

*September 28, 2010*

**Mr. SCOTT of Virginia:** Mr. Speaker, H.R. 5932 directs the Attorney General to establish an Organized Retail Theft Investigation and Prosecution Unit to combat the growing problem of organized retail crime.

Theft from retail establishments has been a problem as long as stores have existed. The problem has gradually grown beyond simple isolated cases of shoplifting and burglary into something far more complex.

It wasn't until the 1980s that organized retail theft was recognized as a phenomenon, and the problem has continued to grow in volume, sophistication and scope. Today, sophisticated, multilevel criminal organizations steal large amounts of high volume products, focusing on small and easily resalable items, and then they resell the goods through a variety means, including flea markets, smaller stores, and, increasingly the Internet. Sales of stolen items over the Internet have evolved to the point where there has been a new crime phenomenon referred to as "E-fencing."

With organized retail theft reaching an estimated \$30 billion to \$42 billion, it impacts everyone from the Big Box retailers to the small independent stores. This type of crime obviously has a direct impact on stores from which the items are stolen. They have fewer items in their inventory to sell and their profits suffer. To make up for it, they must pass along the burden to consumers in the form of higher prices.

Consumer safety is also at risk when retail crime organizations steal consumable products, especially over-the-counter drug items and infant formula, two popular items for organized theft rings. In many cases, after merchandise has been stolen, the products are not stored properly, which can render the products ineffective or even dangerous.

Retailers spend lots of time and resources trying to prevent such thefts and trying to catch the thieves, but it is becoming increasingly difficult to do so. Last year, the Judiciary Committee Subcommittee on Crime held a hearing about the role of the Federal law enforcement in

combating this kind of crime. I was encouraged to see that agencies such as the FBI; Immigration and Customs Enforcement, ICE; the Secret Service; and postal inspectors all play a role in investigating organized retail theft.

Through this hearing we learned that there is a definite need for Federal law enforcement agencies in this area because local enforcement agencies face unique challenges in combating organized retail theft. In particular, organized retail theft rings often operate in multiple jurisdictions, making it impossible for any one State or local law enforcement agency to investigate them and prosecute them effectively. In addition, the Internet has made it easier for such sellers to access a national, even international market, for buyers of stolen goods. Finally, the proceeds of these crimes are often laundered with tremendous sophistication.

Because of these challenges and the threat this type of crime poses to our businesses, I believe we must have a better coordinated and much more concentrated Federal effort. H.R. 5932 accordingly directs the Attorney General to establish an Organized Retail Theft Investigation and Prosecution Unit comprised of Federal prosecutors and investigators from the FBI, ICE, the Secret Service, and the Postal Inspection Service. This unit will investigate and prosecute instances of organized retail theft under Federal jurisdiction as well as assist State and local law enforcement agencies in their efforts against these crimes.

I want to thank the retail and online community for their support of this bill, and I commend their efforts to find ways to work together on this effort. We have also received letters in support of the bill from a number of major business groups, including the Coalition Against Retail Crime, the Food Marketing Institute, the National Association of Chain Drugstores, the Entertainment Merchants Association, the Retail Industry Leaders Association, and the National Retail Federation. EBay has also expressed support for the bill.

I am pleased this bill has strong bipartisan support, and I would like to thank the committee chairman, the gentleman from Michigan, Mr. *Conyers*, the ranking member, the gentleman from Texas, Mr. *Smith*, and my colleague from Virginia, Mr. *Goodlatte*, for cosponsoring this important legislation and for their consistent commitment to this issue. I urge my colleagues to support H.R. 5932.