

House Judiciary Subcommittee on Crime, Terrorism, and Homeland Security

**Hearing on H.R. 6713, the "E-fencing Enforcement Act of 2008," H.R. 6491, the
"Organized Retail Crime Act of 2008," and S.3434, the "Combating Organized Retail
Crime Act of 2008."**

Monday, September 22, 2008

**Grady Judd
Sheriff, Polk County, Florida**

Statement in Support

Good afternoon, Mr. Chairman and members of the committee. My name is Grady Judd and I serve as the Sheriff of Polk County, Florida. I am pleased to have this opportunity to appear before you today to discuss the serious issue and far-reaching ramifications of Organized Retail Crime.

As Sheriff of Polk County, my agency learned of a simple shoplifting incident that occurred on June 22, 2007. When the incident report crossed Detective Jim Ostojic's desk, he didn't dismiss it as just another retail theft, but took the time to investigate. Seven months, a task force – (involving over 100 local and statewide law enforcement officers and retail loss prevention specialists), multiple old-fashioned stakeouts, several undercover purchases, numerous tracking devices, two storage warehouses, four flea markets, two Internet sites, five search warrants, and one consent to search later, detectives uncovered a five-year organized crime ring resulting in an estimated \$60 - \$100 Million loss to retailers and consumers. Operation Beauty Stop culminated in arrest warrants for 18 individuals. For these criminals, the profits were high and the risks low.

Retailers suffer hefty losses as a result of organized retail crime. However, this crime does not affect retailers alone; it has a major impact on consumers, our governments, and our society's quality of life. Our consumers are put at risk by uncontrolled redistribution and unsafe storage of stolen products and are forced to pay for these criminals' conduct at the cash register. Our governments are negatively impacted by the loss of sales and income tax revenues from these stolen products and the cost it takes law enforcement to investigate such crimes. The quality of life we, as Americans, enjoy is compromised by this "simple act of theft;" because, you see, these insignificant shoplifters are all too often connected to other crimes. Fourteen out of the 18 subjects charged in our recent operation had extensive criminal histories. Along with "shoplifting," their past charges included felony

burglary, hit and run, drug possession, carrying a concealed weapon, domestic violence, aggravated battery with a deadly weapon, robbery, lewd & lascivious conduct, resisting arrest with violence, and battery on a law enforcement officer – to name a few. These are people who constantly live outside of society's rules.

Many law enforcement agencies have experienced a paradigm shift from their standard focus on violent crime. Years ago, the New York City Transit Police began to place a focus on toll jumpers. At the time, some postulated it was unconscionable that resources were going to be "wasted" on such insignificant violations. However, this new focus proved very beneficial; crime decreased considerably. You see, the murderers, robbers, and other violent criminals haunting the subways were the same ones jumping the toll booths.

My agency followed a similar process called "PROCAP" (Proactive Community Attack on Problems), based on zero tolerance for crime – even seemingly insignificant crime, much like the New York City Transit Police. Our philosophy is to arrest on all "arrestable" offenses; we dig into cases to prevent further crime and not enable it. As a result of our paradigm shift, major crime has decrease 37% in unincorporated Polk County.

Operation Beauty Stop was so intensive and multi-jurisdictional that federal agencies also became involved. As a matter of fact, the illicit organization uncovered during our investigation has tentacles linked to multiple jurisdictions across the country – in states like North Carolina, South Carolina, and New York. These criminals operate secure in the knowledge that local and state law enforcement agencies have neither the resources nor jurisdiction to expose the full extent of their criminal operations. Criminals do not limit themselves to jurisdictional lines for the convenience of law enforcement investigation or prosecution. Crimes perpetrated in this operation crossed city, county, and state lines. This proposed legislation would assist with ease of prosecution for crimes that occur across jurisdictional lines and ensure the significance of these crimes is realized through standardized charges and sentencing across the country. For these reasons, I am in full support of the "Organized Retail Crime Act of 2008."

Those involved in organized retail crime use every means to support their low risk, high profit criminal activity; the Internet has helped facilitate this illegal activity. The Internet adds a new dynamic to law enforcement as we know it. I liken it to the Wild West, with very little regulation or enforcement and many prospects. Along with the vast benefits and endless opportunities derived from the Internet, come the endless opportunities to perpetrate crimes and victimize in new ways. The Internet has indeed become the new frontier for crime. As a result, we must be prepared with resources to combat these new tactics.

I am in full support of the “E-fencing Enforcement Act of 2008” not for the sake of regulation, but to require responsible entrepreneurship that protects consumers, our governments, and our quality of life. I can’t tell you the vast number of criminal investigations we have cleared and arrests we have made because of similar reporting requirements the State of Florida has imposed on other industries, such as pawn brokers, scrap metal recyclers, and citrus transporters. These industries understand the need to cooperate with law enforcement. The online marketplaces must be held responsible for collateral damage that occurs by enabling criminal activity through their lack of action. Having said that, I want to make it clear that, with rare exception, online marketplaces have a reputation for cooperating with my agency whenever we need information in conjunction with an investigation. I am simply advocating that they take additional steps to partner with us for the benefit of our consumers and their customers.

We must force ourselves to look beyond the surface of shoplifting and see organized retail crime for what it really is – a large, low risk, high profit criminal operation frequently run by very astute criminals who are taking advantage of our leniency, complacency, and lack of cooperative effort. Organized retail crime is a sinister crime negatively impacting our economy and tied to more violent and dangerous crimes. Look beyond the tentacles to the monster to which they are attached.