31 Million Through Massive Trip-And-Fall Fraud Scheme*, U.S. Attorney’s Office for the Southern District of New York (April 25, 2023) (U.S. Attorney “thank[ing] the National Insurance Crime Bureau for their assistance in the investigation”) available at <https://www.justice.gov/usao-sdny/pr/new-york-lawyers-and-doctor-sentenced-defrauding-new-york-city-area-businesses-and>.

<sup>4</sup> NICB Annual Report 2024, available at <https://www.nicb.org/annual-reports/2024>.



partners to assist in the investigation and prosecution of crimes affecting not only the insurance industry but our broader community. At the federal level, NICB is especially proud of our longstanding partnerships with the U.S. Department of Homeland Security (DHS) and the FBI. For decades, NICB has served to facilitate information sharing between the government and private industry in our joint mission to defeat fraudsters, and that work continues today in our collaborative efforts to combat criminal threats that transcend state and national borders.

In fact, NICB's unique expertise and collaboration with our federal partners has helped solve some of the most devastating terrorist attacks and vehicle-related crimes on U.S. soil. For example:

- NICB special agents, using Vehicle Identification Number (VIN) and related information within NICB databases, helped identify the vehicle used in the February 26, 1993, World Trade Center bombing, ultimately leading to the arrest and prosecution of the vehicle's renter and his co-conspirators.
- In the aftermath of the April 19, 1995, Oklahoma City bombing, which killed 168 people, the FBI called NICB to assist in identifying the vehicle used in the bombing. Using NICB-developed technology and multi-state vehicle and insurance records, agents reconstructed the VIN, which led to the identification of the Ryder truck that carried the bomb and ultimately the identification of Timothy McVeigh and his coconspirator, Terry Nichols.
- Following the 2020 Nashville Christmas bombing, which damaged 65 buildings and displaced dozens of businesses and residents, the FBI called NICB for help in identifying the suspect vehicle. NICB special agents provided analysis and advice to the FBI, including in terms of identifying and prioritizing what vehicle parts were critical to recover. Authorities ultimately identified the vehicle and its owner through information provided by NICB.

Today, as crimes continue to evolve with technology, stronger collaboration is more critical than ever. This is especially true in combatting organized retail and cargo theft.

### **III. NICB's Expertise and Role in Combating Cargo Theft**

Cargo theft is big business, driven by big opportunity. In recent years, sophisticated criminal networks have increasingly engaged in brazen theft of cargo moving through our nation's supply chains. They have even infiltrated segments of the shipping industry, exploiting technology vulnerabilities to impersonate legitimate links in the supply chain including trucking companies.

Unfortunately, these crimes are on the rise. In 2024, cargo theft losses increased to an all-time high, up 27% from 2023.<sup>5</sup> Losses are predicted to rise another 22% from already historic levels by the end of 2025.

In 2023, the value of stolen merchandise and estimated loss rose to more than \$1 billion, with the average value of an individual cargo theft topping \$202,000. Other estimates suggest that total cargo losses may, in fact, reach up to \$35 billion annually.<sup>6</sup>

Since 2022, NICB has opened an average of 150 cargo crime cases per year. And in the last 18 months, NICB assisted in more than 240 cargo theft investigations, leading to more than 70 recoveries valued at nearly \$40 million.

From NICB's vantage point, most cargo thefts are not the result of small operations seeking quick payouts. Rather, cargo theft is most often orchestrated by well-funded, sophisticated criminal organizations—including Transnational Criminal Organizations (TCO) like the Armenian Mafia<sup>7</sup> and Sinaloa cartel,<sup>8</sup> as well as operations out of China and Eastern Europe.<sup>9</sup> These complex operations and resale networks span multiple states and countries.

For example, NICB recently assisted law enforcement in uncovering a sophisticated international criminal enterprise which utilized multiple business email compromises to successfully arrange and ultimately export stolen industrial equipment for resale overseas. This investigation is ongoing. This criminal enterprise largely conducted its operations from overseas by using business email compromises and Voice over Internet Protocols to deceive legitimate suppliers, freight brokers, and transporters.

In 2024, NICB special agents assisted an investigation across Southern California and Arizona that resulted in the arrest of more than 50 individuals, and the recovery of vehicles, weapons, drugs, currency, and more than \$8 million of cargo stolen from the Burlington Northern Santa Fe Railway line.<sup>10</sup>

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<sup>5</sup> "2024 Supply Chain Risk Trends Analysis," Verisk CargoNet (Jan. 21, 2025) available at <https://www.cargonet.com/news-and-events/cargonet-in-the-media/2024-theft-trends/>.

<sup>6</sup> *Operation Boiling Point*, U.S. Immigration and Customs Enforcement (updated Feb. 8, 2025) available at <https://www.ice.gov/about-ice/hsi/news/hsi-insider/op-boiling-point>.

<sup>7</sup> "13 'Armenian Mafia' members arrested in connection to murder, \$83M Amazon cargo theft," Courthouse News Service (May 20, 2025) available at <https://www.courthousenews.com/13-armenian-mafia-members-arrested-in-connection-to-murder-83m-amazon-cargo-theft/>.

<sup>8</sup> "Grand theft cargo: Sinaloa cartel targets US rail companies," Border Report (June 5, 2025) available at <https://www.borderreport.com/immigration/border-crime/grand-theft-cargo-sinaloa-cartel-targets-us-rail-companies/>.

<sup>9</sup> See "Cargo theft is a growing national security issue," Sen. Todd Young (R-IN), The Washington Times (June 24, 2025) available at <https://www.washingtontimes.com/news/2025/jun/24/cargo-theft-growing-national-security-issue/>.

<sup>10</sup> NICB Cargo Crime Threat Assessment (June 5, 2025) at 10.

In 2023, NICB provided special operations support to a California Highway Patrol (CHP) cargo theft task force investigation of a railway burglary ring that resulted in more than 100 arrests.<sup>11</sup> In another California case, NICB worked with CHP and several other law enforcement agencies from the San Bernardino County Auto Theft Task Force resulting in the arrest of more than 50 individuals. Law enforcement executed search warrants yielding hundreds of thousands of dollars and over \$8 million in stolen cargo.<sup>12</sup>

In one multi-state theft ring, employees at a Memphis, TN warehouse distribution center fraudulently used preprinted address labels to divert shipments of name brand shoes to a cohort who worked at a company warehouse on the West Coast, who would then sell the shoes on the streets of Los Angeles. To date, investigators have recovered \$5 million in stolen shoes.<sup>13</sup>

And recently, NICB assisted the U.S. Customs and Border Protection (CBP) Outbound Enforcement Team, California Highway Patrol Foreign Export and Recovery team, and the California Highway Patrol Cargo Theft Interdiction Program in the inspection and identification of stolen Vizio, LG and Samsung televisions that were being exported to Panama.

NICB's longstanding partnership with CBP has only further confirmed the international scope of cargo-related theft. Every day, in fact, our special agents assist CBP at major U.S. ports.

In September 2024, NICB and CBP announced our latest partnership, "Operation Terminus," to prevent stolen vehicles from being smuggled out of the country through cargo containers at seaports around the nation.<sup>14</sup>

Through this joint operation, NICB agents—working alongside CBP officers—have inspected shipping containers and discovered multiple high-end vehicles worth more than \$100,000 each, resulting in recoveries worth millions of dollars. These vehicle seizures are occurring at ports from New York, Newark, Norfolk, and Baltimore and south to Savannah and Miami.

Many of the recovered stolen vehicles were bound for several different countries in Africa.

Additionally, our joint operations recovered hundreds of rounds of various caliber ammunition that were concealed in vehicles destined for Nigeria and other African ports.

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<sup>11</sup> *Id.*

<sup>12</sup> "Cargo theft sting nets \$325k in cash, \$8m in stolen goods and 51 arrests," KTLA-5 (June 27, 2024) available at <https://ktla.com/news/local-news/cargo-theft-sting-nets-325k-in-cash-8m-in-stolen-goods-and-51-arrests/>.

<sup>13</sup> NICB Cargo Crime Threat Assessment (June 5, 2025) at 10.

<sup>14</sup> "NICB Partners with U.S. Customs and Border Protection to Stop Export of Stolen Vehicles," National Insurance Crime Bureau (Sept. 5, 2024) available at <https://www.nicb.org/news/news-releases/nicb-partners-us-customs-and-border-protection-stop-export-stolen-vehicles>.

As with many forms of stolen goods and cargo, we know that exported stolen vehicles are often laundered or resold to support other illicit activities such drug and weapons smuggling, and even international terrorism.

#### **IV. Complex Tactics Compel a Coordinated Response**

The sheer volume of cargo in transit, combined with vulnerabilities at multiple points in the supply chain, presents private industry and law enforcement with a persistent and evolving threat landscape. While multiple factors may be contributing to the rise in (and profitability of) cargo thefts, NICB's investigations and analyses reveal that organized criminal networks are increasingly exploiting technology gaps to achieve their objectives.

For example, after stealing a shipment, many criminals will use GPS jamming devices to disrupt onboard tracking systems, thus allowing stolen cargo to be moved without detection. NICB special agents have confirmed confiscations of these devices in cargo theft incidents and noted that thieves frequently disable GPS trackers that are not concealed effectively.

Additionally, over the last few years, criminals have increasingly infiltrated the "for hire" shipping industry itself to engage in strategic cargo theft and fictitious pickups—often impersonating (or deceiving) legitimate transport companies and other sectors of the supply chain. To carry out this fraud, organized crime groups exploit technology to illegitimately obtain the valid registered Motor Carrier number of a retiring (and otherwise legitimate) transporter. This allows criminals to hide behind credible credentials in deceiving freight brokers. Once hired by an unwitting broker, the criminal group—masquerading as a legitimate transporter—acquires the load, then ceases communication to avoid detection, completing the theft.

In other scenarios, the criminal group may pose as a legitimate broker, only to have cargo—such as vehicles or other valuable goods—re-routed mid-transit to the group's preferred destination.

NICB's federal law enforcement partners have witnessed criminal enterprises orchestrate these types of cargo crimes from overseas, deceiving one or more key links in the supply chain—be it the fulfillment company, the broker, or the transporters. In fact, NICB is aware of cases in which *all three* links were infiltrated through fraud, resulting in loads of cargo being released, brokered and transported by legitimate services but destined for criminal enterprises overseas.

These organized crime groups stay anonymous by remaining overseas, using legitimate brokers and transporters to move stolen goods to the groups' desired destinations for export. Many of these schemes involve business email compromises, carried out through phishing attacks or the use of slightly altered email domains.

NICB recently issued an alert detailing how criminals are exploiting cargo delivery systems and networks through Voice over Internet Protocol (VoIP) and synthetic identifications (IDs) to reroute electronics, medicine, clothing, food and beverages, and other goods.<sup>15</sup>

For example, VoIP has been exploited by criminals to spoof legitimate carrier contact information and area codes, all while remaining anonymous. They leverage these services to impersonate legitimate transporters, bid on shipments, and reroute freight to unauthorized drop locations. Unlike traditional cellular services, VoIP applications do not routinely create call detail records or provide cell site geolocation data—evidence typically utilized by law enforcement to aid in investigations—making it more difficult for law enforcement to identify criminal actors.

Similarly, criminals are using synthetic IDs and fraudulent documents to either acquire or re-route shipments to their preferred destinations. Instead of ending up on the shelf at your local store, goods are arriving on someone else's doorstep in another country.

As the shipping industry has grown more digitized and criminals more resourceful, cargo theft has become a crime of opportunity. But together, we have an opportunity to fight back.

## **V. Recommended Industry and Public Policy Responses**

Regaining the upper hand against organized cargo theft demands both industry and public policy responses. From our unique vantage point and expertise, NICB offers the following recommendations.

### ***a. Industry Responses***

Detecting and preventing cargo theft requires a proactive, collaborative response across logistics, security, and law enforcement sectors. As cargo theft tactics grow more sophisticated, particularly with the rise of strategic and cyber-enabled schemes, industry professionals must commit to stronger carrier vetting, consistent driver identification checks, and the utilization of secure pickup protocols.

Ongoing education and training are also essential to improve awareness. Effective prevention depends on a balanced approach that combines consistent operational protocols and a stronger coordination between private industry and law enforcement agencies. Collaboration would also enhance intelligence within the industry, allowing for proactive analytics and enhanced identification of organized crime groups—and, ultimately, their prosecution.

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<sup>15</sup> “Digitalization of the Supply Chain Risks Exploitation and Increased Cargo Theft,” National Insurance Crime Bureau (June 25, 2025) available at <https://www.nicb.org/news/news-releases/digitalization-supply-chain-risks-exploitation-and-increased-cargo-theft>.

Industry standards and certifications, such as those issued by the Transported Asset Protection Association (TAPA), are recognized as best practices in deterring and preventing cargo theft and thus should be incorporated into processes and procedures. Supply chain links should develop and conduct training on knowing how to respond, what information they should provide, and to whom they should report it in the event of a cargo crime.

Moreover, in addition to providing its members and law enforcement partners with support in identifying and investigating cargo crime, NICB's Cargo Program also conducts and participates in numerous training opportunities and conferences related to the protection of our nation's supply chains. These trainings aim to improve investigative outcomes, enhance interagency collaboration, and strengthen preventative measures to reduce the overall incidence of cargo theft. For any entity engaged in the supply chain, NICB recommends the following precautions:

**Screen every employee.** Conduct a background check on every employee including those with access to shipping information.

**Train employees on the signs of cargo theft.** Provide security training for every employee and educate drivers in hijack awareness and prevention as well as how to respond and report theft.

**Check transportation partners before hiring.** Partners should share your security philosophy, such as conducting background checks and employee training. Use freight brokers and transporters who do not permit practices that are prone to being exploited by criminals, such as double brokering. Ensure that only you as the shipper can make re-routing decisions and not the broker or transporter dispatch. Change orders should only originate from the owner of the cargo. Be cautious and always scrutinize emails to ensure that they are legitimate and not altered. Scrutinize and ensure phone numbers used by individuals within the supply chain are valid and, if determined to be VoIP, take additional vetting procedures.

**Implement in-transit security measures.** Cargo theft can be pre-planned or opportunistic and include an inside informant who follows the goods and ultimately leads criminals to quickly dispose of the cargo. Thieves will often wait outside known shipping facilities for drivers to stop. A best practice is to not stop within the first 200 miles, park in known secure locations and avoid "hot spots"—areas known for increased frequency of cargo crime.

**Keep a vigilant eye.** Trucks and cargo are most vulnerable when sitting idle. Use countersurveillance—observance and 360-visibility of your property and surroundings—in the duties of your security guards.

**Take advantage of technology.** Utilize layers of security: ensure that perimeters, entrances, building doors, and windows are well lit. Install alarm surveillance systems, vehicle and cargo tracking, immobilizers, and advanced security seals.

**Conduct audits.** Regularly look for gaps in shipment protection and stay abreast of how technology enables theft throughout the supply chain.

*b. Public Policy Responses*

Deterrence and coordination are key to fighting organized cargo theft. To date, however, the criminal networks that orchestrate these schemes have benefitted from a legal framework that does not provide adequate deterrence, as well as from a fragmented law enforcement and reporting environment.

Criminals should know that facilitating these crimes will put them behind bars. Additionally, victims along the supply chain—as well as law enforcement—should know precisely where to turn when thefts occur.

For these reasons, NICB strongly supports S. 1404, the Combating Organized Retail Crime Act (CORCA), which would strengthen federal criminal statutes to more effectively confront interstate and transnational organized theft.

S. 1404 would increase deterrence by providing for criminal forfeitures under Title 18 following convictions for the interstate shipment or transportation of stolen goods, as well as for the sale or receipt of stolen goods. Adding forfeiture as an additional tool for prosecutors sends a strong signal that it does not pay to facilitate or profit from cargo theft.

The bill also strengthens money laundering statutes, permits the aggregation of thefts in prosecutions, and would better enable the takedown of organized retail and supply chain criminal networks that use interstate or foreign commerce—such as the internet—to facilitate their crimes. Together, these are critical reforms needed to strengthen deterrence and confront a complex and highly organized threat landscape.

Additionally, S. 1404 would establish the Organized Retail and Supply Chain Crime Coordination Center within Homeland Security Investigations (HSI) at DHS. This vital reform will improve collaboration, data collection, and information-sharing between federal, state, and local law enforcement and would bring industry experts to the table to help ensure a coordinated approach to combating interstate and transnational organized crime. This center should be enabled to “connect the dots” by identifying trends and commonalities amongst cargo thefts to assist in exposing transnational organizations.

While industry has to date done its best to fill the gaps, there remains no uniform system or central repository for cargo crime reports or statistics, which has made understanding—and therefore effectively confronting—the full scope of the problem difficult. S. 1404 would address this by establishing a secure system for sharing information regarding organized theft, while

leveraging existing information systems at DHS and the Department of Justice, and tracking crime trends and releasing annual public reports on such trends.

Criminals are coordinated in their tactics, so law enforcement and industry must likewise be better coordinated in adopting countermeasures, as well as in encouraging and streamlining the reporting of these complex crimes to the appropriate agency for investigation. HSI is especially well-suited to operate this Coordination Center, given its longstanding expertise in combating transnational crime like cargo theft that threatens our economy and security here at home. NICB also supports the instruction that the Coordination Center establish relationships with state and local law enforcement, as well as with retail crime and cargo theft associations, and NICB stands ready to support the Center and provide any requested expertise, intelligence, and on-the-ground resources.

In addition to the much-needed reforms outlined in S. 1404, NICB would strongly support additional resources for dedicated investigative and prosecutorial units at DOJ that would focus exclusively on cargo theft as an increasing threat to our economy and national security.

NICB also notes that S. 1404, including its stronger tools for prosecutors and the contemplated Coordination Center at HSI, would serve as a force multiplier of other recent measures that protect consumers, including the INFORM Consumers Act, which Congress enacted in 2022, and S. 337, the Household Goods Shipping Consumer Protection Act, which was recently reported favorably by the Senate Commerce Committee. Together, these measures would be part of a vitally important fabric of deterrence and coordination that puts us all in the best position to combat these highly sophisticated supply chain crimes and the networks that facilitate them.

In short, NICB applauds the continued bipartisan work in the Senate to combat organized theft and criminal networks that harm Americans, and we urge the Committee to take up and favorably advance the Combating Organized Retail Crime Act to the floor.

*c. Public-Private Partnerships*

Finally, as NICB's history can attest, our collective fight against fraudsters and organized crime is strengthened through public-private partnerships. For decades, NICB has been a trusted partner of insurance commissioners and law enforcement across the country, assisting with investigations and facilitating vital information-sharing that helps uncover—and ultimately undo—complex insurance crime networks. We bring industry and government together in a shared mission of detecting, deterring, and preventing insurance crime.

In the same way, NICB stands ready to be a key source and facilitator for HSI within the cargo theft space, providing timely insights from our multi-carrier, multi-state vantage point into theft trends, tactics, recoveries, and all other valuable data points that would support the Coordination Center's mission.



**VI. Conclusion**

Chairman Grassley, Ranking Member Durbin, and Members of the Committee: thank you again for the opportunity to be here today. I look forward to answering any questions.



*Statement of*

**Donna Lemm  
Chief Strategy Officer  
IMC Logistics**

*on behalf of*

**The American Trucking Associations**

**Committee on the Judiciary  
United States Senate**

*Hearing on*

**Beyond the Smash and Grab:  
Criminal Networks and Organized Theft**

*July 15, 2025*

**Introduction:**

Chairman Grassley, Ranking Member Durbin, and members of the Judiciary Committee, thank you for providing me with the opportunity to testify before you today on behalf of the American Trucking Associations (ATA).<sup>1</sup> My name is Donna Lemm, and I serve as the Chief Strategy Officer of IMC Logistics, based in Collierville, Tennessee. I am grateful for the invitation to share with this committee the growing challenges that IMC Logistics, 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 8.5 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.

My company, IMC Logistics, is a leading intermodal logistics company in the United States, specializing in marine drayage services. With over 40 years of experience, IMC Logistics operates a large fleet of trucks and chassis and a national network of integrated terminals, providing a comprehensive range of transportation and logistics solutions for cargo moving to and from major seaports and rail hubs across the country. At IMC Logistics, we prioritize our national network, customer service, sustainability, and technological advancements to deliver efficient and cost-effective logistics solutions to America's supply chain.

IMC Logistics, and the trucking industry more broadly, have witnessed an exponential increase in both the frequency and sophistication of cargo theft incidents over the past several years. Our experiences, which I describe in great detail below, highlight the numerous and complex ways in which bad actors are infiltrating our nation's supply chain. Goods are vulnerable in every stage of transit. Organized theft groups are actively identifying vulnerabilities within the supply chain to glean information that allows them to strategically target cargo that is idle or moving on trucks, rail, and cargo ships. This threat continues to increase despite many industries across the supply chain making significant investments in the safety and security of our personnel, our operations and facilities, and the freight itself.

What has become clear from this growing threat is that more must be done. Greater coordination and information-sharing, not only across the supply chain, but also among local, state, and federal law enforcement agencies, is critical to connecting the dots, identifying the trends, determining the hot spots, and utilizing innovative approaches to tackle this evolving threat. For that reason, I am grateful for the leadership of Chairman Grassley, as well as many members of this committee, in championing S. 1404, the *Combating Organized Retail Crime Act (CORCA)*, legislation which will take an instrumental step in that direction. By empowering federal agencies to take a leading role in the coordination of enforcement activities and providing law enforcement agencies with the tools necessary to tackle the increasingly complex crimes targeting our interstate and international supply chains, the legislation effectively takes a stand against the growing threat of organized and sophisticated criminal networks.

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<sup>1</sup> The American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of 50 affiliated state trucking associations and industry-related conferences and councils, ATA is the voice of the industry America depends on most to move our nation's freight.

Thank you for convening today's hearing and providing the opportunity to discuss the challenges that cargo theft and related crimes pose to our nation's supply chain. I, along with the ATA, look forward to working with this committee to share information and support legislative solutions that will promote the safe and efficient movement of our nation's goods, including the wellbeing of the people who keep the wheels of our supply chains turning.

### **What is Cargo Theft?:**

Cargo is any commercial shipment moving via truck, rail car, plane, ship, etc., from point of origin to final destination. If merchandise is stolen at any point when cargo is in transit—on a highway, at a truck stop, or in a storage facility, warehouse, terminal, wharf, etc.—then it is considered cargo theft.<sup>2</sup>

Thieves, Organized Theft Groups (OTGs), and Transnational Criminal Organizations (TCOs) are currently infiltrating and exploiting the nation's transportation and distribution networks because cargo theft schemes are considered low-risk and high-reward. In other words, there is significant money to be made and very little risk of criminal exposure. While it is difficult to quantify the full scope of this issue for a variety of reasons, several private sector groups have attempted to estimate the overall impact of cargo theft in the United States. In 2024, CargoNet reported 3,625 theft incidents, a 27% increase compared to the previous year. CargoNet estimated the total loss to industry at more than \$450 million. Per incident, the estimated average value stolen was \$202,364, up from \$187,895 in 2023.<sup>3</sup> According to the National Insurance Crime Bureau (NICB), cargo theft in the United States is a \$15 to \$35 billion industry.<sup>4</sup>

The fraud and cargo theft plaguing the trucking industry, and our nation's supply chains more broadly, materialize in many ways. There are two main categories of cargo theft: straight theft and strategic theft.

### **Straight Theft**

Straight theft is the most common form of theft and has been around for as long as trucks have been delivering freight. Straight theft refers to thieves physically stealing cargo from a shipment. Thieves typically target products that can be sold quickly on the market, and this type of theft can be very profitable. Examples include:

1. **Burglary-** Thieves steal goods directly from truck trailers, usually when truck drivers are stopped along their routes at truck stops, parking lots, roadside parking, terminals, drop lots, and other areas where cargo could be left unattended, especially in retail store parking lots or other empty parking lots on weekends.
2. **Pilferage-** Thieves only steal some of the freight off a single trailer. Criminals pilfer small amounts, often over long periods of time. By taking only small amounts of freight at a time, thieves are able to avoid detection for much longer and pocket hundreds or even thousands of dollars of merchandise without much effort or risk.
3. **Hijacking-** Thieves use force, deception, or intimidation to seize the truck and its contents. Thieves may trick drivers into pulling over by signaling that something may be wrong with the truck, which then allows them to steal the freight. OTGs may target entire trucks or containers by

<sup>2</sup> 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](https://archives.fbi.gov/archives/news/stories/2010/november/cargo_111210/cargo_111210).

<sup>3</sup> 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/>.

<sup>4</sup> National Insurance Crime Bureau. On the Rise: Cargo Theft, a Billion Dollar Industry. <https://www.nicb.org/news/blog/rise-cargo-theft-billion-dollar-industry>.

using violence or other tactics to overpower drivers and seize the cargo. This can be opportunistic, or a truck can be tracked from its departure point and robbed at its first stop.

#### Strategic Theft

Strategic theft involves the use of fraud and deception to trick shippers, brokers, and carriers into handing loads over to thieves instead of the legitimate carrier. This type of theft often involves identity theft and advanced cyber tactics to manipulate data. According to a 2025 report published by the specialty insurance company Munich Re, strategic cargo theft and organized crime now account for around 18% of all thefts in the United States.<sup>5</sup> Strategic cargo theft is extremely profitable and lower risk relative to straight theft because strategic theft can be accomplished remotely and does not require thieves to physically touch the cargo. Examples include:

1. **Fictitious Pickups** - Thieves impersonate legitimate drivers and carriers by using altered paperwork, fake uniforms, and vehicle logos to steal shipments. The legitimate driver will often arrive to find that the shipment has already been released.
2. **Fraudulent Bills of Lading** - Thieves use the forged identity of a legitimate carrier to pick up a shipment, steal a portion of the freight, and re-create the bill of lading to disguise the theft. In this process, the unit count, weight, and seal numbers are altered on the bill of lading before the shipments are delivered to the final destination, where the unknowing receivers sign off. This type of theft can go undetected for months.
3. **Double Brokering Fraud** - A double brokering scam can take various forms in the trucking and logistics industry. Sometimes, the criminals pose as either legitimate brokers or motor carriers (i.e. owning trucks, trailers, equipment, or drivers), or both, but they, of course, have no intention of moving the freight to the destination requested by the shipper. Instead, the criminals steal cargo by subcontracting the work to unwitting carriers who transport the freight to a different delivery point than the location specified by the shipper. The criminals do this by either convincing the legitimate carrier to deliver to a different destination or changing the bill of lading. Often, criminals engaged in double brokering fraud are not located in the U.S. and conduct their crimes through cyber means without ever physically touching the freight. It is also common for criminals to steal the identity of an existing broker or motor carrier by creating and using website domain names and business names that are very similar to the existing business information of real companies. For example, a real trucking company might use the website domain ABCMotorCarrier.com, and the criminal may create a fraudulent company with a slightly different website domain such as ABCMotorCarrierLLC.com. There are multiple victims with double brokering scams: the owner of the double-brokered freight, the motor carrier that unknowingly delivered the freight for the criminal and won't receive payment for their service, and the legitimate broker whose operations and integrity are undermined by fraudulent actors.
4. **Hostage Freight** - Freight can be held hostage by a broker, carrier, or rogue driver. Hostage freight refers to scenarios where brokers, carriers, or rogue drivers refuse to complete a delivery until their demands are met. Drivers or service providers may hold loads hostage when they think they are not being paid fairly, or as a means to renegotiate the terms of the initial agreement. These situations can be complicated when associated with double brokering fraud. Hostage freight schemes are also fairly common in the moving and storage industry and occur when a moving entity holds a customer's belongings hostage by refusing to deliver them until the

<sup>5</sup> 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>.

customer pays a significantly higher price than the original estimate. Thieves will use the customer's belongings as leverage to extort additional money. In many cases, the customer's goods are never returned even if the additional money is paid.<sup>6</sup>

#### **Cargo Theft and the Intermodal Supply Chain:**

For an intermodal motor carrier such as IMC Logistics, the issue of cargo theft is extremely complicated because our operations involve cargo movements between various modes of transportation. Typically, international intermodal freight arrives on an ocean carrier, is discharged through the port, and then moves onto railroads for transport to inland locations across the country. Motor carriers then pick up containers at these inland rail facilities for the final shipment to customers. Because containers take such complex paths to their final destinations, the potential for theft is heightened; all parties that touch the container in the intermodal supply chain must work together to deter and prevent theft.

Motor carriers are often the final leg of the journey for intermodal containers and thus are the party that must be the most vigilant about seal integrity. Motor carriers are also the first mile of the journey for U.S. exports. For both exports and imports, if a broken seal is not recorded when a container is loaded at the port or rail terminal, or if cargo has been pilfered from a container, the motor carrier is held responsible.

As thieves have become more sophisticated, so too have their theft tactics, which makes prevention and detection a more complex problem in the intermodal supply chain. New tactics are emerging constantly, and trucking, rail, ocean carriers, port authorities, marine terminal operators, and shippers must work together to be vigilant and apprised of shifting trends. While all those involved in the intermodal community have a strong stake in preventing cargo theft, the nature of this supply chain with its multiple transportation modes and international commerce nexus means that this freight is consistently vulnerable.

#### **Organized Theft Groups and the Rise of Strategic Theft:**

The COVID-19 pandemic precipitated the meteoric rise in frequency and sophistication of cargo theft. CargoNet logged 1,106 reported incidents of theft in 2019 and 1,181 reported incidents in 2018.<sup>7</sup> During this time, the vast majority of reported thefts could be categorized as straight theft. These crimes were carried out by relatively unsophisticated thieves who would steal freight when the opportunity presented itself. These thieves would sell the stolen goods at a deep discount, usually pennies on the dollar, in the same area where the goods were stolen. The thieves would live off those proceeds until exhausting their resources, at which point they would strike again.

Beginning in 2021, however, the trucking industry saw a dramatic shift in the cargo theft landscape. Strategic theft has risen by over 1,500% since the first quarter of 2021.<sup>8</sup> Unlike the thieves of the past who engaged predominantly in straight theft, those engaged in strategic theft utilize fraud and deception to maximize profit and maintain a safe, physical distance from the theft itself. These criminals are often members of OTGs that operate massive networks within and outside the United States. The shift from opportunistic thieves to large OTGs gave rise to more complex and convincing fraud operations. Less

<sup>6</sup> WTW. (2024, December 18). High-value shipments at risk: The growing threat of strategic cargo theft. <https://www.wtwco.com/en-us/insights/2024/12/high-value-shipments-at-risk-the-growing-threat-of-strategic-cargo-theft>.

<sup>7</sup> Wolf, C. D. (2021, June 10). Truck cargo thefts skyrocketed amid COVID-19. Transport Topics.

<https://www.ttnews.com/articles/truck-cargo-thefts-skyrocketed-amid-covid-19>.

<sup>8</sup> Wolf, C. D. (2024, October 4). Cargo theft experts warn of peak season fraud. Transport Topics.

<https://www.ttnews.com/articles/cargo-theft-season>.

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 because of the relative ease with which bad actors can reinvent operations online. The constant cycle of seemingly futile efforts to combat this type of crime resembles a game of "whack-a-mole."

Some OTGs are so vast and sophisticated that they have established their own call centers to manage their illegal supply chains. In many cases, these groups also operate seemingly legitimate warehouses and online marketplaces to store and sell stolen goods. In these scenarios, stolen goods are often exported out of the United States, repackaged, and then sold, sometimes for more than market value. A good example of this would be energy drinks. Certain energy drinks sold in the U.S. are banned in other countries, so thieves take advantage of the strong demand and sell the stolen drinks at an incredible mark-up in those foreign markets. Additionally, these types of products are usually seen as low-risk and high-value since they are easy to move and have high resale potential.

There are several factors and trends that are responsible for this uptick in frequency and sophistication of freight fraud. First, the COVID-19 global pandemic offered criminals a prime opportunity to exploit the vulnerabilities caused by a supply chain thrown into chaos by dramatic shifts in global supply and demand. Second, the digitization of domestic and international supply chains has created new vulnerabilities and thus opportunities for OTGs to exploit gaps using sophisticated and ever-evolving cyber capabilities. These groups can steal freight remotely by exploiting the technology that has been embedded into supply chains to move cargo more efficiently. Third, the erosion of traditional in-person direct business transactions—a past staple of traditional supply chain relationships—has created further opportunities for exploitation. Doing business with unknown companies and drivers has become normalized given that more shipments are now brokered via load boards and online platforms. This has made it relatively easy for the criminals to pose as legitimate brokers or carriers and fraudulently engage in business transactions with unwitting supply chain partners. Finally, the lack of coordinated investigations and prosecutions has emboldened these actions. Thieves have quickly realized that federal, state, and local law enforcement do not have the resources to stop them nor the interest to pursue sweeping investigations.

Many U.S. motor carriers are expending significant capital to protect themselves against these crimes, but obviously not all companies have the resources to do so. Several companies offer vetting services to motor carriers and brokers, but those services, while highly effective, come with an added cost. So, many in the trucking industry are often victims in one of two ways: either they lose significant sums of money through stolen freight, or they have to spend significant sums of money for services and advanced security measures to mitigate risk. With the speed at which our supply chain and cyber technologies are evolving, it costs more and more to fortify our businesses. Success in the transportation industry is no longer simply a matter of having the best drivers and the right equipment; motor carriers must now invest immense resources to have the strongest IT systems, the most diligent security personnel, and hardened physical infrastructure. In today's trucking environment, a strong defense is necessary for survival.

#### **My Experience with Cargo Theft:**

Prior to 2021, cargo theft barely registered on IMC Logistics' radar screen. The rare cases that we encountered were isolated incidents involving lone perpetrators stealing small amounts of goods.

Fast forward to the present, and the landscape has shifted radically. Crime rings are running rampant in every corner of the country, robbing every link in our supply chain with impunity. Today's criminals are exceedingly well organized, employ highly sophisticated techniques, and steal high volumes of product at an alarming rate.

IMC Logistics' cargo theft is largely related to intermodal shipments, which move by rail into and out of the interior of the United States. Motor carriers pick up these containers from our intermodal rail hubs, as well as deliver export cargo and domestic cargo at sourcing locations and deliver to major rail hubs. As you can see in the chart below, our statistics on rail theft incidents largely mirror the national statistics of hot bed areas of rising cargo theft in key locations like Chicago, Memphis, Dallas and Los Angeles.

THEFT BY STATE					
States	2021	2022	2023	2024	Grand Total
AL				9	9
AR			2	12	14
AZ			10	1	11
CA	2	4	35	290	331
GA	1		3	13	17
IL		1	85	132	218
IN		3	25	5	33
KS			46	60	106
MD			1		1
MO		1	4	1	6
MS			1		1
NJ		3	1	6	10
NM			23	14	37
OH		1	10	75	86
OR				2	2
TN	2	55	213	111	381
TX			77	143	220
VA				1	1
WA			1	1	2
<b>Grand Total</b>	<b>5</b>	<b>68</b>	<b>537</b>	<b>876</b>	<b>1486</b>

IMC Logistics has seen cargo theft of intermodal volumes rise from five incidents in 2021 to 876 incidents in 2024. That is a 17,520% increase in just three years.

Virtually every single one of my counterparts across the trucking industry has told me they are experiencing the same challenges. I do not know a single motor carrier that has not been impacted. Many are understandably reluctant to speak up and put a larger target on their back. Others are concerned that publicizing these crimes will cause reputational damage. But these criminal enterprises thrive in the darkness. They count on their victims' silence to continue to operate freely.

IMC Logistics and other motor carriers go above and beyond to protect our employees—our most important asset—as well as our customers' products. We invest millions of dollars in multilayered security, including technology, surveillance equipment, lighting, fencing, barriers, and guards. Many in the trucking industry also utilize asset tags to locate and recover stolen goods, GPS jamming detection to



provide drivers and fleet managers visibility into pre-theft threats, engine immobilizers to disable the vehicle and make the movement of stolen goods more difficult, and SOS buttons for driver safety. The trucking industry is doing everything right, but we are still vulnerable because OTGs know that cargo theft schemes that cross state lines and span multiple law enforcement jurisdictions are unlikely to be investigated or prosecuted in a meaningful way. We need government and law enforcement to step up and help. This is a nationwide problem, and it requires a national solution.

That is why IMC Logistics is appreciative of the attention that Chairman Grassley, Ranking Member Durbin, and members of the Senate Judiciary Committee are devoting to this issue. As you pursue legislation, I would like to offer a few examples that illustrate the variety of cargo theft schemes that logistics companies like mine are up against.

#### *Incident 1*

The first incident underscores the astonishing level of coordination and premeditation that typically goes into these heists. In the dead of night, just outside our Memphis terminal (which stores loaded containers for major shippers moving ocean containers intermodally by rail and destined to Memphis proper, Nashville, North Mississippi, and Western Arkansas), multiple masked criminals emerged from a row of pre-staged vehicles. Using high-powered cutting tools, they sliced through the gate, startling our security guard stationed in a booth nearby. Our employee immediately called the police while seven automobiles simultaneously stormed the breached fence.

Once inside, the drivers followed what was evidently a pre-mapped route that took them to the farthest corner of our depot. While one group of criminals forced open containers belonging to a high-value customer, another group outside the perimeter cut another hole in the fence to create an escape route.

Fortunately, the criminals were soon interrupted. An IMC Logistics guard patrolling along the fence began to approach with flashing lights. The spooked criminals jumped in their vehicles and scattered in various directions. The entire ordeal lasted just three and a half minutes, yet even in that limited timespan, the criminals absconded with tens of thousands of dollars' worth of goods.

#### *Incident 2*

A second incident demonstrates that it is not just terminals with stockpiled goods that are at risk; trucks operating on the road are a prime target too.

One of our drivers was recently stopped at a red light in Memphis when he felt the trailer begin to shake. When he looked in his mirror, he saw half a dozen men pulling boxes out of the back of the truck and piling them into a pickup. This brazen burglary occurred in broad daylight at a busy intersection. The thieves took mere seconds to break into the trailer to steal 116 boxes and did not even bother to conceal their identities.

#### *Incident 3*

A third set of incidents offer a warning about supply chain vulnerabilities that extend beyond physical infrastructure and equipment and into the cyber realm.

At least once a week, IMC Logistics receives questionable business solicitations. Fortunately, our company has a large and highly capable team of technology professionals and follows stringent vetting procedures to weed out malevolent or outright fraudulent requests. Yet even with these robust safeguards in place, bad actors can occasionally slip through.

Last year, fraudsters sent work order information using a spoofed email address that appeared to be from a real customer. Our team fulfilled the instructions and completed three loads. We did not learn that the customer's identity had been stolen until we attempted to send them an invoice. Ultimately, IMC Logistics was on the hook for the value of the lost cargo.

In another case the year prior, five full cargo loads were stolen by fraudsters through an elaborate plot to impersonate a real motor carrier. The scheme involved outfitting a truck with fake placards and printing counterfeit IDs for the drivers. IMC Logistics' chassis were equipped with GPS units, but the criminals were savvy enough to disable them within 20 minutes of leaving our lot. The total value of the lost cargo was substantial.

#### Incident 4

Finally, a fourth incident highlights how cargo theft is both fueled by organized crime and financially sustains organized crime in a vicious cycle. It also showcases the obstacles that motor carriers face when trying to report these crimes.

In a carefully orchestrated operation, thieves stole a truck and used it to pull off a heist at our secure facility in St. Louis, where they targeted two containers holding high-end refrigerators. We alerted the local police, who informed us that the only action they would take would be to fill out a report for insurance purposes. When we inquired about possible next steps, we were told that this was not a priority, and they would only look into 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 our 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 a TCO. Although ATF was entirely unaware of the earlier theft at our facility in St. Louis, their intervention prevented the appliances from being transported to Mexico under the guise of "scratch and dent" returns.

This case is a prime example of the disjointed law enforcement response that allows OTGs to slip through the cracks. Local police departments routinely classify cargo theft cases as vandalism. As long as no one is hurt, they view stolen goods as a civil issue—an insurance matter. Similarly, cargo theft often escapes the focus of federal law enforcement, who tend to view it as an ancillary crime. The lack of coordination between law enforcement agencies pales in comparison to their criminal adversaries.

Given the dearth of time and resources that law enforcement devotes to the recovery of stolen cargo, motor carriers often bear the burden of doing the investigative leg work themselves. Even when we identify the culprits, it can be a frustratingly slow process to obtain a resolution.

When eight containers were pilfered at one of our secure yards near Chicago, IMC Logistics sought to expedite the efforts to track down those responsible by hiring a private investigator. We scored a few lucky breaks: we had an image of the license plate number of the van that was used in the theft, and we recovered a wallet that one of the thieves had dropped. Using this information, we were able to single out several suspects and pinpoint their residence. We even found the merchandise they stole on an online platform for resale.

All of this data was passed along to law enforcement. Yet, despite IMC Logistics delivering a smoking gun, no arrests have been made.

I know that our experience with cargo theft is a microcosm of what is happening in the broader trucking industry. The tactics employed by these sophisticated criminals reflect the careful planning OTGs engage in to attack our supply chain. By sharing these examples and speaking up on behalf of our entire industry, I hope to provide the committee with a picture of the devious, resourceful, and relentless nature of the criminals we are up against.

#### **Cargo Theft is a Threat to Public Safety:**

Without the deterrence of reliable investigations and prosecutions, the trucking industry is constantly vulnerable to cargo theft and the violence often associated with it, and legitimate carriers must expend significant human capital and financial resources to protect themselves and their employees. Unfortunately, many smaller carriers and brokers lack the means, staffing, and financial resources to make such robust investments needed to protect themselves and their customers' cargo in today's evolving threat environment. This Committee plays a key role in safeguarding our nation's transportation networks and supply chains from organized crime, and we urge you to consider how the prevalence of cargo theft and absence of any real deterrent undercuts the trucking industry's ability to ensure the safe and efficient movement of our nation's goods.

#### **Employee Safety**

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.<sup>9</sup> These 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 less obvious but undoubtedly serious safety risks 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—in an effort to force compliance or silence.

#### **Food and Agriculture Supply Chains are Vulnerable**

The threats of cargo theft to public safety also extend to 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

<sup>9</sup> 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>.

transportation providers that ultimately result in higher prices for consumers. A single broken seal on a load of perishable goods caused by pilferage can result in rejection of the freight 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 the 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,<sup>10</sup> fraudulent pick-up schemes,<sup>11</sup> 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.<sup>12</sup> 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.

Thieves and fraudsters are also very perceptive to market conditions and constantly adjust strategic theft schemes to capitalize on consumer demand. For example, during outbreaks of highly pathogenic avian influenza (HPAI) and related egg shortages, approximately 100,000 eggs were stolen from a semi-trailer in Pennsylvania.<sup>13</sup> Another public health-driven cargo theft scheme occurred during the COVID-19 pandemic, as thieves more frequently targeted shipments of medical supplies and household supplies.<sup>14</sup>

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 new targets. As a motor carrier that moves both import and export containers, we are very concerned about theft of agriculture, food, and beverage products because such schemes can compromise the integrity of our nation's food supply. These concerns were recently echoed in the Trump Administration's *National Farm Security Action Plan*, which prioritizes the assessment of vulnerabilities associated with the storage and transportation of agricultural products.<sup>15</sup> Cargo theft schemes targeting food and agriculture supply chains not only hurt the bottom lines of farmers, shippers, carriers, and retailers, they also introduce considerable uncertainty and risk into our nation's food security. When stolen agriculture, food, and beverage products are reintroduced into the legitimate marketplace, businesses and consumers that are deceived into purchasing those items may unknowingly consume adulterated goods, which is a considerable threat to public health and safety.

<sup>10</sup> 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>.

<sup>11</sup> Kuntz, A. "What is Cargo Theft & How Can I Avoid It?" *Trackonomy*, 14 April 2025.

<https://trackonomy.ai/newsroom/cargo-theft/>.

<sup>12</sup> 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/>.

<sup>13</sup> Hume, J. (2025, February 14). 100,000 eggs stolen: Breaking news or an old cargo theft trend? *FleetOwner*.

<https://www.fleetowner.com/safety/article/55267606/egg-heist-highlights-food-and-beverage-cargo-theft-risks-but-is-it-a-trend>.

<sup>14</sup> Wolf, C. D. (2021, June 10). Truck cargo thefts skyrocketed amid COVID-19. *Transport Topics*.

<https://www.ttnews.com/articles/truck-cargo-thefts-skyrocketed-amid-covid-19>.

<sup>15</sup> 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>

#### *Cargo Theft Proceeds Fund Other Heinous Crimes*

According to the 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.”<sup>16</sup> 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.”<sup>17</sup>

#### **Cargo Theft is Happening Everywhere:**

Cargo theft in the United States continues to show higher incidence near freight hubs and large cities, but recent reports suggest a broadening geographic spread of cargo theft risks across the United States. According to Overhaul’s Q1 2025 Cargo Theft Report, California, Texas, Tennessee, Pennsylvania, and Illinois are the five states with the highest volumes of cargo thefts, accounting for 39%, 21%, 11%, 8%, and 7% of total cargo thefts, respectively.<sup>18</sup> Unfortunately, no state or region is immune from the threat of cargo theft. And virtually all American communities are affected because they depend on the supply chain to meet their basic freight needs. Trucks move 72% of all freight in the United States, and 80% of communities depend exclusively on trucks to receive their goods. Please find recent examples of cargo theft categorized by state below:

#### *California*

- The Tulare County Sheriff’s Office in Central California linked Mexican cartels to a \$2.25 million theft of heavy agricultural equipment and machinery. The individuals arrested face charges of grand theft, conspiracy, and receiving stolen property. A deputy district attorney says the maximum sentence would be three years behind bars.<sup>19</sup>
- The California Highway Patrol (CHP) announced that a monthslong multi-agency investigation into a cargo and vehicle theft operation in southern California yielded more than 50 arrests, hundreds of thousands in U.S. currency, and over \$8 million in stolen cargo. During the investigation, investigators also recovered 425 pounds of methamphetamine, 48 gallons of liquid methamphetamine, a clandestine methamphetamine lab, 20 rifles and handguns, and 20 stolen vehicles.<sup>20</sup>
- CHP’s Organized Retail Crime Task Force and Cargo Theft Interdiction Program conducted a statewide enforcement operation called “Operation Overloaded,” which targeted individuals

<sup>16</sup> National Insurance Crime Bureau. Cargo Theft. <https://www.nicb.org/prevent-fraud-theft/cargo-theft>.

<sup>17</sup> 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](https://archives.fbi.gov/archives/news/stories/2010/november/cargo_111210/cargo_111210).

<sup>18</sup> Overhaul. (2025). United States: Q1-2025 Cargo Theft Report. [https://over-haul.com/wp-content/uploads/2025/05/US-Q1-2025-Cargo-Theft-Report.pdf?utm\\_campaign=7655967-Growth%20-%20Email%3A%20Intelligence%20Reports%202025&utm\\_source=email&utm\\_medium=Report%20Landing%20Page](https://over-haul.com/wp-content/uploads/2025/05/US-Q1-2025-Cargo-Theft-Report.pdf?utm_campaign=7655967-Growth%20-%20Email%3A%20Intelligence%20Reports%202025&utm_source=email&utm_medium=Report%20Landing%20Page).

<sup>19</sup> Rodriguez, Rich. (2024, October 29). Sheriff links Mexican cartels to \$2.25 million theft of Central California farm equipment. abc3340. <https://abc3340.com/news/nation-world/sheriff-links-mexican-cartels-to-225-million-theft-of-central-california-farm-equipment>.

<sup>20</sup> DuBose, Josh. (2024, June 27). Cargo theft sting nets \$325K in cash, \$8M in stolen goods and 51 arrests. KTLA5. <https://ktla.com/news/local-news/cargo-theft-sting-nets-325k-in-cash-8m-in-stolen-goods-and-51-arrests/>.

involved in a cargo theft scheme believed to have stolen over \$150 million worth of goods from more than 200 cargo loads. CHP arrested 40 people during the operation and seized over \$50 million worth of stolen merchandise and 20 stolen cargo trailers. The authorities also confiscated several vehicles, multiple firearms (including ghost guns), over \$550,000 in cash, and 13 gold bars. The suspects involved in the theft scheme face several felony charges, including conspiracy to commit grand theft, grand theft of cargo, vehicle theft, and identity theft.<sup>21</sup>

- The U.S. District Court for the Central District of California issued a final judgment against a moving company for repeated unauthorized transportation of household goods, in violation of FMCSA's registration requirements, and ordered to pay \$25,000 in fines.<sup>22</sup>
- The U.S. Department of Justice (USDOJ) charged associates of an Armenian organized crime ring with stealing more than \$83 million worth of cargo from Amazon by posing as legitimate truck drivers and siphoning off goods destined for the company's warehouses. Since at least 2021, at least four people linked to the crime ring carried out a scheme across California to steal truckloads of merchandise, ranging from smart TVs and GE icemakers to SharkNinja vacuums and air fryers. USDOJ officials linked the defendants to a litany of other alleged crimes, including attempted murder, kidnapping, illegal firearm possession, and health-care fraud.<sup>23</sup>
- The Los Angeles Police Department arrested two members of the "South American Theft Group" and recovered \$4 million worth of goods. The men arrested were involved in the theft, movement, and sale of the stolen cargo. The Cargo Theft Unit recovered \$1.2 million in tequila, speakers, coffee, clothing, shoes, body wash, and pet food. They also recovered a stolen shipment of bitcoin-mining computers worth \$2.7 million from Los Angeles International Airport as the shipment was about to be loaded onto a plane bound for Hong Kong.<sup>24</sup>
- 140,000 pounds of walnuts worth \$400,000 were stolen in Escalon, California. Investigators said it was one of the biggest thefts to hit the booming industry. The month prior, another walnut theft worth \$50,000 occurred in Sacramento, where the thief stole the walnuts from a trailer parked off Highway 99.<sup>25</sup>
- The Chino Police Department served multiple search warrants in an investigation of an organized burglary and cargo theft ring responsible for thefts totaling more than \$250,000. Truckloads of stolen property were found, including clothes, car parts, electric scooters, and electric bicycles. Three men were arrested in connection with the burglaries and thefts.<sup>26</sup>

<sup>21</sup> FCCR (2023, May 8). 40 Individuals Linked to \$150 Million Cargo Theft Scheme Arrested. [https://fcr.co/40-individuals-linked-to-150-million-cargo-theft-scheme-arrested/?srsltid=AfmBOon6CFDIDj0SvU-OR5A5c8VL50Mq-pjEZgqOYJG3\\_PKvopVrzdl](https://fcr.co/40-individuals-linked-to-150-million-cargo-theft-scheme-arrested/?srsltid=AfmBOon6CFDIDj0SvU-OR5A5c8VL50Mq-pjEZgqOYJG3_PKvopVrzdl).

<sup>22</sup> Federal Motor Carrier Safety Administration (2024, December 6). FMCSA Wins Landmark Judgement Against Moving Company. <https://www.fmcsa.dot.gov/newsroom/fmcsa-wins-landmark-judgement-against-moving-company>.

<sup>23</sup> Palmer, Annie. (2025, May 21). Armenian organized crime rings charged with stealing \$83 million in Amazon cargo. NBC News. <https://www.nbcnews.com/business/business-news/armenian-organized-crime-rings-charged-stealing-83-million-amazon-carg-rcna208222>.

<sup>24</sup> Overdrive Staff. (2025, April 24). Cargo thieves busted in L.A., \$4M in goods recovered. Overdrive. <https://www.overdriveonline.com/life/article/15743994/lapd-arrests-cargo-thieves-recovers-4m-in-goods>.

<sup>25</sup> AP. (2013, November 8). Thief squirrels away 140,000 pounds of nuts. USA Today. <https://www.usatoday.com/story/news/nation/2013/11/08/nut-thief/3473125/>.

<sup>26</sup> (2022, August 22). Suspects Arrested in Organized Burglary and Cargo Theft Ring. The City of Chino. <https://www.cityofchino.org/CivicAlerts.aspx?AID=80&ARC=128>.



Colorado

- Over \$1 million worth of Nintendo Switch 2 consoles were stolen in eastern Colorado. The driver was on his way to Texas when he reported the missing consoles. Someone broke into the truck and stole nearly 3,000 consoles.<sup>27</sup>

Florida

- The U.S. Attorney's Office for the Southern District of Florida announced that the final member of a cargo theft ring had been convicted of stealing 19,000 pounds of Perry Ellis perfume worth over \$230,000. The shipment was destined for Laredo, Texas, but 22 of the 24 pallets of perfume never left Hialeah, Florida, because of the theft.<sup>28</sup>
- The U.S. Attorney's Office for the Middle District of Florida announced that four men have pleaded guilty to charges involving cargo theft of an interstate shipment of goods and receipt and possession of stolen goods. The men stole a tractor trailer containing \$500,000 worth of Patron tequila that was parked near U.S. Route 301 in Tampa. The tequila was an interstate shipment from Texas that was enroute to a business in Lakeland, Florida.<sup>29</sup>
- The Florida Highway Patrol arrested a man driving a stolen tractor trailer containing \$75,000 worth of soup. When troopers pulled the driver over, a man got out the passenger seat and fled. The driver said he had met the passenger a week earlier and was paid by him to drive. The tractor trailer was stolen from Polk County, Florida. The total value of the tractor trailer and soup amounted to \$350,000.<sup>30</sup>

Georgia

- The U.S. Attorney's Office for the Northern District of Georgia announced that four men have 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 case was investigated by the FBI with assistance from the Miami-Dade County Police Department, Economic Crime Bureau, and the FBI Miami Field Office.<sup>31</sup>
- 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.<sup>32</sup>

Illinois

- The U.S. Attorney's Office for the Northern District of Illinois announced the indictment of a Lithuanian national for stealing over \$9.5 million in goods in the Chicago area. He allegedly exploited vulnerabilities in a federal motor carrier registration system to obtain fictitious names,

<sup>27</sup> Sarles, Jesse. (2025, June 17). More than \$1 million worth of Nintendo Switch 2 consoles stolen in Colorado semi truck break-in. CBS News. <https://www.cbsnews.com/colorado/news/nintendo-switch-consoles-stolen-colorado-semi-truck-break-in/>.

<sup>28</sup> U.S. Attorney's Office, Southern District of Florida. (2024, January 31). Final Member of Cargo Theft Ring Convicted of Stealing 19,000 Pounds of Perry Ellis Perfume Worth Over \$230,000. <https://www.justice.gov/usao-sdfl/pr/final-member-cargo-theft-ring-convicted-stealing-19000-pounds-perry-ellis-perfume>.

<sup>29</sup> U.S. Attorney's Office, Middle District of Florida. (2020, October 29). Four Individuals Plead Guilty In Tequila Cargo Theft Ring. <https://www.justice.gov/usao-mdfl/pr/four-individuals-plead-guilty-tequila-cargo-theft-ring>.

<sup>30</sup> (2018, April 8). Police: Man drove stolen tractor trailer full of soup. Local 10. <https://www.local10.com/news/2013/04/08/police-man-drove-stolen-tractor-trailer-full-of-soup/>.

<sup>31</sup> 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>.

<sup>32</sup> The Associated Press. (2024, February 28). \$1 million in stolen cargo discovered in warehouse near Georgia port. <https://www.fox5atlanta.com/news/1-million-in-stolen-cargo-discovered-in-warehouse-near-georgia-port>.

truck carriers, and brokers. He would then use these aliases to divert freight deliveries to alternate warehouses where he would then steal them.<sup>33</sup>

#### Indiana

- In Evansville, Indiana, PFL Logistics had a \$60,000 shipment of macaroni fall victim to freight fraud. A trusted carrier was supposed to deliver the shipment, but without warning refused to deliver the load and then stopped all communications. After filing a police report, the company learned this was not the first time the carrier has used this scam on businesses.<sup>34</sup>

#### Kentucky

- The Kentucky State Police announced that its Vehicle Investigations Branch ended a year-and-a-half-long investigation into an organized theft ring allegedly responsible for around \$10 million in stolen freight. During the investigation, the Kentucky State Police opened 16 cargo theft investigations, resulting in 10 federal indictments and seven arrests. Investigators had noted a rise in stolen freight throughout the state that specifically targeted the food and beverage industry, as well as an increase in incidents of copper theft.<sup>35</sup>

#### Maryland

- A shipment of 280,000 eggs worth around \$100,000 heading from Cal-Maine Farms in Maryland to Florida was hijacked and re-routed to Staten Island. The cargo thief posed as a legitimate broker and stole the identity of a real trucking company to appear credible. The driver delivering the eggs had no idea he was bringing the shipment to the wrong location. Once the delivery was dropped off at an unknown facility in Staten Island, the thief sent a ransom note demanding \$7,500 for the return of the eggs.<sup>36</sup>

#### Nevada

- Thieves stole 12,600 Smart Sketchers, a toy that retails for \$108, in a complex double-brokering scam that diverted three truckloads of the toy—worth over \$1 million—from a warehouse in North Las Vegas. Two of the truck shipments were diverted to Los Angeles, and the fate of the third shipment is still unknown. Flycatcher, the manufacturer of Smart Sketchers, filed a lawsuit in US federal court in Manhattan against 14 online retailers allegedly selling stolen Smart Sketchers despite receiving cease-and-desist letters. Four of the sellers are in New York City, with the rest in California, Oregon, and New Jersey.<sup>37</sup>

<sup>33</sup> U.S. Attorney's Office, Northern District of Illinois. (2024, June 7). Suburban Chicago Man Charged in Federal Court With Stealing More Than \$9.5 Million in Interstate Shipments.

<https://www.justice.gov/usao-ndil/pr/suburban-chicago-man-charged-federal-court-stealing-more-95-million-interstate#:~:text=The%20indictment%20alleges%20that%20Zigmantas,of%20theft%20of%20interstate%20shipments>.

<sup>34</sup> Whalen, Jordan (2024, October 30). PFL Logistics loses \$60k from a shipment of macaroni to a growing scam. 44 News. [https://www.wvvy.com/news/pfl-logistics-loses-60k-from-a-shipment-of-macaroni-to-a-growing-scam/article\\_f46e527e-972f-11ef-b8c3-b7f0d7b5f140.html](https://www.wvvy.com/news/pfl-logistics-loses-60k-from-a-shipment-of-macaroni-to-a-growing-scam/article_f46e527e-972f-11ef-b8c3-b7f0d7b5f140.html).

<sup>35</sup> Witkowski, Ryan. (2023, December 22). Cargo theft investigators recover over \$5M in stolen property. Landline. <https://landline.media/cargo-theft-investigators-recover-over-5-million-in-stolen-property/>.

<sup>36</sup> (2025, June 20). Crack in the case: 280,000 eggs vanish from top US producer — then a bizarre ransom note shocks investigators. MSN. <https://www.msn.com/en-in/entertainment/bollywood/crack-in-the-case-280000-eggs-vanish-from-top-us-producer-then-a-bizarre-ransom-note-shocks-investigators/ar-AA1H70Ge>.

<sup>37</sup> Fickenscher, Lisa. (2024, December 16). Holiday heist diverts \$1M in toys on 3 different trucks — in new type of scam that threatens US businesses. NY Post. <https://nypost.com/2024/12/16/business/holiday-heist-diverts-1m-in-toys-on-3-different-trucks-in-new-type-of-scam/>.



### New Jersey

- The New Jersey State Police arrested four men from Philadelphia in a sting called “Operation Beef Bandit.” The organized cargo theft ring broke into parked trailers at service areas while drivers were sleeping and stole “high-value goods” such as meat, alcohol, and seafood. The men are facing numerous charges, including receiving stolen property, possession of burglary tools, conspiracy to commit cargo theft, and criminal mischief.<sup>38</sup>
- The U.S. Attorney’s Office for the District of New Jersey announced that three men pleaded guilty to their roles in a conspiracy to burglarize approximately 55 United Parcel Service warehouses across the United States, resulting in the theft of over \$1.6 million worth of merchandise. The men sought parcels marked with “lithium-ion battery” warnings, which indicated that the packages contained high-value electronic devices such as cell phones.<sup>39</sup>
- \$100,000 worth of burgers were stolen from a New Jersey shipping yard. Surveillance footage showed a tractor trailer towing a 40-foot container holding 3,000 burgers.<sup>40</sup>

### Tennessee

- An Eads, Tennessee, man was accused of stealing nearly \$500,000 worth of ethernet switches from a tractor-trailer. He allegedly targeted a truck that was parked at a warehouse while the driver was in the cab sleeping. The stolen switches were found for sale on Ebay.<sup>41</sup>
- A man in Memphis was arrested in connection with the theft of a tractor-trailer carrying \$68,000 worth of cereal. The truck was parked in a lot in North Memphis, and the thieves allegedly caused \$10,000 worth of property damage while committing the crime. Law enforcement found the truck and trailer the next day, and the suspect was discovered in the truck cab with six boxes of cereal.<sup>42</sup>
- In Memphis, Tennessee, two local delivery truck drivers were held up at gunpoint in separate incidents on the same day. A group of masked men brandished a firearm and stole packages from the back of the trucks.<sup>43</sup>

### Texas

- The Grapevine Police Department uncovered a multimillion-dollar cargo theft ring and charged seven suspects with engaging in organized criminal activity. The theft ring was responsible for burglaries of electronics and high-value merchandise totaling more than \$10 million in five cities: Grapevine, Plano, Fort Worth, Coppell, and Dallas.<sup>44</sup>

<sup>38</sup> Hartman, Trish. (2024, September 17). 4 Philadelphia men arrested in ‘Operation Beef Bandit’ in connection to organized cargo theft ring. 6abc. <https://6abc.com/post/4-men-philadelphia-arrested-operation-beef-bandit-connection-organized-cargo-theft-ring-tri-state/15314427/>.

<sup>39</sup> U.S. Attorney’s Office, District of New Jersey. (2024, March 28). Three Philadelphia Men Admit Roles in Conspiracy to Burglarize United Parcel Service Warehouses Across United States, Stealing over \$1.6 Million in Packages. <https://www.justice.gov/usao-nj/pr/three-philadelphia-men-admit-roles-conspiracy-burglarize-united-parcel-service>.

<sup>40</sup> Greene, David. (2013, April 11). \$100,000 Worth Of Burger Patties Stolen In New Jersey. NPR. <https://www.npr.org/2013/04/11/176889004/-100-000-worth-of-burger-patties-stolen-in-new-jersey>.

<sup>41</sup> Suriani, Mike. (2024, August 2). “Eads man accused of stealing \$468K in electronics, selling them on eBay.” WREG Memphis. <https://wreg.com/news/eads-man-accused-of-stealing-468k-in-electronics-selling-them-on-ebay/>.

<sup>42</sup> (2025, June 11). “Man steals truck with \$68K worth of cereal inside, police say.” Fox13 Memphis. [https://www.fox13memphis.com/news/man-steals-truck-with-68k-worth-of-cereal-inside-police-say/article\\_cab94161-4a07-4f05-be7f-6c05daba666a.html](https://www.fox13memphis.com/news/man-steals-truck-with-68k-worth-of-cereal-inside-police-say/article_cab94161-4a07-4f05-be7f-6c05daba666a.html)

<sup>43</sup> Williams, Imani. (2024, January 2). “‘It’s a shame and it is scary’: Truck driver speaks out after continued robberies.” <https://www.actionnews5.com/2024/01/03/its-shame-it-is-scary-truck-driver-speaks-out-after-continued-robberies/>

<sup>44</sup> Myers, Doug and J.D. Miles, S.E. Jenkins. (2024, November 19). 7 charged with organized criminal activity in multimillion-dollar North Texas cargo theft ring. CBS News. <https://www.cbsnews.com/texas/news/seven-charged-in-north-texas-multimillion-dollar-cargo-theft-ring-bust/>.

- A truckload of \$1.6 million in electronics was stolen from Dallas Fort Worth International Airport. The shipment, which was originally bound for Childress, Texas, was taken into New Mexico then headed west. Troopers stopped the tractor in Flagstaff, Arizona. Three subjects, two identified as drivers, were arrested. The \$1.6 million worth of cargo was returned to the owner.<sup>45</sup>

#### Wisconsin

- An Illinois man was accused of stealing 42,000 pounds of cheese from a Wisconsin cheese company. He was arrested at a New Jersey Turnpike rest area where he allegedly attempted to sell the cheese. The retail value of the cheese was around \$200,000.<sup>46</sup>

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

Economic security is national security, and the unfortunate reality is that our national security has been compromised because OTGs and 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—which is why ATA and our supply chain partners are urging 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 fraud and theft schemes and remain undetected. OTGs are exploiting U.S. transportation and distribution networks with impunity because there is no concerted effort from the federal government to investigate and prosecute. And without those critical deterrence factors, criminals will continue 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.

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 supply chain fraud and theft. We are grateful to Senators Grassley and Cortez Masto for their leadership in introducing S. 1404, the *Combating Organized Retail Crime Act*, legislation that will enhance legal frameworks, improve enforcement capabilities, and improve law enforcement coordination to combat the unrelenting surge of cargo theft and related crimes across the nation.

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*.

<sup>45</sup> Truckers News Staff. (2025, June 13). Theft of \$1.6 million in electronics interrupted; 3 thieves arrested. Truckers News. <https://www.truckersnews.com/news/article/15748296/theft-of-16-million-in-electronics-interrupted-3-thieves-arrested/>.

<sup>46</sup> Valiente, Alexa. (2013, March 28). Illinois Man Charged In 21-Ton Cheese Heist. ABC News. <https://abcnews.go.com/blogs/headlines/2013/03/illinois-man-charged-in-21-ton-cheese-heist/>.

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

*1. CORCA Will Facilitate Better Reporting of Cargo Theft*

The way in which cargo theft is reported 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 contributing to industry underreporting is general confusion about 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 may reach out to law enforcement to report a crime and seek assistance for cases of fraud or theft, but rather than 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 jurisdictional issues given the interstate nature of the crime and direct motor carriers to report elsewhere. Inconsistencies in reporting protocols leave 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 told to file a claim with their insurance company instead. This happens usually because local and state law enforcement officers often do not have the necessary training to recognize that cargo theft is not simply a property crime.

*CORCA* resolves the disparate and disintegrated 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. 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 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 a clear direction regarding crimes that span multiple states.

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

Although 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, and theft schemes have 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, the majority of cargo thefts in the U.S. are investigated by local and state law enforcement.<sup>47</sup> Unfortunately, state laws on cargo theft are not uniform, lending 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,"<sup>48</sup> and

<sup>47</sup> 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](https://archives.fbi.gov/archives/news/stories/2010/november/cargo_111210/cargo_111210).

<sup>48</sup> 18 U.S.C. § 659

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.<sup>49</sup> Additionally, jurisdictional confusion leads to ineffective enforcement of applicable cargo theft laws, and the resulting absence of criminal investigations emboldens criminals to continue their illegal activities.

*CORCA* will help federal, state, and local law enforcement investigate organized cargo theft schemes by directing the Department of Homeland Security to take a leading role in enforcing 18 U.S.C. §659 and strengthening legal tools for law enforcement to dismantle OTGs and TCOs who 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, the escalation of violence associated with organized crime has made it increasingly difficult for the industry and our supply chain partners to ensure the safety and security of our colleagues. IMC Logistics has 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 Create a Cohesive Strategy to Combat Cargo Theft*

The convergence of criminals exploiting gaps in law enforcement jurisdictions along major freight routes and the increasing capabilities of new technologies to facilitate sophisticated criminal activities have drastically increased the frequency of organized supply chain crime. Trucking, rail, retail, small businesses, communities, and consumers are all paying the price for this rampant criminal activity and are pleading for government and law enforcement to recognize that a new national strategy is needed to address this evolving threat environment.

*CORCA* will establish the ORSCCCC, which will collect and analyze data related to fraud and theft at all stages of the supply chain and identify regions in the United States, modes of transportation,

<sup>49</sup> 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>.

distribution networks, and retail stores that are experiencing high volumes of organized crime. The intelligence generated by the coordination center will inform personnel and resource allocations to ensure a dynamic and efficient response to evolving criminal tactics. The legislation responds to the limitations of state-level efforts, which struggle with resource constraints and the interstate and international nature of organized supply chain crime.

5. *CORCA Will Promote Multi-Modal Coordination*

Preventing cargo theft is a team sport: everyone who touches the container should be involved, and industry should have clear lines of communication with law enforcement partners to ensure proper reporting and information-sharing takes place. Establishment of the ORSCCCC will ensure that all participants in the supply chain—from railroads and motor carriers to third-party logistics companies and beneficial cargo owners—are able to collaborate with law enforcement and better ensure timely, effective responses that will disrupt and discourage organized crime schemes. Data collected through these systems will improve the tracking of trends, which will then help to better inform best practices for supply chain security and planning, as well as prepare law enforcement to meet future threats.

6. *CORCA Will Boost Consumer Confidence in Supply Chain Security and Resiliency*

In addition to the growing number of thefts that turn violent, consumers, local communities and businesses bear the costs of rising prices. These thefts are detrimental to small and large businesses alike, as well as the overall economy, as they pose both societal and health risks to the community. They significantly undermine supply chain resiliency by causing delays, disruptions, and increased costs. Criminals exploit vulnerabilities in the supply chain, targeting goods in transit or storage, which can halt production, increase prices, and create shortages.

While the economic cost is substantial and impacts all Americans, truck drivers, train engineers, and warehouse workers face increased safety risks as the incident rate continues climbing. This threat acts as a disincentive to those considering a career in logistics, which is particularly troubling at a time when these industries are struggling to fill open positions. The trucking industry alone will need to hire an estimated one million new drivers over the next decade to replace retiring drivers and those leaving the industry for other reasons, as well as to meet anticipated freight demands.

By facilitating great coordination and providing law enforcement agencies with the tools necessary to identify and confront these thefts, *CORCA* will bolster integrity and resiliency throughout the supply chain, ensuring the undisrupted flow of goods and providing a greater sense of safety and security to the most valued component of our supply chain: our workforce.

7. *CORCA Will Deter Organized Crime Involvement in Cargo Theft*

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 but have not faced prosecution.

The creation of the ORSCCCC will help reframe investigations of cargo theft to reinforce that these crimes are not simply property crimes or mere crimes of opportunity. The ORSCCCC will create the necessary reporting frameworks to enable the trucking industry and our supply chain partners to provide the crucial details to federal law enforcement that demonstrate the complex, sophisticated, interconnected, and conspiratorial nature of these supply chain crimes. By providing law enforcement with the tools and improved legal frameworks to connect the dots, we are hopeful that subsequent



investigations will yield the prosecutions, justice, and accountability that are conspicuously absent today.

#### 8. *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.

#### 9. *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.<sup>50</sup> 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.

If left unchecked, cargo theft will continue to erode the efficiency and resilience of the U.S. economy. *CORCA* will provide law enforcement with the tools, resources, and legal frameworks needed to dismantle cargo theft rings and safeguard the nation's freight network.

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.

#### 10. *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 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

<sup>50</sup> 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/>.

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.

**In Conclusion:**

Chairman Grassley, Ranking Member Durbin and members of the Judiciary Committee, 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 is an increasing threat confronting the trucking and logistics industry. As I outlined in my testimony, IMC Logistics has experienced these threats firsthand, and we have been forced to navigate a complex and often challenging enforcement response. And we are not alone. Across the supply chain, small and large businesses alike are confronting these same challenges every day.

It is imperative that action is taken at the federal, state, and local levels to confront and neutralize this growing threat. The trucking industry and our supply chain partners need more cooperation 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.



TESTIMONY OF SCOTT MCBRIDE  
Chief Global Asset Protection Officer,  
American Eagle Outfitters, Inc.  
Before the  
UNITED STATES SENATE  
JUDICIARY COMMITTEE

**Beyond Smash and Grab: Criminal Networks and Organized Theft**

July 15, 2025

Chairman Grassley, Ranking Member Durbin, and esteemed members of the Committee, thank you for the opportunity to address you on a critical issue: Organized Retail Crime (ORC). Chairman Grassley thank you for reintroducing the CORCA Act of 2025 and inviting me to testify today.

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 far more than simple shoplifting; it represents sophisticated criminal enterprises perpetrating massive thefts, escalating violence against our associates and customers, crossing jurisdictions to avoid prosecution, and deploying 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 and disrupt our supply chains. An overview of the elements that define Organized Retail Crime is attached (Attachment 1).

Imagine an organization that leverages masters-level business school concepts to unite individuals toward a common goal, meticulously measures results, harnesses technology to its advantage, and defines clear roles and responsibilities. You might assume I'm describing a successful retail corporation. However, this same organization employs intimidation and violence, uses electronic countermeasures to evade detection, manipulates financial instruments through gift card fraud, and executes nefarious reverse logistics tactics to sell or move stolen merchandise offshore. This is an accurate description of how an Organized Retail Crime group operates.

While ORC is not new, its veracity, sophistication, frequency and geographic reach have dramatically increased in the post-COVID era. These groups exploit the internet and encrypted messaging apps to recruit thieves, coordinate the consolidation of stolen goods, liquidate them through illicit online tertiary or black-market sites, and even exfiltrate stolen products out of the country. Simultaneously, retailers have invested in new technologies that provide clearer insights into the scope of these thefts, pinpoint the last known locations of missing items, timestamp video evidence of incidents, and enhance collaboration with law enforcement across all jurisdictions. Despite our efforts, the problem continues to grow.

Consider a recent case<sup>1</sup> 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 field investigators, HSI recovered ~2,000 pairs of American Eagle jeans with a retail value exceeding \$100,000, along with nearly \$2 million in other retailer merchandise. RFID research revealed these stolen AEO items originated from 35 American Eagle stores across 13 states. Evidence from this seizure has already led to the discovery of a second arm of the same criminal group in Utah and has generated additional investigative leads across multiple states. Without the national reach of HSI, we would not have achieved such success in developing this ongoing case; a case far beyond the reach or understanding of any one local or state law enforcement agency given the magnitude of the crimes across a multitude of jurisdictions.

<sup>1</sup> <https://abc13.com/post/southeast-houston-home-raid-leads-katy-police-nationwide-100-million-theft-ring-ties-mexican-cartel/16145928/>

This example clearly underscores the urgent need for national-level involvement to support local and state law enforcement, District Attorneys, and State Attorneys General. National visibility and link analysis are crucial to comprehending the entire scope of criminal involvement, enabling the appropriate agencies and offices to make the legal determinations commensurate with the full scale of the criminal activity and lead to the disruption and dismantling of these organized criminal groups.

I commend Senator Durbin for his leadership in championing the passage of the INFORM Consumers Act. While success varies by retailer, progress is being made toward INFORM becoming an effective tool in the fight against online marketplaces serving as easy funnels for the liquidation of stolen products.

In some of the thefts the most sophisticated suspects adopt a stealthier approach to avoid detection; many other groups have escalated to intimidation and overt violence<sup>2</sup>. Our store staff face threats with knives, guns, or even dirty needles. Perpetrators use pepper spray, destroy displays, and physically assault associates through punching, kicking, or shoving. Tragically, my peers have witnessed serious trauma, and in some cases, the deaths<sup>3, 4, 5</sup> of customers, associates, security personnel, and in-store Loss Prevention staff at the hands of organized crime members.

A further example<sup>2</sup> is when 20 stolen vehicles, carrying 40 or more individuals, suddenly converge on a suburban department store, armed with implements of destruction from tire irons to firearms, running through and over customers, and threatening staff to commit retail theft – this is no longer a simple “smash & grab.” It is a coordinated attack with premeditated malice and a clear determination to plunder and escape. The stolen items are not necessities; this group had a plan for consolidation, fencing, and moving the stolen product, operating under the direction of a larger entity with the means to mobilize and monetize their illicit gains.

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 and collaborate on strategies to keep our stores and supply chains safe and secure. This bill would allow us to expand upon the progress made at the state levels and effectively address cases that meet certain thresholds or cross state lines. As a professional dedicated to protecting customers and associates, I implore all members of the 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 share our story. I look forward to answering your questions.

<sup>2</sup> <https://www.nbcnews.com/video/dozens-of-looters-target-walnut-creek-california-nordstrom-in-violent-robbery-126856773759>

<sup>3</sup> <https://abc11.com/post/home-depot-murder-gary-rasor-trial-terry-mcmillan-jr-charged-shoving-elderly-worker-store-caught-video/16468818/>

<sup>4</sup> <https://www.yahoo.com/news/sending-message-shoplifter-jacksonville-store-220630163.html>

<sup>5</sup> <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 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.
  - **Money Launderers:** These individuals are responsible for disguising the illicit origins of funds obtained through ORC 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.

- **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.
- **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. The recruiting of minors for organized retail crime (ORC) 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 type of criminality; they engage in a poly-criminal approach, including human, drug, and weapon trafficking, money laundering, identity theft, financial gift card fraud, smuggling, cybercrime, and retail theft. These groups exploit differences in legal jurisdictions to evade detection and prosecution, making it challenging to investigate their activities.

- **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.
  - **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 invest 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.



Written Testimony of Summer Stephan  
President, National District Attorneys Association  
District Attorney, San Diego County, CA  
*Beyond the Smash and Grab: Criminal Networks and Organized Theft*  
U.S. Senate Judiciary Committee  
Tuesday July 15, 2025

Chairman Grassley, Ranking Member Durbin, 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 am the elected District Attorney for San Diego County, CA, and President/Chair 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. I aim to bring my own experience in San Diego County with combatting organized crime along with the lens of NDAA—the largest and oldest organization representing prosecutors with more than 6,000 members across the United States. 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 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. 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) along with other strategies.

### **Background**

In 2024, Capital One reported that stores in the U.S. lost an estimated \$45 billion to retail theft.<sup>1</sup> The same report projects that shoplifting and retail theft could cost retailers over \$53 billion as soon as 2027.<sup>2</sup> Multiple reports have found that 76% of retailers were more concerned about organized retail crime theft in 2023 than they were the year before.<sup>3</sup> 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,

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

<sup>2</sup> *Id.*

<sup>3</sup> *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](#).



Walgreens, and Dollar Tree have all cited increases in violent crime and retail theft as a contributing factor for closing stores around the country.<sup>4</sup> In 2022, the US Chamber of Commerce reported that more than 650,000 jobs were lost nationwide due to organized retail crime.<sup>5</sup> The impact is not just felt by the retail industry but others such as banking, capital markets, and IT services.<sup>6</sup> 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. that is home to 3.3 million people, 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 is 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

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

<sup>5</sup> 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](#)

<sup>6</sup> *Id.*

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.<sup>7</sup> 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.<sup>8</sup> 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 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 similar to 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 two-year period (2023 and 2024), my office filed criminal cases involving organized retail theft against 218 defendants with a loss to stores of \$2,676,304, which resulted in prison or jail terms for the majority of the criminals who have been convicted.

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<sup>7</sup> 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 \(2025\)](#).

<sup>8</sup> *Id.*

**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 Columbia, 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 phone, 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 product 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. Through the partnership, retailers and prosecutors collaborate to share insights, build understanding, and identify ways to ensure community safety. Retailers have the opportunity to explain their approach to deterring crime, highlight their biggest challenges, and present opportunities for collaboration. District Attorneys' offices can offer their expertise on organized retail theft cases, share resource capabilities, and learn how their teams can be the most helpful and efficient. 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.<sup>9</sup> VCI started pilot programs in King County, WA; Yolo County, CA; the Kansas City metro area and the borough of Manhattan (NY), to foster collaboration and communication among retailers, law enforcement, prosecutors and social service entities to provide a holistic approach to retail crime. The goal of the pilots was to not only restore community safety and economic prosperity, but to also establish best practices and a framework so the initiative could be scale-able on a national level.

### **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

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

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 NDAA President, I strongly support Chairman Grassley's (S.1404) Combatting Organized Retail Crime Act, 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 amount 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 pioneer with the FBI, and this allowed us to track our reported elder scams resulted in losses of approximately 98 million for 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. Collaborative approaches are necessary and have proven effective to more comprehensively understand the challenges at hand. Partnerships like the one between NDAA and RILA are excellent examples of how public-private partnerships can address complex issues, but we need more organizations on both sides of the table to address this at the federal/national level. The Combatting Organized Retail Crime Theft Act's provision on creating a center within Homeland Security Investigations at the Department of Homeland Security is a welcomed 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 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; and a widespread public awareness campaign 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, customers and community. We stand ready to assist any Congressional efforts such as the Combatting Organized Retail Crime Theft Act. We urge Congress to swiftly pass this legislation as we look for additional ways to tackle organized retail crime theft that threatens the safety and vibrancy of communities across the nation. In addition to improved laws, we also need increased collaboration and information-sharing among retailers, federal, state and local law enforcement. The San Diego County DA's office and NDAA will always support the efforts of America's prosecutors, law enforcement, and retailers as we protect the rights and safety of our communities by ensuring justice is attained.



**Hearing on “Beyond the Smash and Grab: Criminal Networks and Organized Theft”  
Senator Grassley, Chairman  
Questions for the Record**

**Hon. David J. Glawe**

**1. What is the biggest gap in our ability to combat the threats we’re facing from organized retail and supply chain crime?**

**NICB Response:** Stronger deterrence and increased collaboration are keys to combating the sophisticated and often transnational criminal organizations that facilitate cargo theft. Currently, the criminal networks that engage in cargo and supply chain theft benefit from a legal framework that does not provide adequate deterrence—including through a lack of criminal forfeiture—as well as from fragmented law enforcement coordination and inadequate reporting. In fact, there is no uniform system or central repository for cargo crime reports or statistics, which has made it difficult for both the public and private sectors to fully understand and effectively confront the sheer scope of cargo crimes. While NICB has successfully worked alongside cargo theft task forces at every level of law enforcement, there remains confusion, for example, on where victims of cargo theft should turn to report incidents. Thus, we believe that cargo thefts are significantly underreported. The Combating Organized Retail Crime Act (CORCA) would help address these gaps through the creation of a Coordination Center to serve as a center of excellence for intelligence-gathering and information-sharing.

**2. What gaps exist in our current visibility into the true scope and impact of supply chain/cargo theft?**

**NICB Response:** One of the biggest gaps in our visibility is the fact that many cargo theft incidents are simply not reported to law enforcement, including because victims do not always know where they should go to report. This means that not only do we have insufficient data on the scope of the crime, but we also are losing opportunities to connect the dots across the sophisticated networks that these criminals are using to carry out their schemes. For instance, in 2024, cargo theft increased to a historic high—up 27% from 2023, with estimated losses exceeding \$1 billion. But other estimates suggest that cargo and supply chain losses may reach up to \$35 billion annually. We know that cargo theft is big business and big money, driven by big opportunity—but it may in fact be far bigger in impact than we currently know.

Additionally, organized cargo theft is an interstate and even transnational crime, which puts state and local law enforcement investigations at an inherent disadvantage. While state and local law enforcement have jurisdictional boundaries, fraudsters and organized criminal networks do not. A Coordination Center, such as the kind contemplated in CORCA, would serve as a key hub for intelligence-gathering, information-sharing, and operational coordination from a federal vantage point—reducing the ability for criminal organizations to evade accountability by simply crossing state or national borders.



**3. What are some of the reasons there is difficulty in reporting accurate data on organized retail crime?**

**NICB Response:** An accurate picture of cargo and supply chain crime remains a big challenge. Many incidents are simply not reported to law enforcement, as victims often do not know where to turn to report such incidents. And even incidents that are reported often lack specificity, such as the extent and value of the stolen goods and other key details that may aid law enforcement. To date, various law enforcement and cargo industry partners report diverse datasets to government and private industry sources, rather than to one central repository. Accordingly, while NICB and our partners have identified a significant growth in organized cargo theft—including an increase in the number of insurance claims relating to cargo theft—it is likely that the scope and impact of these crimes is far greater than we currently know.

**4. What factors account for the discrepancies in data on organized retail crime?**

**NICB Response:** As described above, an accurate picture of cargo and supply chain crime remains a big challenge. Many incidents are simply not reported to law enforcement, as victims often do not know where to turn to report such incidents. And even incidents that are reported often lack specificity, such as the extent and value of the stolen goods and other key details that may aid law enforcement. To date, various law enforcement and cargo industry partners report diverse datasets to government and private industry sources—such as to the FBI Uniform Crime Report and CargoNet—rather than to one central repository. Accordingly, while NICB and our partners have identified a significant growth in organized cargo theft—including an increase in the number of insurance claims relating to cargo theft—it is likely that the scope and impact of these crimes is far greater than we currently know.

For instance, in 2024, cargo theft increased to a historic high—up 27% from 2023, with estimated losses exceeding \$1 billion. But other estimates suggest that cargo and supply chain losses may reach up to \$35 billion annually. A federal Coordination Center—tasked under CORCA with “establishing a secure system for sharing information regarding organized retail and supply chain crime threats” and “tracking trends with respect to organized retail and supply chain crime”—would help provide uniformity and clarity in measuring the true scope of cargo theft crimes, which would in turn help ensure that appropriate resources are dispatched at the local, state, and federal levels to fight back.

**5. How would the Organized Retail and Supply Chain Crime Coordination Center that my bill, the Combatting Organized Retail Crime Act, establishes help solve these problems?**

**NICB Response:** As described above, to date there is no uniform system or central repository for cargo or supply chain crime reports or statistics, which has made it difficult for industry and state and local law enforcement to understand and effectively confront the full scope of the problem—particularly given its interstate and international reach. Moreover, many incidents are simply not reported to law enforcement, as victims often do not know where to turn to report such incidents. Incidents that are reported often lack specificity, such as the extent and value of the stolen goods and other key details that may aid law enforcement.

A federal Coordination Center—tasked under CORCA with “establishing a secure system for sharing information regarding organized retail and supply chain crime threats” and “tracking trends with respect to organized retail and supply chain crime”—would help provide uniformity and clarity in measuring the true scope of cargo theft crimes, which would in turn help ensure that appropriate resources are dispatched at the local, state, and federal levels to fight back. Additionally, this Center would serve as a center of excellence for intelligence-gathering—such as receiving incident reports from victims—and information-sharing, which would help drive a uniform strategy across all levels of law enforcement in combating cargo theft and responding to specific incidents.

Additionally, adopting consistent definitions, measures, and procedures in the cargo and supply chain theft space would be of value, and as a longstanding and neutral hub for intelligence- and information-sharing, NICB is well-positioned to assist in that effort. The Coordination Center contemplated CORCA would bring all valuable expertise to the table to help establish consistency across the private and public sectors in capturing the full scope and threat of organized cargo theft and other supply chain crimes like retail theft. Congress should not delay in creating and supporting this Coordination Center, and NICB stands ready to provide its support in any capacity.

**6. The Organized Retail and Supply Chain Crime Coordination Center is charged with establishing relationships with state and local law enforcement, along with the retail and transportation industries, in an effort to share information and coordinate responses.**

**a. Why is it important to have law enforcement and private industry coordinate to share this information?**

**NICB Response:** NICB knows firsthand the immense value of public-private partnerships, including vital information-sharing between private industry and law enforcement in a collaborative effort to combat criminals and fraudsters. For nearly 115 years, NICB has stood at the intersection of the insurance industry, insurance regulators, and law enforcement across the

country, helping to facilitate that communication and collaboration in the fight against insurance crime and to protect consumers. In fact, the information-sharing and public-private partnerships that NICB facilitates have even helped solve some of the most devastating terrorist attacks and vehicle-related crimes on U.S. soil, including the 1993 World Trade Center bombing and 1995 Oklahoma City bombing. Without bringing the public and private sectors together in a joint partnership to combat crime, these and other criminal acts would likely have proved far more difficult, if not impossible, to investigate and successfully prosecute.

Moreover, criminals and fraudsters are coordinated—often within sophisticated, organized networks—thus, industry and law enforcement should be too. Private industry provides a direct perspective on the tactics criminals are using to attack our supply chain and possesses unique insight and intelligence into the vulnerabilities that are being exploited. Similarly, law enforcement has unique tools at its disposal and visibility into sophisticated criminal networks that private industry simply does not. Bringing these two vantage points together is critical, and it is what NICB serves to do every day in the insurance industry through the reporting of fraudulent insurance claims and the issuance of intelligence reports and alerts to our members and law enforcement partners.

This reporting process provides NICB unique, unmatched visibility into organized crime and theft trends nationwide that directly target or impact the insurance industry. Our expert analysts can identify trends and patterns that are visible only from NICB's multi-state, multi-carrier vantage point. NICB shares this vital information to our members and other strategic partners—through intelligence reports and actionable insights—to alert them of potentially overlapping networks of insurance fraudsters. For example, in 2024 alone, NICB received over 180,000 reports from insurers about suspicious activity and fraud connected to policies they underwrite. Through these reports and related sources, NICB identified over 1,600 organized crime rings and issued over 2,200 alerts to our members and partners.

In the same way, a Coordination Center would serve as the hub of intelligence-gathering and information-sharing in the fight against organized cargo and supply chain theft. A Coordination Center would be best positioned to put the pieces together in identifying complex criminal networks, and would help steer law enforcement resources in a more strategic manner toward disrupting and ultimately prosecuting these operations.

- 7. The Organized Retail and Supply Chain Crime Coordination Center led by Homeland Security Investigations brings together multiple players to solve this problem. At a federal level, Customs and Border Protection, Secret Service, Postal Inspection Service, ATF, DEA, FBI, and the Federal Motor Carrier Safety Administration are all to staff the Organized Retail and Supply Chain Crime Coordination Center.**

**a. What advantages do these agencies bring to the table?**

**NICB Response:** Each of these agencies would bring vital expertise, specialized tactics and intelligence, dedicated law enforcement professionals, and unique vantage points to the Coordination Center. Bringing all of these assets to the table is vital in developing an effective, cohesive response to organized cargo theft.

For example, NICB has a longstanding partnership with CBP, and is in fact embedded with CBP at major ports from coast to coast to provide operational support in investigating and interdicting cargo crimes and vehicle theft. CBP possesses a deep knowledge and expertise in combating the illegal export of stolen goods, including the specific tactics that criminal organizations use to conceal everything from stolen sports drinks to sports cars inside outbound shipping containers. In September 2024, NICB and CBP announced our latest partnership, “Operation Terminus,” to prevent stolen vehicles from being smuggled out of the country through cargo containers at seaports around the nation. Through this joint operation, NICB agents—working alongside CBP officers—have inspected shipping containers and discovered multiple high-end vehicles worth more than \$100,000 each, resulting in recoveries worth millions of dollars. Many of the recovered stolen vehicles were bound for several different countries in Africa. Additionally, our joint operations recovered hundreds of rounds of various caliber ammunition that were concealed in vehicles destined for Nigeria and other African ports.

As discussed at the hearing, we know that the proceeds from organized cargo theft are often used to further other illicit and violent criminal activities, including drugs and weapons trafficking and even terrorism. Accordingly, the Coordination Center would greatly benefit from the expertise and intelligence of ATF, DEA, and FBI—federal agencies that are charged with countering weapons and drug trafficking, as well as combating domestic and international terrorism.

The FMCSA also brings unique expertise into the tactics of organized cargo theft operations that target our nation’s trucking and logistics industries, including tactics that involve identity theft and fake documentation. For example, the FMCSA helps combat broker and carrier fraud—a form of strategic cargo theft—that involves cargo thieves exploiting a motor carrier’s assigned USDOT number or acting as a broker without being registered with the FMCSA. The agency also issues fraud alerts on developing tactics by organized cargo theft operations, including double-brokering fraud, which involves organized crime groups posing as legitimate dispatchers who then direct trucking carriers to re-route entire loads of cargo to an unauthorized location or to a subcontracted carrier that is, in fact, part of an organized theft scheme.

As CORCA already contemplates, DHS is a wholly appropriate department to serve as both the hub for and a participant in (through its component agencies) the Coordination Center. DHS component agencies currently maintain authority to investigate all manner of crimes including, for example: drug and weapons smuggling; cybersecurity crimes; illegal technology exports; intellectual property crimes; trade fraud; financial fraud schemes; identity and benefits fraud; wildlife trafficking; child exploitation; human trafficking; human smuggling; human rights

violations and war crimes; terrorism; transnational gangs; and national security threats.<sup>1</sup> Additionally, DHS already maintains concurrent jurisdiction over the investigation of cargo theft, along with FBI and other agencies,<sup>2</sup> and it routinely coordinates with DOJ—as well as state and local prosecutors—to prosecute those cases.

Finally, it is critical to note the value of bringing the experience and expertise of the private sector to the table alongside each of these federal agencies. NICB strongly supports CORCA's instruction that the Coordination Center help establish relationships between law enforcement and retail crime and cargo theft associations, and we stand ready to support the Center with our expertise, intelligence, and on-the-ground resources. NICB's history can attest to the fact that our collective fight against fraudsters and organized crime is strengthened through public-private partnerships. For decades, NICB has been a trusted partner of law enforcement at all levels, assisting with investigations and facilitating vital information-sharing that helps uncover and defeat complex insurance crime networks. We bring industry and government together in a shared mission of detecting, deterring, and preventing insurance crime. In the same way, NICB stands ready to be a key source and facilitator for HSI within the cargo theft space, providing timely insights from our multi-carrier, multi-state vantage point into theft trends, tactics, recoveries, and all other valuable data points that would support the Coordination Center's mission.

**b. Why are their viewpoints crucial to this effort?**

**NICB Response:** See above answer. Each of the departments and agencies listed above would bring vital expertise, specialized tactics and intelligence, dedicated law enforcement professionals, and unique vantage points to the Coordination Center. Bringing all of these assets to the table, alongside the private sector, is vital in developing an effective, cohesive response to organized cargo theft.

**c. Why should HSI lead the Center?**

**NICB Response:** HSI is especially well-suited to operate this Coordination Center, given its longstanding expertise in combating interstate and transnational crime like cargo theft that

<sup>1</sup> See, e.g., <https://www.ice.gov/about-ice/hsi/investigate>.

<sup>2</sup> See, e.g., 19 U.S.C. §§ 482 and 1401; see also DOJ/DHS OIG Joint Report, *A Joint Review of Law Enforcement Cooperation on the Southwest Border between the Federal Bureau of Investigation and Homeland Security Investigations*, OIG-19-57, July 2019 ("HSI holds broad legal authority to enforce over 400 federal statutes, including [many overlapping with FBI.]; and 28 U.S.C. §§ 509, 510, 533, 534; 18 U.S.C. § 3107; and 28 C.F.R. § 0.85, under which the Attorney General delegated a number of statutory authorities to the FBI Director, including the authority to "investigate violations of the laws, including the criminal drug laws, of the United States and collect evidence in cases in which the United States is or may be a party in interest, except in cases in which such responsibility is by statute or otherwise exclusively assigned to another agency." See also <https://www.fbi.gov/about/faqs/where-is-the-fbis-authority-written-down>.

threatens our economy and national security. In addition to its partnerships with other DHS components, such as CBP, that directly confront cargo crime threats, HSI has an established track record in bringing industry and law enforcement together to combat organized supply chain crimes, including organized retail theft and organized cargo theft. For example, through Operation Boiling Point, HSI directly targets organized supply chain crimes through partnerships with private industry, including the Transported Asset Protection Association (TAPA) and other industry representatives.<sup>3</sup> HSI has already established partnerships with law enforcement agencies, non-governmental organizations, and private industry to better coordinate a national response to supply chain crimes. By charging HSI with the establishment and management of a formal Coordination Center, CORCA will strengthen and formalize the work already underway at HSI in creating an effective public-private partnership against organized cargo theft.

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<sup>3</sup> See <https://www.ice.gov/about-ice/hsi/news/hsi-insider/op-boiling-point>.

**Questions for the Record from Senator Alex Padilla  
Senate Judiciary Committee  
“Beyond the Smash and Grab: Criminal Networks and Organized Theft”  
Tuesday, July 15, 2025**

**Questions for Mr. David Glawe**

1. **NICB frequently cites aggregated “shrink” data to describe the scope of organized retail crime. How do you distinguish between ORC, internal theft, mismanagement, and other non-criminal causes of inventory loss? Should Congress require standardized definitions and metrics before legislating in this space?**

**NICB Response:** The National Insurance Crime Bureau (NICB) sits at the intersection of the insurance industry, insurance regulators, and law enforcement across the country in our joint mission of combating insurance crime and fraud that harms consumers. NICB is a trusted and neutral facilitator of state-mandated insurance crime- and fraud-reporting—serving as key partner of state insurance commissioners, fraud bureaus, and prosecutors. In fact, as mentioned in the hearing, NICB is codified by name or mission scope into many states’ reporting statutes, regulations, or immunities as an authorized recipient of insurance fraud reports.

Because the act of insurance fraud reporting is a matter of insurer compliance with state statute, NICB receives insurance crime or fraud referrals relating to claims activity only after a member-insurer has first determined—consistent with the respective state’s fraud reporting laws—that a particular claim rises to a sufficient level of suspiciousness or criminal indicators to warrant reporting.

The fraud reporting process—which serves to strengthen information-sharing and collaboration—gives NICB a unique line of sight over multi-state, multi-carrier insurance crimes and fraud trends that harm consumers. In 2024 alone, NICB received over 180,000 reports from its members. Armed with this unique insight, NICB identified over 1,600 organized crime rings and issued over 2,200 alerts to our members and partners.

NICB does not itself collect or utilize shrink data relating to retail crimes. However, consistent with the above-described process, NICB facilitates fraud referrals to state insurance commissioners and law enforcement that concern insurance-related crimes, including cargo theft. And through those referrals, we see a striking increase in reports of cargo theft. For example, from 2022 through 2024, the number of cargo theft questionable claims reported to NICB increased 105%. As with any type of insurance crime or fraud, the reports of which NICB relays to state regulators and law enforcement, NICB’s law enforcement partners ultimately determine whether to further investigate a report or pursue an indictment.

To date, however, there remains no uniform system or central repository for cargo crime reports or statistics, which has made it difficult for industry and state and local law enforcement to understand and effectively confront the full scope of the problem—particularly given its interstate and international reach. In that regard, NICB agrees that having consistent definitions, measures, and procedures in the cargo and supply chain theft space would be of value, and as a longstanding and neutral hub for intelligence- and information-sharing, NICB is well-positioned

to assist in that effort. Fortunately, the Coordination Center contemplated by S. 1404, the Combating Organized Retail Crime Act (CORCA), would bring all valuable expertise to the table to help establish consistency across the private and public sectors in capturing the full scope and threat of organized cargo theft and other supply chain crimes like retail theft. Congress should not delay in creating and supporting this Coordination Center, and NICB stands ready to provide its support in any capacity.

**2. Given the lack of uniform ORC reporting standards, what steps can federal agencies take to ensure that enforcement efforts are based on verified, disaggregated data rather than industry estimates?**

**NICB Response:** In NICB’s experience, including through our embedded agents with federal law enforcement officials at our nation’s major ports, enforcement against insurance crime and fraud is already data- and intelligence-driven. First, enforcement efforts stem at least in part from cargo theft reporting data—separate and distinct from industry estimates. Moreover, while NICB develops threat assessments that help our members and partners better position themselves going forward against emerging trends and tactics, our analytics also help identify specific, active fraud and theft rings—including over 1,600 in 2024 alone. For example, NICB recently assisted the United States Attorney’s Office for the Eastern District of Wisconsin in a multi-year investigation and eventual indictment of a major interstate car theft ring.<sup>4</sup> This collaboration was not the result of industry estimates but, rather, a coordinated response to an identified active crime ring preying on consumers in the Midwest. In the same way, the Coordination Center contemplated by CORCA would help bring together all sources of intelligence to identify active, transnational organized crime rings targeting our supply chains and coordinate the appropriate law enforcement response at the local, state, and federal levels.

**3. Many of the proposed legislative responses—including CORCA—frame retail theft as a national security threat. From your experience in homeland and economic security, what are the risks of expanding national security tools like surveillance and data collection to address non-violent economic offenses?**

**NICB Response:** Like other organized supply chain crimes, organized cargo theft is a national security threat. NICB knows firsthand that goods and property stolen by organized criminal actors in the United States are often routed out of our country to finance or otherwise support further criminal activity that directly threatens our national security. For example, from 2022 to 2024, NICB special agents recovered and repatriated over 8,000 vehicles from Mexico that were stolen in the U.S. NICB is also embedded with Customs and Border Protection (CBP), assisting with vehicle and cargo theft interdictions at major U.S. ports, through which organized transnational criminal groups attempt to export stolen property.

In September 2024, NICB and CBP announced “Operation Terminus” to prevent stolen vehicles from being smuggled out of the country through cargo containers at seaports around the nation. Through this joint operation, NICB agents—working alongside CBP officers—have inspected

<sup>4</sup> <https://www.justice.gov/usao-edwi/pr/twenty-three-members-interstate-car-theft-ring-charged-federal-court-0>



shipping containers and discovered multiple high-end vehicles worth more than \$100,000 each, resulting in recoveries worth millions of dollars. These are not non-violent economic offenses. They are orchestrated efforts by sophisticated and often-violent transnational criminal organizations, including the Sinaloa cartel and Armenian Mafia. As with many forms of stolen goods and cargo, we know that exported stolen vehicles are often laundered or resold to support other illicit activities such as drug and weapons smuggling, and even international terrorism.

The Coordination Center contemplated by CORCA would help develop a strategic, public-private approach to combating organized supply chain crimes. Congress is empowered to conduct oversight of the Coordination Center's activities to ensure that any new authorities or resources are appropriately directed at deterring and defeating these transnational threats to our economy and national security.

**4. The CORCA bill would place enforcement responsibility for organized retail theft with DHS. Given DHS's immigration mission and history of surveillance overreach, do you believe it is the appropriate agency to lead property crime enforcement?**

**NICB Response:** As described above, NICB has a longstanding operational partnership with CBP—a component of DHS—in combating transnational cargo and vehicle thefts. Recently, for example, NICB provided operational support to a joint law enforcement effort by the CBP Outbound Enforcement Team, California Highway Patrol Foreign Export and Recovery team, and the California Highway Patrol Cargo Theft Interdiction Program in the inspection and identification of stolen televisions that were being exported to Panama. As described above, NICB also works in direct partnership with CBP on “Operation Terminus.”

CORCA contemplates that Homeland Security Investigations (HSI)—another component of DHS—would serve as the Coordination Center for the federal response to organized cargo and supply chain theft. HSI is especially well-suited to operate this Coordination Center, given its longstanding expertise in combating transnational crime like cargo theft that threatens our economy and national security. Congress is empowered to conduct oversight of the Coordination Center's activities to ensure that any new authorities or resources are appropriately directed at deterring and defeating these transnational threats to our economic and national security.

**5. What guardrails should be in place to ensure that consumer and business data shared under CORCA is not repurposed for unrelated enforcement activity, such as immigration?**

**NICB Response:** Through CORCA, Congress can charge the Coordination Center with the appropriate prioritization of efforts on the vetting of goods and cargo that leave our country, as well as on the vetting of persons entering our country to protect against threats from criminals affiliated with transnational criminal organizations that engage in cargo and supply chain theft, such as the Sinaloa cartel. The bill already contemplates guardrails by compelling the Coordination Center to “establish[] a secure system for sharing information regarding organized retail and supply chain crime threats by leveraging existing information systems at the

Department of Homeland Security and the Department of Justice,” and it compels the Coordination Center to submit annual reports of its activities to oversight authorities, including this Committee. The Center is also subject to a sunset provision, requiring Congress to revisit the Center’s value and effectiveness before any reauthorization. Beyond the required reporting and sunset in CORCA, Congress is empowered at any time to conduct oversight of the Coordination Center’s activities to ensure that any new authorities or resources are appropriately directed at deterring and defeating these transnational threats to our economic and national security.

**6. CORCA authorizes DHS to override confidentiality protections under 18 U.S.C. § 1905. What kinds of sensitive business or consumer data would be shared under this provision, and what mechanisms—if any—would exist to audit or review such disclosures?**

**NICB Response:** CORCA contemplates a public-private partnership that would serve as a center of excellence for intelligence-gathering and information-sharing regarding supply chain crime “threats, collaborating on investigations and loss prevention activities as appropriate, and providing a mechanism for the receipt of investigative information on such threats.” As stated at the hearing, this kind of information-sharing is vital in our joint effort to combat organized transnational threats. To date, there is no uniform system or central repository for cargo crime reports or statistics, which has made it difficult for industry and state and local law enforcement to understand and effectively confront the full scope of the problem—particularly given its interstate and international reach.

NICB understands that the information-sharing between and among law enforcement and industry that is contemplated by CORCA—pursuant to the waiver of 18 U.S.C. § 1905—is only “if such disclosure is operationally necessary,” and the waiver itself is non-delegable. These are important protections that will facilitate the vitally important intelligence-gathering and information-sharing process established under CORCA. Additionally, Congress is empowered at any time to conduct oversight of the Coordination Center’s activities.

**7. How would embedding enforcement within DHS, rather than DOJ, impact prosecutorial discretion, transparency, and civil liberties? Are there risks to bypassing traditional judicial and oversight structures?**

**NICB Response:** NICB does not anticipate any such impact or risks. First, DHS components currently maintain authority to investigate all manner of crimes including, for example: drug and weapons smuggling; cybersecurity crimes; illegal technology exports; intellectual property crimes; trade fraud; financial fraud schemes; identity and benefits fraud; wildlife trafficking; child exploitation; human trafficking; human smuggling; human rights violations and war crimes; terrorism; transnational gangs; and national security threats.<sup>5</sup> DHS already maintains concurrent jurisdiction over the investigation of cargo theft, along with FBI and other agencies.<sup>6</sup>

<sup>5</sup> See, e.g., <https://www.ice.gov/about-ice/hsi/investigate>.

<sup>6</sup> See, e.g., 19 U.S.C. §§ 482 and 1401; see also DOJ/DHS OIG Joint Report, *A Joint Review of Law Enforcement Cooperation on the Southwest Border between the Federal Bureau of Investigation and Homeland Security*

DHS routinely coordinates with DOJ—as well as state and local prosecutors—to prosecute those cases.

Under CORCA, HSI would serve as the Coordination Center for intelligence-gathering and information-sharing, and it would help coordinate a unified strategy against transnational threats to our supply chains. CORCA contemplates that the Coordination Center would be staffed by Department of Justice personnel, among other appropriate subject matter experts, and it would be required to “coordinate its activities ... with other Federal agencies and centers responsible for countering transnational organized crime threats.” Moreover, CORCA compels annual reporting to all appropriate committees of jurisdiction, including this Committee, to ensure proper oversight.

Both DHS and FBI are vital partners, with unique strengths and expertise of their own, in the fight against organized, transnational cargo theft and other crimes of international scope and impact. The Coordination Center would bring the best of our federal workforce to the table—in a vital public-private partnership—in combating organized cargo theft, all under appropriate oversight protections already built into the bill.

Additionally, NICB has long worked closely with both DHS and DOJ in supporting cargo theft and other insurance-related crime investigations, and we concur with CORCA’s approach in bringing these partners together in a united mission to protect Americans from organized criminal threats. As noted at the hearing, NICB would also support additional resources for dedicated investigative and prosecutorial units at DOJ that would work in tandem with the Coordination Center and focus exclusively on cargo theft as an increasing threat to our economy and national security.

**8. Should Congress be concerned that expanding money laundering and forfeiture statutes to cover retail theft—traditionally a state-level offense—could lead to excessive penalties and erosion of due process?**

**NICB Response:** Organized cargo theft, like organized retail theft, results in increased costs for all consumers. The interstate and transnational organized theft rings that facilitate these crimes are inherently at an advantage when law enforcement’s response and investigative capabilities are limited by state and local jurisdictional boundaries. CORCA would increase deterrence by providing for criminal forfeitures under Title 18 following convictions for the interstate shipment or transportation of stolen goods, as well as for the sale or receipt of stolen goods. Adding forfeiture as an additional tool for prosecutors sends a strong signal that it does not pay to facilitate or profit from organized cargo theft. Additionally, prosecutors would retain the same discretion they currently have in evaluating whether to bring a case to indictment. Organized,

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*Investigations*, OIG-19-57, July 2019 (“HSI holds broad legal authority to enforce over 400 federal statutes, including [many overlapping with FBI.]”; and 28 U.S.C. §§ 509, 510, 533, 534; 18 U.S.C. § 3107; and 28 C.F.R. § 0.85, under which the Attorney General delegated a number of statutory authorities to the FBI Director, including the authority to “investigate violations of the laws, including the criminal drug laws, of the United States and collect evidence in cases in which the United States is or may be a party in interest, except in cases in which such responsibility is by statute or otherwise exclusively assigned to another agency.” See also <https://www.fbi.gov/about/faqs/where-is-the-fbis-authority-written-down>).

transnational threats compel a unified, coordinated response at the federal level. And any concern about the application of these enhanced authorities may be mitigated through oversight, including the annual reporting process already prescribed in CORCA.

**9. Should the federal government maintain a clear distinction between organized crime and economically motivated offenses, and what steps can be taken to prevent federal prosecution of low-level individuals swept up in broader enforcement?**

**NICB Response:** NICB is a longstanding partner of law enforcement and is embedded with agencies and task forces across the country at the local, state, and federal levels. NICB sees firsthand the nature of organized cargo theft. These are not non-violent economic offenses. Rather, they are orchestrated efforts by sophisticated and often-violent transnational criminal organizations, including the Sinaloa cartel and Armenian Mafia. If CORCA were enacted, federal prosecutors would retain the same discretion they currently have in evaluating whether to bring a case to indictment; however, they would be better equipped to combat the transnational criminal organizations that are preying upon our supply chains in furtherance of other criminal activities.

**10. Should third-party sellers be subject to expanded tracking or reporting requirements even when their sales take place offline or outside traditional e-commerce platforms? If so, how should Congress balance enforcement with consumer privacy?**

**NICB Response:** NICB views CORCA as a force multiplier of other recent measures that protect consumers, including the INFORM Consumers Act, which Congress enacted in 2022. Together, these measures would be part of a vitally important fabric of deterrence and coordination that puts us all in the best position to combat these highly sophisticated supply chain crimes and the networks that facilitate them.

One of the key purposes of the Coordination Center would be to provide Congress—including this Committee—with “recommendations for ways to strengthen the enforcement of laws involving organized retail and supply chain crime.” NICB believes that the Coordination Center, as a critically necessary public-private partnership with all voices at the table, would serve an important role in determining whether recent congressional efforts, such as the INFORM Consumers Act, should be expanded to capture sales that take place offline or outside traditional e-commerce platforms. Through the establishment of this Coordination Center, we all would be best informed about additional gaps in enforcement authorities, if any.

**Questions for the Record from Senator Alex Padilla  
Senate Judiciary Committee  
“Beyond the Smash and Grab: Criminal Networks and Organized Theft”  
Tuesday, July 15, 2025**

**Questions for Ms. Donna Lemm**

- 1. From your vantage point in logistics, what upstream investments—such as in cybersecurity, GPS tracking, or personnel training—would do more to prevent cargo theft than increased federal criminal penalties?**

IMC Logistics already invests significant amounts of money and resources to strengthen our physical and cyber security and to protect ourselves from thieves. Along with developing and employing advanced cybersecurity protocols, we have also invested millions of dollars in surveillance equipment, vehicle barriers, tracking technology, engine immobilizers, SOS buttons for drivers, and guards. Despite our aggressive adoption of the most cutting-edge security technologies and practices, however, we still find ourselves as targets of cargo theft. Since 2021, my company’s cargo theft claims have surged by 17,520%.

Based on our experience, surveillance and security equipment on its own is insufficient to meaningfully deter these crimes. Over the past several years, cargo theft has evolved from a domestic enterprise into a sophisticated, international effort perpetrated by organized theft groups (OTG). Motor carriers cannot keep pace with the ever-evolving tactics employed by these thieves that threaten our freight and personnel. These types of organized and coordinated crimes require a coordinated law enforcement response.

OTGs have identified the glaring gaps between local, state, and federal law enforcement regimes as low-risk, high-reward opportunities to execute sophisticated fraud and theft schemes and remain undetected. Right now, these gaps allow OTGs to operate with little concern for law enforcement intervention or prosecution. We need greater enforcement and coordination if we are to have any hope in combatting these crimes.

- 2. Would federal grants to support modernization and coordination in the supply chain be a more cost-effective solution than creating a new DHS enforcement structure?**

No, I do not believe that federal grants aimed at improving the supply chain would be enough to truly combat cargo theft and supply chain fraud. Logistics companies have spent enormous sums to harden their infrastructure, yet OTGs are increasingly 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 will continue 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. This problem has been able to metastasize so quickly because there is no law enforcement structure that can address the issue. Creating the Organized Retail and Supply Chain Crime Coordination Center (ORSCCCC) will ensure that federal law enforcement is equipped with the necessary tools and direction to effectively combat this crime.

**3. Under CORCA, logistics firms like yours would be required to share operational data with DHS. What concerns do you have about being deputized to flag consumer or shipment data to federal law enforcement?**

The epidemic of cargo theft and supply chain fraud has reached a crisis point. The transportation industry recognizes that this problem cannot be solved by staying quiet, and they are eager for greater law enforcement involvement and assistance. IMC Logistics and our peers are ready to work with federal law enforcement so long as sharing information would result in greater collaboration and prosecutions. Empowering motor carriers to participate in cargo theft task forces and to report what is happening on the front lines is vital to improving the security of our supply chains. I would expect that when CORCA is signed into law, DHS will work with supply chain stakeholders to establish sensible protocols for handling any sensitive private sector information. Additionally, it should be noted that under CORCA, DHS and the ORSCCCC would be required to share information with industry as well. This would be incredibly helpful for so many supply chain partners that are being victimized by cargo thefts but don't know how those incidents may be related to what is happening to their counterparts across the trucking industry.

**4. How would such mandates affect your ability to protect proprietary information, customer privacy, and employee data?**

I appreciate your attention to this issue, because safeguarding the private data of our employees and our customers is of the utmost concern. Based on my reading of the legislation, I do not believe the collected information would be made public. I am ready and eager to engage with DHS and other federal agencies to tackle this problem, with the understanding that any proprietary or sensitive information shared in the pursuit of justice is properly protected in the same manner as any other sensitive information held by law enforcement.

**5. What safeguards should Congress consider to prevent logistics companies from being put in a position where they're indirectly contributing to surveillance or immigration enforcement through data sharing?**

Congressional action should direct agencies to effectively safeguard company and personnel data and focus on eliminating the specific problem of cargo theft that has been growing exponentially. The industry is willing to share data specifically to combat that problem, and to work with law enforcement to ensure that the most damaging freight fraud and cargo theft schemes are prioritized and targeted.

**6. Do you believe the framing of cargo theft as a national security threat—used in CORCA—is appropriate, or does that risk over-policing what are often opportunistic property crimes?**

Economic security is national security, and 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. While in the past these might simply have been opportunistic property crimes, we are increasingly seeing large-scale, sophisticated targeting and orchestrated thefts of goods throughout the supply chain. We need enforcement and resources to evolve if we are to meet the current threat.

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—which is why IMC and our supply chain partners are urging a federal response to the alarming rise of cargo theft across the country. Cargo theft in the United States is a \$15 to \$35 billion industry, according to the National Insurance Crime Bureau (NICB), and it will only continue to get worse if our federal government fails to act.

**7. Are there opportunities for public-private partnerships that promote prevention, rather than enforcement, in addressing supply chain theft? If so, what role should the federal government play?**

There are many organizations out there, both not-for-profit and private companies, that are dedicated to offering resources and information to prevent cargo theft and organized retail crime. All these entities are important and do great work; however, given the rise in thefts over the past several years, solely focusing on prevention is not enough. Criminals are becoming more sophisticated and evolving to stay ahead of any prevention measures stakeholders put in place. In other words, where there is a will, there is a way. Motor carriers want to participate in efforts to prevent cargo theft and engage with task forces to intervene and discourage these crimes. Without any substantial law enforcement deterrent, these criminals have no reason to stop finding new ways to steal cargo. The robust coalition of stakeholder support for CORCA is a testament to the breadth of U.S. industries that are impacted by supply chain fraud and theft. It should serve as an indicator of the severity of the problem. We are already investing substantial sums in prevention, and it is simply not enough.

**8. What are the risks to small carriers or subcontractors under expanded federal enforcement models—especially those who may lack legal or compliance infrastructure?**

Small motor carriers and subcontractors are just as much victims of cargo theft as larger companies in the transportation industry. They are also at a major disadvantage when attempting to deter cargo theft because they often lack the resources to invest in physical and cyber security measures. CORCA requires that the ORSCCCC create a mechanism for the receipt of investigative information on cargo theft incidents. So long as this reporting mechanism is not overly burdensome, especially relating to reporting timeframes, small carriers and subcontractors should benefit greatly under expanded federal enforcement models.

**“Beyond the Smash and Grab: Criminal Networks and Organized Theft”****Questions for the Record****Scott McBride****Questions for the Record from Senator Grassley, Chairman**

- 1. There's a lot of confusion about the availability of data related to organized retail crime. Terms like shrink are often conflated with other types of loss, creating confusion.**

- a. What is the difference between retail shrink and organized retail crime?**

Retail shrink is an overarching accounting term that represents all inventory loss primarily within retail stores and for many, distribution centers. Shrink, often represented as a percentage of sales, provides retailers a moment-in-time inventory of losses that may include theft but also administrative errors, damages, vendor fraud and depending on retail segment spoiled goods or waste. Organized Retail Crime, however, is not a specific element of shrink although some of the thefts involved in ORC are calculated within shrink. ORC is a distinct and complex criminal enterprise or group involved in the systematic theft of merchandise and frauds. These groups are orchestrating, directing and coordinating the thefts and frauds impacting retail shrink, but it is a critical misrepresentation of the issue to compare a retailer's shrink to the impact of ORC.

- Retail shrinkage is too broad to be directly correlated with only theft. As mentioned, shrink calculations do include theft, but also include a number of various areas of non-related theft inventory loss.
- Shrink calculation methods differ retailer to retailer based on accounting practices, merchandise mix and number of physical inventories taken.
- Not all ORC-related theft is reflected in shrink. For many retailers, cargo and supply chain thefts may be reflected in their profit and loss statement as a cost of goods. Thefts and frauds involving credit cards or gift cards may show in a financial loss line – neither being part of a retailer's shrink percent.
- Sales volume and diverse inventory can result in low shrink loss. Shrink is the “sum of the whole” involving both inventory and sales. A retailer can have high loss in low dollar items or high loss in high dollar items and still have an overall low shrink percentage at store or organization level.



For decades, retailers have offset the impact of increased theft by focusing on controlling other elements of inventory loss, such as administrative errors, damaged goods, and vendor fraud. This strategy has allowed them to compensate for rising ORC losses. However, the capacity for retailers to continue mitigating ORC losses through these means is diminishing. If ORC remains unchecked at national and transnational levels, the consequences will include higher prices, limited product availability, and the potential emergence of retail deserts.

**b. What contributes to discrepancies in reporting data on organized retail crime?**

From the retail perspective, each retailer has their own incident recording processes and data reporting capabilities. For most, even those with sophisticated systems and controls, it may still limit the overall view of the scope and complexity of organized retail crime. A retailer may define a theft as ORC based on their own ability, reach and determination. ORC is not a singular crime; to identify and determine whether a theft has occurred in part of a larger ORC network or group requires investigation beyond the initial act of theft.

Retailers have also been challenged with how law enforcement may respond and report data related to organized retail crime. Responding to a local incident, local law enforcement could report an incident as a burglary or if violence is involved, a robbery, thereby removing the initial theft from reporting statistics. These crimes frequently cross jurisdictional boundaries, making it difficult for any one local or state law enforcement agency to grasp the full scope of the activity. The complex nature of these criminal networks, involving various roles like boosters, mules, fences, and money launderers, further complicates data aggregation and clear identification. Retailers have invested in new technologies that provide clearer insights, but without a national-level coordination center that allows private sector and law enforcement at all levels to share information, the ability to connect these incidents across states remains a challenge.

The Coordination Center within the CORCA bill will provide the critical link to help retailers and law enforcement to provide information that can be properly analyzed to establish the criminal relationships between locations, suspects, vehicles, and other assets that are used to mobilize and monetize the stolen merchandise.

**c. How would the Organized Retail and Supply Chain Crime Coordination Center that my bill, the Combatting Organized Retail Crime Act, establishes help solve these problems?**

The Organized Retail and Supply Chain Coordination Center, established by the Combatting Organized Retail Crime Act (CORCA), would serve as a critical layer of collaboration. 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 would provide national visibility and enable crucial link analysis, leading to a comprehensive understanding of criminal involvement. This collaboration and knowledge of the true extent of a criminal group's activity will assist with deconfliction at the federal level, creating a more efficient and effective federal response to large-scale national and transnational investigations.

This Center would build on state-level progress, effectively addressing cases that meet specific thresholds or cross state lines. Consequently, appropriate agencies could make legal determinations commensurate with the full scope of criminal activity, thereby disrupting and dismantling organized criminal groups.

**2. The Organized Retail and Supply Chain Crime Coordination Center is charged with establishing relationships with state and local law enforcement, along with the retail and transportation industries, in an effort to share information and coordinate responses.**

**a. Why is it important to have law enforcement and private industry coordinate to share this information?**

ORC groups operate as sophisticated criminal enterprises, crossing jurisdictional lines and exploiting vulnerabilities across the entire supply chain. Therefore, it is critically important for law enforcement and private industry to coordinate and share information. Private industry (e.g., retailers, transportation companies) collect and possess vital information and details regarding thefts that occur across their stores and organization and unique insights into the scope of these thefts through advanced technologies like RFID and surveillance analytics. Private industry can provide information and images which can pinpoint locations, suspects and merchandise; much with timestamps to support law enforcement as evidence. Currently, the ability to coordinate a response in many cases extends far beyond the reach or understanding of any one retailer, local police department, or state law enforcement agency. The Coordination Center would provide the missing nexus of supporting a single repository of information sharing for all key stakeholders in this effort to curtail this national crisis.

3. The Organized Retail and Supply Chain Crime Coordination Center led by Homeland Security Investigations brings together multiple players to solve this problem. At a federal level, Customs and Border Protection, Secret Service, Postal Inspection Service, ATF, DEA, FBI, and the Federal Motor Carrier Safety Administration will all staff the Organized Retail and Supply Chain Crime Coordination Center.

a. What advantages do these agencies bring to the table?

Each of these agencies brings a crucial and distinct advantage to the table.

- **Customs and Border Protection (CBP)** is essential for addressing the exfiltration of stolen goods across land and sea borders.
- **The Secret Service** brings expertise in financial crimes, which are integral to ORC operations, especially through gift card fraud and money laundering.
- **The Postal Inspection Service** addresses the use of shipping for illicit liquidation of stolen products.
- **ATF and DEA** are critical given the documented polycriminal activities of these transnational organizations, which include human, drug, and weapon trafficking.
- **The FBI** provides national investigative capabilities for complex criminal networks, specific financial investigations and major crimes related to other Organized Theft Groups (OTGs), who often engage in ORC-related activity to support other criminal activity.
- **The Federal Motor Carrier Safety Administration (FMCSA)** is vital for addressing cargo theft and the use of stolen vehicles for transport.

b. Why are their viewpoints crucial to this effort?

Multiagency viewpoints are crucial because ORC is not a singular issue but a complex web of polycriminal activity, transcending simple retail theft. These criminal networks engage in various illicit activities, including human, drug, and weapon trafficking, money laundering, identity theft, financial gift card fraud, smuggling, and cybercrime. Each agency contributes a specialized lens to identify, track, and disrupt different facets of these sophisticated operations. Additionally, the complexity, severity and polycriminal nature of ORC groups does not sit in any singular agency's mission. A coordinated effort incorporating these diverse viewpoints is essential to fully understand the scope, scale, and interconnectedness of these criminal enterprises, which exploit differences in legal jurisdictions to evade detection and prosecution.

**c. Why should HSI lead this effort?**

Homeland Security Investigations (HSI) is the ideal agency to lead this national effort. They possess a proven capability in investigating the transnational nexus of ORC, interdicting consolidation and exfiltration schemes that cross state and national borders, as recently demonstrated by the recovery of millions of dollars in stolen merchandise. Through Operation Boiling Point, HSI has shown their ability to respond against organized theft groups that profit from ORC and engage in various illicit activities. HSI's national and international reach and ability to collaborate with state and local law enforcement are crucial for developing cases that often extend *"far beyond the reach or understanding of any one local or state law enforcement agency given the magnitude of the crimes across a multitude of jurisdictions."*

The coordination center concept involving multi-agency coordination and private sector engagement already exists within the HSI organization in the National Intellectual Property Rights Coordination Center (IPR Center). This existing center has a long history in working with various law enforcement agencies and private sector organizations to stem the global impact and illicit trade of counterfeits and IP. Using the IPR Center as a model, it shows HSI's extensive experience in identifying and disrupting transnational criminal organizations, identifying their suitability to coordinate this initiative.

**Questions for the Record from Senator Alex Padilla**

- 1. What internal controls does American Eagle have in place to prevent inventory diversion into gray or illicit markets? Should large retailers be subject to federal standards governing inventory accountability before participating in enforcement partnerships?**

At AEO, Inc., we prioritize safeguarding our people, products, and properties. Our robust asset protection program encompasses approximately 900 U.S. stores, our online web platforms, and our extensive supply chain. We leverage advanced retail technologies such as RFID, surveillance analytics, and data-driven applications. These technologies provide a picture of inventory movement, helping us pinpoint the last known locations of missing items and are critical for identifying and investigating potential inventory diversion.

Inventory control measures are a fundamental and well-ingrained aspect of a successful retail operation. The level of sophistication and effectiveness of these internal controls is a prerequisite for success in highly competitive markets. Imposing additional federal requirements for inventory accountability for a retailer to participate in a crime prevention program, such as the one proposed in CORCA, is therefore unnecessary. While internal inventory controls are vital for individual businesses, a collaborative approach through a center like the one proposed in CORCA would transform individual efforts into a collective, national defense against. The focus should be on facilitating information sharing and coordination to address a problem that extends far beyond the capabilities of any single entity or set of internal controls.

- 2. Does American Eagle currently share customer or transaction data with law enforcement or federal agencies as part of any loss prevention initiative? If so, what privacy or transparency safeguards are in place?**

We do not share customer or transaction data in a manner that compromises individual privacy or tracks individual consumer behavior. Any information shared is strictly limited to what is necessary for law enforcement investigations, adhering to all applicable privacy laws and regulations.

AEO, Inc. cooperates with law enforcement and federal agencies to investigate and prevent theft, robbery, violence, and fraud. We provide information necessary to aid investigations, take action against criminals and criminal organizations, and intervene to prevent further crime.

Our intelligence sharing specifically supports investigations into Organized Retail Crime, focusing on the theft and illicit movement of merchandise. We are committed to identifying criminal networks, recovering stolen goods, and preventing future thefts being orchestrated by these larger crime groups.

**3. As a leader in loss prevention strategy, what role do you think large retailers should play in a potential federal enforcement center like the one proposed under CORCA?**

Retailers, large and small, should play a critical and active role in a public-private partnership that creates a collaboration to solve the many layers of criminal activity included in organized retail crime. CORCA is designed to provide the ability for local, State, and Federal agencies to be more efficient and effective in combating this problem. From my perspective, a retailer's role should include:

- Providing Expertise and Data: Retailers possess a broad and deep understanding of ORC's devastating impact and have invested in technologies that provide clear insights into the scope of these thefts, pinpointing last known locations of missing items and timestamping video evidence. We can share this valuable data related to known loss events, robberies, and cargo thefts with the coordination center, allowing law enforcement greater visibility to the magnitude of the crimes.
- Identifying Trends and Modus Operandi: Our day-to-day exposure to ORC allows us to identify emerging trends, new tactics employed by criminal groups, and specific target items, which are invaluable for proactive enforcement strategies.
- Facilitating Collaboration: We can serve as a vital link between the private sector partners/vendors and law enforcement, fostering the strong partnerships necessary for effective collaboration.
- Supporting Investigations: Our corporate field investigators can represent their victim companies and assist in identification of recovered merchandise and other analytical data that may be helpful in the recovery of additional stolen products, the identification of transient groups, and increased the safety of the retail store staff.
- Advocating for Best Practices: Retailers can contribute to the development of best practices for preventing and responding to ORC, leveraging our experience to inform national strategies.

**4. Would you support legislative efforts that require retailers to adopt privacy and data-handling protocols before entering into any formal information-sharing arrangement with DHS or DOJ?**

Retailers are committed to protecting the privacy of our customers and associates. We would support policies and necessary procedures that require the private sector responsible party who participates in direct information-sharing on ORC with DHS or DOJ to receive adequate online training on relevant privacy and data-handling protocols consistent with Departmental policies and existing federal and state privacy laws. Retailers and private industry individuals already engage with federal agencies utilizing Memorandum of Understanding agreements and proper training and protocols in other areas of information sharing systems and channels.

**5. How does your company avoid unfairly targeting low-income consumers, informal resellers, or gig workers when identifying potential organized theft threats?**

Our focus at AEO, Inc. is on identifying and disrupting organized criminal enterprises that perpetrate massive thefts and engage in sophisticated tactics. Our advanced retail technology, including RFID and surveillance analytics, helps us identify patterns of systematic theft and the movement of large volumes of merchandise, which are hallmarks of ORC. We prioritize investigations where there is clear evidence of organized criminal activity, such as the use of electronic countermeasures, manipulation of financial instruments, nefarious reverse logistics, or the coordination of large-scale thefts across multiple locations.

Our partnerships with law enforcement are specifically aimed at dismantling these criminal networks, which often employ intimidation and violence, posing a significant threat to our associates and customers. We differentiate between individual shoplifting incidents and the structured, often transnational, operations of ORC groups, ensuring our resources and efforts are directed at the true threat.



**6. Do you believe that formal coordination with DHS under CORCA poses any risk of corporate overreach, particularly if enforcement relies on tips, trends, or data provided by private actors?**

I do not believe that formal coordination with DHS under CORCA poses a risk of corporate overreach. On the contrary, it provides a crucial and necessary framework for addressing a problem that is currently beyond the capabilities of any single entity. The Combatting Organized Retail Crime Act establishes a Coordination Center that brings together federal, state, and local law enforcement with private sector experts, creating a collaborative environment. The "tips, trends, or data provided by private actors" are not the sole basis for enforcement; rather, they serve as vital intelligence that, when combined with law enforcement's investigative capabilities, enables a comprehensive understanding and response to ORC.

Our nation already supports and relies on this form of coordination and sharing "tips, trends and data" from private sector and even public sources. HSI's National Intellectual Property Rights Coordination Center (IPR Center) can serve as a model. FBI and DOJ Internet Crime Complaint Center (IC3) receives information from the public and private sectors to report and investigate various cyber-related frauds. Cybersecurity and Infrastructure Security Agency (CISA) utilizes public-private information sharing to strengthen our nation's critical infrastructure across various segments to prevent cyber and physical threats and acts.

The intent of CORCA is to facilitate the sharing of information and coordination of responses to dismantle organized criminal groups. This is about leveraging the unique insights and data that retailers possess to empower law enforcement to act more effectively against sophisticated criminal networks, which are exploiting jurisdictional gaps and operating with increasing violence. The alternative—leaving retailers to battle these highly organized and often violent groups in isolation—will be detrimental to our communities and the safety of our citizens.



**Hearing on “Beyond the Smash and Grab: Criminal Networks and Organized Theft”**  
**Senator Grassley, Chairman**  
**Questions for the Record**  
**Hon. Summer Stephan**

1. An important feature of the Combatting Organized Retail Crime Act is allowing for criminal forfeiture of assets after a defendant is convicted of stealing from interstate or foreign freight (18 U.S.C. § 659), transporting stolen goods (18 U.S.C. § 2314), or sale or receipt of stolen goods (18 U.S.C. § 2315).

- a. What is the purpose of criminal forfeiture?

Criminal forfeiture is an important tool to dismantle and disable organized crime rings by seizing any property, goods, or financial gains directly tied to the crimes that they are convicted of. Organized crime is driven by financial greed and resulting power. This is the reason that criminal forfeiture is not only a beneficial tool, but a critical component of deterring and dismantling organized crime syndicates and groups. Beyond its impact on the offender, criminal forfeiture can positively support victims as well. Seized assets can be used to compensate victims for their losses through restitution, and other victim services. Criminal forfeiture can also financially support the ability of law enforcement to conduct these complex investigations that inevitably require overtime and increased technological and people resources.

- b. For assets to be forfeited under criminal forfeiture statutes, must they be the assets stolen or connected to the proceeds of the defendant’s criminal activity?

Yes. Under federal criminal forfeiture any property, real or personal, that is directly related or is traceable to the profits acquired directly or indirectly as a result of the offense shall be forfeited.

- c. What protections against overreaching criminal asset forfeiture exist in statute or case law?

The first protection is that criminal forfeiture is an *in personam* sanction meaning it can only be triggered following a defendant’s conviction. The Supreme Court in *U.S. v. Bajakajian* (1998) held that forfeiture “grossly disproportional” to the offense violates the Excessive Fines Clause, creating a constitutional check on punitive forfeitures. *Timbs v. Indiana* (2019) extended this protection to state-level forfeitures. Federal statutes and Supreme Court precedents provide the necessary safeguards to ensure there are no abusive asset forfeitures.

- d. How does the criminal forfeiture described in the Combatting Organized Retail Crime Act help prosecutors address organized retail and supply chain crime?

The addition of interstate shipment theft, the transportation of stolen goods, and the sale of stolen goods to offenses that are applicable to criminal forfeiture provides prosecutors with the tools to make sure we are prioritizing organized crime rings, and depriving them of the ill-gotten gains that motivates the crimes in the first place.

2. In addition to establishing the Organized Retail and Supply Chain Crime Coordination Center, the Combatting Organized Retail Crime Act amends portions of Title 18 relating

to aggregating thefts that reach over \$5000 over 12 months. Why is aggregation an important component of the bill, especially in terms of differentiating ordinary shoplifters from organized theft groups?

Aggregation by its very nature targets repeat and habitual criminal conduct over a limited time period and thus helps prosecutors focus on this narrower criminal population rather than the individual who commits a one-time crime. Aggregation also allows us to connect the dots and prove the organizational aspect of organized theft and retail crime by demonstrating that specific items that are more suitable for resale like home improvement tools, designer jeans, or cosmetics are the targeted item for theft as opposed to an item of necessity due to hunger or poverty. Aggregation helps build the case and illustrate what an organized retail crime ring is—multiple perpetrators, repeated thefts, and shared fencing routes. This tool allows us to strategically focus on the most serious and organized thieves, leaving one-time shoplifters or petty theft outside of any federal prosecution.

3. At a federal level, the Racketeer Influenced and Corrupt Organizations (RICO) Act criminalizes certain acts by criminal enterprises. Many states have adopted similar statutes. However, prosecuting crimes under state and federal RICO statutes presents challenges. Why are RICO statutes not equipped to tackle organized retail and supply chain crime?

The RICO Act is an important law that allows the effective prosecution of established criminal enterprises such as the Sinaloa cartel or the Mexican Mafia (EME) but the elements of this law requires proof of the enterprise itself along with proof of the crimes committed. In my experience of my office prosecuting more than 200 criminal defendants under our state Organized Retail Crime statutes, these criminal groups appear to typically operate without the formal hierarchy that is seen in traditional RICO cases, and a specific criminal ‘enterprise’ is not identified. It’s possible that one of the outcomes of a national task force is the ability to identify some enterprises. Currently, organized retail crime rings will exploit online resale platforms and multiple stores making it difficult to trace the shipments and meet the RICO threshold of the enterprise affecting commerce. Building a RICO case also demands coordination, forensic support, wire-tap authorizations, and other resources many county prosecutors lack. Without specialized training in racketeering investigations, RICO cases can be difficult to carry out. RICO is an excellent tool to dismantle long-standing, high level traditional criminal enterprises, but it is too blunt to adequately address the decentralized, fast-moving organized retail crime rings.

4. The National District Attorneys Association and the Retail Industry Leaders Association came together to create the Vibrant Communities Initiative, a public-private partnership that mirrors the Organized Retail and Supply Chain Crime Coordination Center the Combatting Organized Retail Crime Act calls for. Why is public-private coordination valuable to combat organized retail and supply chain crime?

Public-private partnerships are invaluable to addressing organized retail and supply chain crime. 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. Through the partnership, retailers and prosecutors collaborate to share insights, build understanding, and identify ways to ensure community safety. Retailers have the opportunity to explain their approach to deterring crime, highlight their biggest challenges, and present opportunities for collaboration. District Attorneys' offices can offer their expertise on organized retail theft cases, share resource capabilities, and learn how their teams can be the most helpful and efficient. Public-private partnerships ensure that we are combating organized retail crime with as much accurate information available including the on the ground observations of private retailers combined with the law enforcement and prosecutor lens on the requirements of the laws.

We also see this private-public task force model successfully working in our San Diego and California Organized Retail Crime Task Forces. The large challenge that we are unable to meet is the proliferation of organized theft groups that operate across state lines and even transnationally including the key obstacle of stolen products being sold online in any state across our nation. This is where duplicating the proven wins of having public-private task forces expanded to a national level as proposed by this legislation is necessary.

5. The Organized Retail and Supply Chain Crime Coordination Center led by Homeland Security Investigations brings together multiple players to solve this problem. At a federal level, Customs and Border Protection, Secret Service, Postal Inspection Service, ATF, DEA, FBI, and the Federal Motor Carrier Safety Administration are all to staff the Organized Retail and Supply Chain Crime Coordination Center.

- a. Why is it important to have the federal government coordinate the response to organized retail crime?

A federal coordination center would ensure effective communication and evidence sharing that would improve investigations at the local, state, and federal level. Federal agencies contributing their resources and subject matter experts to combating organized retail crime would greatly help in dismantling the complex networks of the organized crime rings. By elevating the response to organized retail crime to the federal level we would have more coordinated investigations with more effective prosecutions that can reach the higher level of the criminal organization.

- b. How would federal coordination of law enforcement help detect and punish nationwide criminal organizations that state law enforcement alone cannot address?

Organized theft crime rings are increasingly operating at a national and trans-national level which requires that we meet this threat with federal coordination that can connect the dots and develop investigations and prosecutions that can reach the higher-level criminal heads and organizers. I described in my written and oral testimony examples of multimillion dollar commercial and residential thefts where the criminal syndicates operate in multiple states and there is clear indications that the stolen property (Rolexes in one incident) were quickly transferred transnationally. This is evidence that organized retail crime rings currently exploit the gaps between jurisdictions, moving the stolen items and their financial laundering through multiple states to avoid prosecution. Coordination at the federal level would thwart this with consistent authority as they move state to state, and the ability to develop thorough investigations

regardless of where the criminals are operating at the time. I believe that if we had a functioning federal task force working hand in hand with state and local law enforcement and prosecutors, we would have received a national alert about the tactics of the criminal transnational group, in the latest case, a South American criminal syndicate targeting commercial jewelry stores and high end homes. A federal coordination center would also be an excellent tool because no single agency has all the investigative tools or resources needed to properly address the evolution of organized theft that is impacting small and large businesses at the heart of each community across America. A federal task force would be able to take on the challenges of these crimes that have resulted in harm that impacts the economy and the personal security of employees, customers and community.

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 is 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 lack of coordination among all parties affected by organized retail crime has been exploited by criminals. 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 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 as proposed in CORCA can be beneficial.

**Questions for the Record for Summer Stephan  
Hearing on “Beyond the Smash and Grab: Criminal Networks and Organized Theft”  
Submitted July 22, 2025**

**QUESTIONS FROM SENATOR WHITEHOUSE**

**Please answer each question and sub-question individually and as specifically as possible. Where indicated, please provide only yes or no answers.**

1. You testified that your colleagues in the National District Attorneys Association have had success prosecuting organized retail crime cases.
  - a. Have your colleagues in states with RICO laws successfully prosecuted organized retail crime enterprises using such laws? If not, why?

There are 33 States along with Puerto Rico and the U.S. Virgin Islands have state RICO laws but in the context of the National District Attorneys Association and our initiatives prioritizing organized retail crime, it appears that prosecutors are relying on specific Organized Retail Theft statutes that now exist in over 30 states because they are more tailored to fit the crimes we are seeing and easier to prove without requiring proof of the existence of an enterprise. There may very well be prosecutions under state RICO laws that I’m not aware of. I’m relying on the discussion and trainings in partnership with the Retail Industry Leaders Association that we’ve had with me and my office presenting along with other regions where conspiracy and organized retail theft laws were the central focus.

Yes, state RICO laws can help elevate crimes to enterprise-level racketeering and can be a helpful tool in combating organized crime. The cases are few and far between though due to the nature of these investigations being very resource heavy. Building a RICO case demands coordination, forensic support, wire-tap authorizations, and other resources.

The RICO Act is an important law that allows the effective prosecution of established criminal enterprises such as the Sinaloa cartel or the Mexican Mafia (EME) but the elements of this law requires proof of the enterprise itself along with proof of the crimes committed. In my experience of my office prosecuting more than 200 criminal defendants under our state Organized Retail Crime statutes, these criminal groups appear to typically operate without the formal hierarchy that is seen in traditional RICO cases, and a specific criminal ‘enterprise’ is not identified. One of the potential positive outcomes of a national task force is the ability to learn more about the higher-level criminals in the organized crimes and identify some enterprises. Building a RICO case also demands coordination, forensic support, wire-tap authorizations, and other resources.

RICO is an excellent tool to dismantle long-standing, high level traditional criminal enterprises, but currently seems too restrictive to adequately address the decentralized, fast-moving organized retail crime rings. One of the reasons that I see a benefit in a federal task force is the ability to align federal, state and local resources and build stronger cases that address the national and transnational parts of the criminal organizations.

- b. Have you or your colleagues in states without RICO laws successfully worked with U.S. Attorneys to prosecute organized retail crime enterprises using federal RICO laws? If not, why?

I have not worked with our U.S. Attorney's office to prosecute organized retail crime enterprises using federal RICO laws. I have worked with our U.S. Attorney's office on many other areas of crime that benefit from a RICO prosecution including elder scam solved through our unique Elder Justice Task Force run by the FBI in partnership with local law enforcement and my DA's office. Other areas of partnership focused on the Mexican Mafia and West Coast Crips for a few examples. This collaboration was even more important since California does not have a state side RICO. As to the why portion, in this crime category, there has not been much engagement by what is an outstanding U.S. Attorney's Office. One explanation may be that the federal RICO cases that we've collaborated with the U.S. Attorney on, involve investigations that are complex by a federally led task force that my office participates in that developed the evidence to allow a prosecutor to bring the RICO action. There is no established federal task force for organized theft and retail crime which is the gap that the proposed legislation could close.

I wanted to see whether San Diego County was an exception and if organized retail crime has been an area of partnership and focus by federal prosecutors elsewhere and it appears that what is happening in San Diego is a common thread nationally. The FBI staff that have tackled Organized Retail Crime stated that this type of crime is usually initiated and investigated by local law enforcement and cited 3 examples of federal prosecutions across the nation. A Congressional Research Service (CRS) report also noted that combating retail theft has primarily been handled by state and locals.<sup>1</sup> One of the relevant discussion points in the CRS report was that data documenting federal prosecutions don't fall neatly within a particular statute. Having a designated federal clearinghouse to coordinate these efforts would be a positive.

Again, there may very well be some cases where a local prosecutor who does not have RICO statute worked with the U.S. Attorney to bring an organized retail theft enterprise prosecution, but these examples have not been a part of our organized theft trainings and discussions at NDAA with local prosecutors from across the nation.

- c. Can existing conspiracy laws be used to prosecute high-level actors who orchestrate organized retail crime? If not, why?

Existing federal and state conspiracy laws can reach high-level individuals in retail crime rings. We've used conspiracy laws alongside our Organized Retail Theft statutes to reach higher level actors but the prosecutions have stopped at the fence level. In some cases, we know that there's a national and transnational connection but are not able to effectively proceed under our state laws. The basis of an effective conspiracy prosecution in my experience relies on an effective task force that can thoroughly investigate and connect the dots and conduct wiretap and other investigative techniques to bring a provable beyond a reasonable doubt case to a state or federal prosecutor. This is why we've had success fighting fentanyl and elder scams through joint task forces that can support complex prosecutions of higher-level criminals. Since we have California

<sup>1</sup> Kristin Finklea, Congressional Research Service, *Criminal Justice Data: Organized Retail Crime*, May 2, 2024, available at [Criminal Justice Data: Organized Retail Crime | Congress.gov | Library of Congress](#).

and San Diego task forces that fight organized retail crime, we've been able to bring many prosecutions but have not been able to get to the higher-level criminals when the evidence points to the criminal ring having a national and/or transnational scope. Specific examples of this challenge, including a recent multi-million-dollar jewelry heist are in my written testimony. In practice there are significant legal, and evidence hurdles that make it extremely difficult to target and take down the leaders of these crime rings. High-level orchestrators typically avoid committing or even directing any traceable, overt illicit act, insulating themselves from any liability through several mediaries such as "fences" that will interact with the boosters that are often committing the theft.

2. Are there gaps in federal criminal law that prevent federal law enforcement from investigating and prosecuting high-level actors who orchestrate organized retail crime? Please provide examples of how any such gaps impede the work of federal law enforcement.

There currently are no standalone federal crime statutes that address organized retail crime. As a 35-year county prosecutor, I can say that when we developed state specific organized retail crime laws that matched the rampant crime we saw, it allowed me and my colleagues to increase investigations and prosecutions. In San Diego County (the fifth largest county in the U.S.) my prosecutions climbed to bringing 218 criminal actors to justice in two years. Recently, I worked on further improving these laws through proposition 64 which passed in California. The CORCA bill amends existing statutes to update the reality of organized theft crimes utilizing gift cards and addressing cargo theft related crimes. However, the biggest gap I see is the lack of a federal task force that is focused on these criminal groups that can investigate and provide the cases to federal prosecutors. My state side Organized Retail Crime Alliance task forces have been critical in putting our cases together along with a specialized DA team within my office. Building the conspiracy cases and tracking the bad actors across our large county and other counties in our state has been the key. Where our efforts are diluted is when trying to follow the trail and prosecute nationally and transnationally. Organized retail crime is increasingly happening at a larger scale, and the necessary communication and data sharing is needed to connect the dots between these cross-state and transnational schemes. I respectfully believe that an expert federal prosecutor would better know the exact laws that could help them close the gaps and increase what appears to be very limited federal prosecution of organized theft groups.

3. How would aggregation of theft values to reach the \$5,000 threshold under 18 U.S.C. §§ 2314 and 2315 help federal law enforcement hold accountable high-level actors who orchestrate organized retail crime?

The aggregation clause in the Combatting Organized Retail Crime Act is a low threshold but it is still helpful to easily identify and distinguish the repeat and habitual so prosecutors can focus on this narrower population rather than the individuals that commit one-time crime. Aggregation also allows us to connect the dots and prove the organizational aspect of organized crime by demonstrating that specific items that are more suitable for resale such as home improvement tools, cosmetics and designer jeans were the target of the habitual theft as compared to items of necessity driven by hunger or poverty. It allows prosecutors to focus on a more targeted group of

bad actors who most likely interacted with higher levels of the criminal organization. Obtaining search warrants, locating storage locations, and tracking travel can and does lead to identifying the higher-level actors. Aggregation by itself is not the conduit but the narrowing effect that it has can lead to more strategic investigations leading to organized crime.

4. Would it help state and local law enforcement fight organized retail crime if the Department of Justice designated specific prosecutors and FBI investigators to investigate, share information with respect to, and coordinate private sector and law enforcement responses to multi-jurisdictional organized retail crime?

Yes, having a specialized unit within the Department of Justice to help coordinate would be an excellent resource and step forward. We have proven results in San Diego of working with the FBI and U.S. Attorneys on combating organized criminal groups in the area of Elder Fraud through an Elder Justice Task Force led by the FBI with my office as a partner and in the area of fighting established criminal enterprises that use local gangs to commit murder and other crimes. I can say that having a specialized team within my office has advanced our efforts in organized theft and retail crime. Having such a specialized federal team of investigators and prosecutors would advance the fight to help address national and transnational organized crime. Dedicating DOJ prosecutors and FBI investigators would not only assist in the successful number of investigations and charges, but it would also send a message to organized crime rings that this is a national priority and something we will not tolerate in our communities.

5. The New England State Police Information Network (NESPIN), New England's Regional Information Sharing Systems (RISS) Center, has improved coordination, information-sharing, and best practices with respect to responses to organized retail crime in New England. As part of that effort, NESPIN created dedicated personnel specifically to organized retail crime issues.
  - a. Have you or your colleagues in the National District Attorneys Association coordinated with your RISS Centers to discuss the role that RISS can play in improving coordinated responses to organized retail crime?

Yes, there are similar productive partnerships with my office and NDAA colleagues including the Western States Information Network (WSIN) and also the Regional Law Enforcement Coordination Center, otherwise known as a Fusion center of which there are about 80 across the United States. WSIN does a good job of collecting and disseminating data on theft patterns, suspects travel and fencing operations. This has become an invaluable partnership when investigating organized retail crime rings that traverse county and state lines. By helping with communication and the de-confliction of separate investigations, WSIN helps us orchestrate coordinated efforts and can help highlight seemingly isolated thefts that are in actuality apart of a larger organized crime ring. Many of the organized retail crime cases we pursue would not be in play without leveraging state and local resources, and the data sharing and coordination provided by WSIN.



**Questions for the Record from Senator Alex Padilla  
Senate Judiciary Committee  
“Beyond the Smash and Grab: Criminal Networks and Organized Theft”  
Tuesday, July 15, 2025**

**Questions for Ms. Summer Stephan**

1. In your work leading prosecutions across San Diego County, how do you differentiate between organized retail crime networks and individuals driven by economic desperation or survival theft?

It is very important that justice and accountability are commensurate with the crime requiring prosecutors to accurately differentiate between organized crime networks driven by greed as compared to individuals driven by economic desperation, mental health, or substance abuse issues. In my experience, an objective and thorough investigation provides clarity as to the person committing retail theft. As an example, we're able to look at what the person did, what time of items did they steal, the level of planning and sophistication that was involved, whether other individuals were part of the plan, prior criminal history, the type of item stolen and whether it's an item of necessity or whether it is one that is for resale- For example, whether it's a coat for warmth or ten designer jeans for resale. The investigations are able through search warrants to discover links to a criminal group including a fence, a storage facility, other evidence linking the person to other similar crimes. Understanding whether it's part of a coordinated network or an isolated act of desperation is critical for tailoring enforcement and just consequences from prison sentence for the sophisticated criminal groups to appropriate treatment courts and support strategies for the individual who made a mistake.

2. What lessons from California's ORC task forces can inform federal efforts to ensure that enforcement does not criminalize poverty or disproportionately impact communities of color?

My office has worked closely with California's ORC task force led by the California Highway Patrol and with our local San Diego ORC with multi agency involvement along with the private retail sector to improve communication and investigation. There is a clear understanding that the focus is on organized theft networks that are not only economically devastating businesses but also causing insecurity and fear in the hard-working employees in those small and large retail operations. My office was able to bring 218 defendants to justice under our organized retail theft statutes that by the nature of their elements distinguish between sophisticated theft crimes that are organized and individuals who steal out of necessity and desperation. By remaining focused on the mission of the task force and applying enforcement and prosecution in a fair and equal manner, we've been able to make a difference and operate fully within the spirit and the letter of organized retail and theft crime laws. I formed a specialized organized retail crime prosecution team within my office that communicates clearly about our mission of pursuing fair and equal justice for all through ethical prosecution of crime in partnership with the community we serve.

3. How has California integrated civil liberties protections into its response to organized retail crime, particularly around avoiding racial profiling and immigration entanglement?

California's Racial and Identity Profiling Act of 2015 (RIPA) bars law enforcement from considering race, ethnicity, or national origin when deciding to stop, search, detain or investigate an individual, unless those characteristics are part of a *specific* suspect description. RIPA requires officers to record the perceived race and ethnicity of everyone they stop, and the statewide RIPA Advisory Board annually reviews that data to flag and correct any enforcement disparities. Several communities have also included community feedback as part of their ORC task forces.

4. How should federal efforts be structured to avoid duplicating or overriding successful state task force models like those in California?

The goal for a federal task force is to augment and align resources and data to fill a clear gap that we see in several large-scale organized theft rings. While I'm so proud of the work of our State and local task forces, they are not equipped to combat the theft rings that operate nationally and transnationally. During our investigations, we learn that the same criminal group is operating in multiple states, but we are not able to reach the higher up part of the criminal structure past our state lines. In a case recently, we know that an 8-million-dollar heist from a retail jewelry store had Rolexes transferred transnationally but our jurisdiction cannot reach the transnational portions. A federal task force should not replace our effective local task forces, rather it would help us connect the dots nationally and transnationally and help provide alerts and education as to what is taking place across the nation so we can be prepared locally to meet the threat to our community. Federal efforts should reflect what has been successful at the state and local level. Increased collaboration and information-sharing among retailers, federal, state, and local law enforcement is foundational to addressing organized retail crime. 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.

5. Are there potential downsides to housing ORC enforcement within DHS instead of DOJ—particularly in terms of transparency, accountability, or prosecutorial discretion?

I believe that in order for our nation to properly combat and dismantle organized theft and retail crime, an appropriate federal agency should lead the task force with state and local partnerships and engagement. In San Diego County, we have worked with DHS as the lead agency combatting the scourge of fentanyl in the Fentanyl Abatement Suppression Taskforce (FAST) with excellent results and with no legal or due process issues. My office also worked with DOJ led task forces such as our model Elder Justice Taskforce (EJTF) led by the FBI also with good outcomes in combatting elder scams with local, national and transnational bad actors. DHS has the resources for tackling the shipments of stolen goods and transnational aspects. Of course, every public safety effort relies on incorruptible justice systems that abide by the rule of law and the principles of our constitution.

6. How can Congress ensure that new federal tools focus on dismantling high-level networks rather than targeting low-level actors or frontline employees?

The Combating Organized Retail Crime Act has several provisions that ensure high-level ORC individuals are the focus of the federal law. The bill distinguishes organized retail crime from isolated or minor incidents by defining organized retail crime as multi-episode or multi-jurisdictional theft. The bill also establishes a threshold aggregate of \$5,000, again making the focus on strategic, organized theft that is part of a larger enterprise.

7. Should federal enforcement initiatives be required to include community oversight mechanisms or data transparency standards to ensure they don't perpetuate discriminatory enforcement patterns?

There should be transparent reporting of outcomes of investigations and prosecutions which will demonstrate whether the clear intent to combat organized criminal groups rather than individuals who commit low level crimes or individuals due to any particular demographic are publicly shared. Our systems of accountability now include the powerful role Congress has for oversight of DHS proposed in CORCA as the lead agency for the task force with the Senate Committee on Homeland Security and Governmental Affairs. There is also the role that the Inspector General is supposed to have on oversight and accountability. I'm not certain about the efficacy of an official community oversight as it may lack resources or legal tools to review the pertinent data and information. Ultimately, the People will want to see transparent results that advance public safety, equality, and the rule of law. Another powerful checks and balance is found in our judiciary as these cases are brought to court where any violations of due process can be litigated.



## A P P E N D I X

**The following submissions are available at:**

*<https://www.govinfo.gov/content/pkg/CHRG-119shrg61886/pdf/CHRG-119shrg61886-add1.pdf>*

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