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Executive Vice President, General Counsel and Corporate Secretary
The Home Depot

General Counsel Roundtable
CWAG Annual Meeting
Santa Barbara, CA
June 18, 2019
ORGANIZED RETAIL CRIME

The Alarming Rise and the Need for a Unified Response
ORC – What’s driving the increase?

How highly organized criminals are targeting retailers and costing you money
By: Siobhan Riley
Updated: May 20, 2019 - 11:49 PM

Organized retail crime losses reach all-time high

Will ‘out of control’ crime wave force Home Depot to flee Oakland?

Feds: North Carolina man accused of selling stolen goods online fueled growing drug problem
By: WSOCTV.com
Updated: Apr 3, 2019 - 10:41 PM
ORC – What’s driving the increase?

- Retail theft funds more serious crimes
- Increasing number of online platforms to sell stolen goods
- Return fraud to easily get cash
- Changes to retail policies when stopping shoplifters
- Thieves using retailers as their new bank
- Policies essentially decriminalizing retail theft
According to the National Retail Federation 2018 ORC Study:

PERCENT WHO HAVE BEEN A VICTIM OF ORC IN THE PAST 12 MONTHS

91.6%
According to the National Retail Federation 2018 ORC Study:

Cost of ORC to retailers for every $1B in sales (NRF)
ORC – What’s working?

Public private partnerships
- Attorneys General
- Local Law Enforcement
- District Attorneys
- State ORC task forces
- Retail investigators

Retail industry collaboration
- Increase responsibility on online marketplaces to combat fraud
ORC – What’s working?

Partnering with Federal and State and Local law enforcement

Educating officials about root causes of increased ORC

Dedicated resources and staff for pursuing cases
ORC – What’s working?

Utah police raids on local pawn shops
Goal | Advance legislation to combat Organized Retail Crime

- 34 states have ORC Laws
- 16 states have no ORC Laws
ORC – Model legislation

Recent Legislative Changes (2018-2019)

- Establish/Expand crime of ORC: CA, MT
- Expand Aggregation: FL, OK, CA
- Penalize Gift Card Fraud: TN, CO, NC
- Create ORC Task Force: CA
- Increase Reseller Accountability: CO, CT, KY
ORC – How Attorneys General can help

- Enforce current ORC laws
- Support new laws allowing for aggregation and targeting gift cards
- Dedicate staff to target ORC cases / create an ORC task force
- Investigate links between retail theft and other serious crime
- Partner with retailer ORC investigators to prosecute cases
- Promote information sharing between law enforcement and private sector
- Assist with holding resellers accountable for knowingly selling stolen goods
- Publicize successful cases
# Utah ORC Case Study

<table>
<thead>
<tr>
<th>Region:</th>
<th>Utah</th>
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<tbody>
<tr>
<td>Case Value:</td>
<td>$15,787,938</td>
</tr>
<tr>
<td>Recovery:</td>
<td>$152,609</td>
</tr>
<tr>
<td>Case MO:</td>
<td>Thefts at THD selling to 7 different fencing locations</td>
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Utah ORC Case Study

- ORC Investigator noticed/tracked a high volume of booster crews in Utah targeting tools and portable power.

- THD met with eBay, Utah's Attorney General Sean Reyes’ office, & Unified PD to form a task force, supported by the Salt Lake County Sheriff’s office and other local agencies in Spring 2017.

- The State AG’s Office is forming a Public Integrity Unit and requested THD to help create it due to the success of this case.
Region: California
Case Value: $1,558,247
Recovery: $260,082
Case MO: Multiple booster groups selling product into two fence locations
Case origination from networking with El Cajon PD during a San Diego Organized Retail Crime Alliance (SDORCA) meeting

- eBay records revealed THD was not the only retailer impacted and approximated sales through eBay of over $7.9 million

- Suspects were charged with the new CA ORC Law 490.4 along with several other theft and cyber related charges
We look forward to your partnership

Questions?