

# Loss Prevention Security Workshop

**Vendor Theft**

**Employee Theft**

**Shoplifting: The Law And How To Fully Use It**

Moderator: Curt Baillie  
Security Consulting Strategies, LLC

# Vendor Theft

## *Be Cautious With:*

- *The Count and Open Cases (Randomly)*
- *The Price – Retail and Wholesale*
- *Mixing Spoils and New Products*
- *Listing Credits on Separate Invoices*
- *Keeping Invoices Locked Up*
- *Not Giving Invoice Back To Vendor After Verifying Count*

# Vendor Theft

*Continued . . .*

## Warning Signs of Vendor Theft

- Vendors That Give Out Samples
- Vendors That Unload Their Trucks on Sidewalk Area Away from the Store
- A Vendor That is Constantly “On the Move” in and out of Your Store
- A Vendor That Begins Servicing His Product Before Signing In
- A Vendor Who Wants to Evenly Exchange Product Without Issuing a Credit Slip
- A Vendor That Enters No Description of Merchandise Invoice for Merchandise Delivered

# Vendor Theft

*Continued . . .*

- A Vendor That Does Not Extend the Unit Costs on the Invoices
- A Vendor That Extends or Adds Invoices Incorrectly or Adds the Date or Invoice Number into Sales
- A Vendor That Charges the Store for Merchandise Not Delivered
- A Vendor That States the Missing Merchandise Was - **“Left on the Truck”**

*If for any reason you give the invoice back to the vendor after checking it, they may alter it. The vendor can set you up by asking you for the invoice to add on additional product.*

# Vendor Theft

*Continued . . .*

- A Vendor Who Wants to Deliver Merchandise Before the Store Opens
- A Vendor That Gives You an Invoice Pad to Sign Without Separating the Blank Invoice Underneath

Case Study:

What One Company Did to Combat Vendor Theft

# Employee Theft

## How:

### A. Cash Register Thefts

1. *No Sale Ring*
2. *Open Drawer*
3. *Voiding Sale – After Customer Leaves*
4. *Penciled Additions*
5. *Short Changing Customers*
6. *Straight Money Theft*

# Employee Theft

*Continued . . .*

## *How*

### B. Direct Merchandise Thefts

- 1. On Their Person*
- 2. Out the Backdoor*

# Employee Theft

*Continued . . .*

## How

### B. Collusion Thefts

1. *Inflated Invoices – Usually With Vendors, Charge Customers*
2. *Fraudulent Refunds*
3. *Bad Checks*
4. *Under-ringing or “Sweethearting”*

# Employee Theft

*Continued . . .*

## How

### D. Frauds & Manipulations

1. *Bank Deposits*
2. *Payroll Accounting*

# Employee Theft

*Continued . . .*

## Solution

*Is YOU the Responsible Manager, by Implementing Measures to PREVENT Further Problems*

# Employee Theft

*Continued . . .*

## How to reach a Solution:

### A. Good Hiring Practices (Best Solution)

1. *Pre-hire Background Checks (Best Practice)*
  - a. *Do Not Use the Internet*
2. *Written “Honesty” Test*
3. *Interviewing For Integrity*

### B. Identifying the Problem or Loophole

1. *Adopt Professional Policies Using Common Sense*
2. *Employee Handbooks – Why You Need One.*

# Employee Theft

*Continued . . .*

## How to Reach a Solution:

C. Consistent Enforcement & Follow-up of Policies

D. Build Employee Morale by

1. *Supervision*
2. *Communication*
3. *Motivation*
4. *Cooperation*

# Shoplifting

## *Criminal Elements of Shoplifting Law:*

- Person Knowingly
- Item Displayed For Sale
- Intent to Deprive
- Charges Purchase to Fictitious Person
- Altering, Removing, Substituting or Disfiguring the Price Tag
- Transferring Merchandise from One Container to Another
- Willful Concealment

# Probable Cause

## *Definition:*

**Those Facts That Would Cause a Reasonable Person to Believe a Criminal Act Has Occurred**

# Reasonable Detention

## *Definition:*

**That Time Which Is Reasonable to Detain a Suspect  
While Ascertaining and / or Verifying Facts**

# The “Six Step” Rule \*

*Most Retail Security Practitioners Are Trained to Follow the “Six Step” Rule Before Making a Shoplift Detention:*

1. See the Subject Approach the Merchandise
2. See the Subject Take Physical Possession of the Merchandise
3. See Where the Merchandise is Concealed
4. There Should Always be Maintained Uninterrupted Surveillance of the Subject
5. Should See the Subject Does Not Pay For the Merchandise
6. Should Make the Stop After the Subject Leaves the Store

\* Shoplifters vs. Retailers – The Rights of Both . . . By Charles A. Sennewald

# Six Step Rule

*Continued . . .*

## A Retailer May Break the Six Step Rule and Still Have a Valid and Lawful Arrest

- Meant only as a guideline & adherence to such guidelines tends to protect the public from being falsely accused of theft
- Also tends to protect the agent and retailer from making serious mistakes
- There is no state law that mandates the six step rule

# Other Suggestions

Place of Apprehension:

Recommended Outside

Witnesses:

Recommended Taking A Witness

Use of Force:

Only That Force Necessary to Control  
the Subject

# Suggestions

*Continued . . .*

## Female Suspects:

Always Have a Second Person Present  
During Entire Detention, Always Another  
Female

## Miranda Rights:

As Civilians We Are Not Required to Inform  
Suspects of Their Constitutional Rights

# Suggestions

*Continued . . .*

## Search & Seizure:

Two Alternatives -

1. Wait Until Officer Arrives & Allow Them to Perform the Search and Take Control of the Property
2. Immediately Search and Recover Property Yourself
3. Safety Aspects of Both

## Chasing Suspect:

Not Off Company Property (If At All)

# Suggestions

*Continued . . .*

## Prosecution:

- Alternatives
- Dangers of “**No Prosecution**” Policies

## Dismissal of Criminal Charges:

- Covenant Not to Sue