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Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

(session year)

Assembly

(Assembly, Senate or Joint)

**Committee on ... Criminal Justice
(AC-CJ)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (October/2010)

Present: (11) Representatives Kleefisch, Friske, Albers, Owens, Vukmir,
Kramer, Turner, Staskunas, Kessler, Grigsby and Hraychuck.
Absent: (0) None.

November 7, 2007 **EXECUTIVE SESSION HELD**

Present: (11) Representatives Kleefisch, Friske, Albers, Owens, Vukmir,
Kramer, Turner, Staskunas, Kessler, Grigsby and Hraychuck.
Absent: (0) None.

Moved by Representative Albers, seconded by Representative Friske that **Assembly Amendment 1** be recommended for introduction and adoption.

Ayes: (11) Representatives Kleefisch, Friske, Albers, Owens, Vukmir,
Kramer, Turner, Staskunas, Kessler, Grigsby and Hraychuck.
Noes: (0) None.

**INTRODUCTION AND ADOPTION OF ASSEMBLY AMENDMENT 1
RECOMMENDED, Ayes 11, Noes 0**

Moved by Representative Staskunas, seconded by Representative Turner that **Assembly Amendment 2** be recommended for introduction and adoption.

Ayes: (11) Representatives Kleefisch, Friske, Albers, Owens, Vukmir,
Kramer, Turner, Staskunas, Kessler, Grigsby and Hraychuck.
Noes: (0) None.

**INTRODUCTION AND ADOPTION OF ASSEMBLY AMENDMENT 2
RECOMMENDED, Ayes 11, Noes 0**

Moved by Representative Kessler, seconded by Representative Staskunas that **Assembly Bill 340** be recommended for passage as amended.

Ayes: (11) Representatives Kleefisch, Friske, Albers, Owens, Vukmir,
Kramer, Turner, Staskunas, Kessler, Grigsby and Hraychuck.
Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 11, Noes 0

Daniel Lindstedt
Committee Clerk





Testimony on Behalf of

Walgreen Co.

Concerning Assembly Bill 340

Organized Retail Crime

Found In
2009-10
AC - CJ
AB 340
Folder

Presented to the

WI Senate Committee on Judiciary, Corrections and

Housing

Madison, WI

February 14, 2008

?

Mr. Frank Muscato

Organized Retail Crime Investigations Supervisor

Walgreen Co.

Deerfield, Illinois

Chairperson Taylor and members:

I would like to thank the Committee for allowing the Walgreen Co. ("Walgreens") to present comments in support of Assembly Bill 340. Today my testimony will focus on explaining what, precisely, is meant by the term Organized Retail Crime or "ORC" as commonly known in the loss prevention and law enforcement community; as well as in providing some insight regarding the scope of this problem and the impact it has on the economy in Wisconsin and across the United States.

What is Organized Retail Crime or "ORC"?

Many or perhaps most people when thinking of retail theft imagine a stereotypical shoplifter. Shoplifters are not who we are talking about when we reference ORC. Shoplifters are persons who steal items for their own personal use. They take food, clothing, etc., and are typically only opportunistic shoplifters: e.g. juveniles taking candy, the newest style of clothes, prerecorded music, a little food to eat, and so on. These persons are the basic shoplifters who have been around as long as items have been for sale and, though a nuisance and cost to retailers, not a major crime problem and definitely not ORC.

Unfortunately, we now see professional thieves or "boosters" operating in well-organized groups often carrying large bags or wearing special clothing lined with foil or other anti-detection devices so that they can bypass the sensors of the security alarms. These groups are bold, organized, and networked. They operate nationwide, and some even operate worldwide. A professional retail thief steals large numbers of the same product and takes orders on items to be stolen. Professional retail thieves will travel from city-to-city, state-to-state, and internationally, to commit large-scale retail theft.

As America's largest retail pharmacy, we understand the importance of the proper handling of pharmaceuticals, over-the-counter medications and other specific products. For example, infant formula has strict temperature controls, where failing to control, may result in the spoilage of the formula. In many cases, stolen over-the-counter medications and baby formula are exposed to extreme temperatures that could affect the safety of the product. Our loss prevention professionals have witnessed first hand this type of stolen product being stored at extreme temperatures by thieves. Once items are stolen, they are often taken immediately to a buyer or "fence." A fence will typically purchase items for about one quarter of the listed retail price and then move the items to a clandestine warehouse for repackaging or to a flea market or swap meet.

Scope of the Problem and Economic Impact

As stated earlier in my comments, ORC is a problem on the local, state, national, and international level. ORC thieves and those that support ORC by fencing, laundering, and selling goods that are stolen by organized rings of thieves cost U.S. taxpayers billions of dollars each year. Using our company as just one example, Walgreens—where we operate almost 200 pharmacies in Wisconsin—for the fiscal year ending Aug. 31st, reported combined self-service sales of \$639 million in Wisconsin. Using the FBI's 4% "shrink" rule, our estimated losses to theft in Wisconsin for this same timeframe were some \$26.5 million. Calculate that figure by the sales tax rate of

5.5% here in Dane County and it is amazing to see that the citizens of the state of Wisconsin were robbed of approximately \$1.4 million in lost sales tax revenue from Walgreens over just these last 12 months. Extrapolate that over the tens of thousands of retailers operating in Wisconsin and one can begin to see the scope of the economic impact and loss. And this is only the loss related to sales tax revenue. Not considered in that calculation are the losses associated with jobs that are not available because of lost sales, state programs that go under or unfunded due to lost tax revenue, or individuals injured or made ill who received falsely re-labeled or expired OTC drugs or infant formula.

Concerning the flea market language in AB 340, I want to emphasize that this legislation will not, and is not, intended to shut down legitimate vendors—but rather only those vendors selling stolen merchandise and products that pose a health threat to consumers.

Conclusion

Consumers and taxpayers will benefit from AB 340. As more and more states pass ORC legislation, we do not want Wisconsin to become a dumping ground for stolen and dangerous products. I would hate to see that happen and hope you share my opinion. Thank you for allowing me the opportunity to comment today. Should you have any questions specific to ORC or AB 340 I will be happy to discuss the issue further.