



TESTIMONY OF SCOTT MCBRIDE
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Before the
UNITED STATES SENATE
JUDICIARY COMMITTEE

Beyond Smash and Grab: Criminal Networks and Organized Theft

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Chairman Grassley, Ranking Member Durbin, and esteemed members of the Committee, thank you for the opportunity to address you on a critical issue: Organized Retail Crime (ORC). Chairman Grassley thank you for reintroducing the CORCA Act of 2025 and inviting me to testify today.

My name is Scott McBride, and I serve as the Chief Global Asset Protection Officer for American Eagle Outfitters, Inc., a multi-channel, multi-brand specialty apparel retailer operating retail locations and digital direct to consumer sales in all 50 States and representing more than 35,000 associates. My responsibilities encompass safeguarding our people, products, and properties across approximately 900 U.S. stores, our online web platforms, and our extensive supply chain. I have been an active member of the National Retail Federation's Loss Prevention Council for the past 19 years, having recently concluded a two-year term as Council Chair and now serve as Chair Emeritus. With over 30 years in asset protection and in close collaboration with my retail industry peers, I possess a broad and deep understanding of ORC's devastating impact on the entire retail sector for large and small retailers alike.

ORC is far more than simple shoplifting; it represents sophisticated criminal enterprises perpetrating massive thefts, escalating violence against our associates and customers, crossing jurisdictions to avoid prosecution, and deploying professional-style tactics to fuel their nefarious operations, including reverse logistics, illicit liquidation, financial crimes, and recruitment. They repeatedly victimize retail stores of all sizes and disrupt our supply chains. An overview of the elements that define Organized Retail Crime is attached (Attachment 1).

Imagine an organization that leverages masters-level business school concepts to unite individuals toward a common goal, meticulously measures results, harnesses technology to its advantage, and defines clear roles and responsibilities. You might assume I'm describing a successful retail corporation. However, this same organization employs intimidation and violence, uses electronic countermeasures to evade detection, manipulates financial instruments through gift card fraud, and executes nefarious reverse logistics tactics to sell or move stolen merchandise offshore. This is an accurate description of how an Organized Retail Crime group operates.

While ORC is not new, its veracity, sophistication, frequency and geographic reach have dramatically increased in the post-COVID era. These groups exploit the internet and encrypted messaging apps to recruit thieves, coordinate the consolidation of stolen goods, liquidate them through illicit online tertiary or black-market sites, and even exfiltrate stolen products out of the country. Simultaneously, retailers have invested in new technologies that provide clearer insights into the scope of these thefts, pinpoint the last known locations of missing items, timestamp video evidence of incidents, and enhance collaboration with law enforcement across all jurisdictions. Despite our efforts, the problem continues to grow.

Consider a recent case¹ where Homeland Security Investigations (HSI), working alongside state and local law enforcement, successfully interdicted a consolidation and exfiltration scheme. Stolen apparel was being prepared for packing onto sea-land containers destined to cross the Texas border into Mexico. With the assistance of corporate field investigators, HSI recovered ~2,000 pairs of American Eagle jeans with a retail value exceeding \$100,000, along with nearly \$2 million in other retailer merchandise. RFID research revealed these stolen AEO items originated from 35 American Eagle stores across 13 states. Evidence from this seizure has already led to the discovery of a second arm of the same criminal group in Utah and has generated additional investigative leads across multiple states. Without the national reach of HSI, we would not have achieved such success in developing this ongoing case; a case far beyond the reach or understanding of any one local or state law enforcement agency given the magnitude of the crimes across a multitude of jurisdictions.

¹ <https://abc13.com/post/southeast-houston-home-raid-leads-katy-police-nationwide-100-million-theft-ring-ties-mexican-cartel/16145928/>

This example clearly underscores the urgent need for national-level involvement to support local and state law enforcement, District Attorneys, and State Attorneys General. National visibility and link analysis are crucial to comprehending the entire scope of criminal involvement, enabling the appropriate agencies and offices to make the legal determinations commensurate with the full scale of the criminal activity and lead to the disruption and dismantling of these organized criminal groups.

I commend Senator Durbin for his leadership in championing the passage of the INFORM Consumers Act. While success varies by retailer, progress is being made toward INFORM becoming an effective tool in the fight against online marketplaces serving as easy funnels for the liquidation of stolen products.

In some of the thefts the most sophisticated suspects adopt a stealthier approach to avoid detection; many other groups have escalated to intimidation and overt violence². Our store staff face threats with knives, guns, or even dirty needles. Perpetrators use pepper spray, destroy displays, and physically assault associates through punching, kicking, or shoving. Tragically, my peers have witnessed serious trauma, and in some cases, the deaths^{3, 4, 5} of customers, associates, security personnel, and in-store Loss Prevention staff at the hands of organized crime members.

A further example² is when 20 stolen vehicles, carrying 40 or more individuals, suddenly converge on a suburban department store, armed with implements of destruction from tire irons to firearms, running through and over customers, and threatening staff to commit retail theft – this is no longer a simple “smash & grab.” It is a coordinated attack with premeditated malice and a clear determination to plunder and escape. The stolen items are not necessities; this group had a plan for consolidation, fencing, and moving the stolen product, operating under the direction of a larger entity with the means to mobilize and monetize their illicit gains.

In conclusion, the Combatting Organized Retail Crime Act (CORCA) is an essential missing layer. It would establish the Organized Retail Crime and Cargo Theft Coordination Center, bringing together federal, state, and local law enforcement with private sector experts to share vital information and collaborate on strategies to keep our stores and supply chains safe and secure. This bill would allow us to expand upon the progress made at the state levels and effectively address cases that meet certain thresholds or cross state lines. As a professional dedicated to protecting customers and associates, I implore all members of the Congress to work together to ensure that the Combatting Organized Retail Crime Act urgently becomes the law of the land. This critical legislation will help us stop these senseless crimes in our communities.

Thank you for providing me this opportunity to share our story. I look forward to answering your questions.

² <https://www.nbcnews.com/video/dozens-of-looters-target-walnut-creek-california-nordstrom-in-violent-robbery-126856773759>

³ <https://abc11.com/post/home-depot-murder-gary-rasor-trial-terry-mcmillan-jr-charged-shoving-elderly-worker-store-caught-video/16468818/>

⁴ <https://www.yahoo.com/news/sending-message-shoplifter-jacksonville-store-220630163.html>

⁵ <https://www.kltv.com/2024/11/05/walmart-employee-shot-killed-by-accused-shoplifter-authorities-say/>

Attachment 1

Overview of the elements that define Organized Retail Crime (ORC):

Organized Retail Crime (ORC) is a sophisticated criminal enterprise involving the systematic theft of retail merchandise. This extends beyond simple shoplifting to encompass theft from physical stores, cargo in transit, and financial manipulations like gift card fraud. These illicit practices are executed by criminal organizations or conspiracies working in concert to supply stolen goods or value to their broader criminal enterprise and proliferate further crimes.

- **Criminal Organizations Defined Roles:** Criminal organizations operate with a clear division of labor, compartmentalizing decision-making and mitigating risk. Key roles include:
 - **Boosters:** These individuals are responsible for the physical act of stealing merchandise from retail stores or during transit. They may receive specific lists of targeted items from the organization. They may operate under the direction of ringleaders, targeting specific items or locations. They are often described as the "foundation" of the ORC enterprise; are often low-level participants in the ORC hierarchy and are easily replaced.
 - **Mules:** Members who transport stolen goods. ORC groups often utilize stolen or untraceable vehicles to transport stolen goods, reducing the risk of apprehension and making it harder for law enforcement to track the criminals.
 - **Cleaners:** In some ORC operations, cleaners are employed to remove identifying marks such as stickers or security devices from products before they are resold. This makes it more difficult to trace the stolen goods back to the original retailer.
 - **Fences:** Fences buy stolen goods from boosters and resell them, sometimes for a fraction of the retail price. They can operate at different levels, from low-level individuals handling small volumes to high-level fences who may use legitimate businesses like pawn shops or secondhand stores to handle large amounts of stolen merchandise. Fences may also instruct boosters on which items to steal based on demand and profitability.
 - **Consolidators:** Central figures who collect stolen products for liquidation, further transport, or exfiltration outside of the country. May be involved in repackaging, changing expiration dates, and coordination with overland and sea transportation.
 - **Money Launderers:** These individuals are responsible for disguising the illicit origins of funds obtained through ORC operations, making the proceeds appear legitimate. Methods may include cash smuggling, "smurfing" (breaking down large sums into smaller deposits), using shell companies, invoice manipulation, or leveraging gift cards and cryptocurrencies.
 - **Ringleaders/Organizers:** These individuals orchestrate and lead the overall criminal operation. They recruit and manage networks of thieves, coordinate theft operations, identify target locations, plan strategies to evade security measures, and establish connections with fencing operations and illicit markets for profit.

- **Criminal Enterprise Structure:** Criminal enterprises, while illicit, exhibit structured hierarchies. They often resemble legitimate organizations, complete with command and executive personnel providing strategic direction and instruction. Signal elements facilitate secure, encrypted, or coded communication, while the workers execute specific roles in an orchestrated manner. These roles have been given extensive instructions on how to evade apprehension, have policies and standard operating procedures, develop specialists, and are multi-level criminal networks.
- **Recruiting Methods:** Recruitment into these criminal networks primarily occurs through vanishing message apps, encrypted messages, or coded communications. Transnational organizations frequently target and "hire" low-level operators via these secure channels. The recruiting of minors for organized retail crime (ORC) theft is common and the potential role of lower penalties and ease of acquiring replacements if apprehended.
 - **Lighter Penalties:** The juvenile justice system generally prioritizes rehabilitation over punishment, meaning minors often face less stringent consequences rather than the lengthy prison sentences adults might receive for similar offenses.
 - **Easier Manipulation:** Minors may be more susceptible to influence and coercion by adults involved in criminal activities.
 - **Reduced Surveillance:** Minors may be perceived as less likely to draw attention from store security or law enforcement.
- **Violence Against Store Associates, Security, and Law Enforcement:** These criminal elements pose a significant threat, employing intimidation, verbal threats, and the brandishing of weapons, including dirty needles and firearms. They routinely engage in physical assaults, including punching, kicking, pepper-spraying, and even using bear spray, knives, and firearms. Furthermore, they demonstrate a callous disregard for safety through reckless driving or trampling associates, customers, and bystanders in attempts to evade.
- **Criminal Domestic Funding Operations:** Criminal operations are sustained through robust domestic funding mechanisms. They leverage fence locations, online tertiary marketplaces, black markets, and online classified ad sites to liquidate portions of the stolen goods for cash, thereby financing further illicit activities.
- **Transnational Poly-criminal Activity:** Intelligence unequivocally shows transnational criminal organizations operating beyond U.S. borders, utilizing recruited operatives within the U.S. Their activities are not confined to a single type of criminality; they engage in a poly-criminal approach, including human, drug, and weapon trafficking, money laundering, identity theft, financial gift card fraud, smuggling, cybercrime, and retail theft. These groups exploit differences in legal jurisdictions to evade detection and prosecution, making it challenging to investigate their activities.

- **Retail Associate Impacts:** The escalating intimidation and violence are having a tangible impact on retail workers, making hiring staff increasingly difficult in affected locations. This challenging hiring climate, combined with significant inventory losses, is forcing retailers to re-evaluate location strategies and new store investments.
 - **Increased Violence and Aggression:** ORC often involves violence and aggression towards employees, with a significant number of retailers reporting increased physical and verbal threats against their associates.
 - **Perception of Increased Danger:** The rise in ORC activity can lead to a perception of increased danger in the workplace, causing associates to feel unsafe going to work and potentially impacting their willingness to report incidents.
 - **Mental Health Impacts:** The fear of violence and the emotional toll of dealing with ORC incidents can contribute to stress, anxiety, and even post-traumatic stress.
 - **Increased Turnover:** The negative impact of ORC on employee safety and well-being can contribute to higher employee turnover rates.

- **Consumer Impacts:** In the most heavily impacted areas, consumers face tangible consequences: lack of product availability, diminished choices, and reduced variety in addition to the threat of violence or injury from these groups. The perceived threat to customer safety can lead to reduced foot traffic and lower sales volumes. In severe cases, these conditions have led to the formation of retail deserts where businesses can no longer operate sustainably.
 - **Higher Prices:** Retailers facing losses from ORC often increase prices to offset the costs of theft, including increased security measures.
 - **Reduced Product Availability:** ORC can lead to retailers removing high-value items from shelves or locking them up, making them less accessible to consumers.
 - **Increased Security Measures:** Retailers invest in more security personnel and technology, which adds to their operating costs and may make the shopping experience less enjoyable.
 - **Potential for Safety Concerns:** ORC can be associated with violence and other criminal activity, making retail establishments less safe for both customers and employees.
 - **Product Safety Concerns:** Stolen goods, particularly perishables or those with expiration dates, may be tampered with, altered, or improperly stored, posing health risks to.
 - **E-commerce Impact:** ORC also impacts online marketplaces, where stolen goods are often resold, making it harder for consumers to distinguish legitimate sellers from those dealing in stolen merchandise.
 - **Not Just a Retailer Problem:** ORC isn't just a problem for retailers; it affects consumers by potentially increasing costs, reducing product availability, and creating a less safe shopping environment.

- **Transient Crime Sprees:** Organized retail crime groups strategically exploit jurisdictional boundaries to evade detection, apprehension, and prosecution. These transient tactics are designed to maximize the volume of stolen products, avoid aggregation or extradition, and continuously serve the larger criminal enterprise.
- **Cargo Theft, Reverse Logistics, & Exfiltration of Stolen Goods:** These groups demonstrate sophisticated logistical capabilities. They establish robust reverse logistics networks to efficiently transport, warehouse, consolidate, repack, container load, and ship stolen products, effectively exfiltrating them across land and sea borders.
- **Law Enforcement Engagement:** Retailers are actively pursuing constant and strong partnerships with local, state, and federal law enforcement agencies to ensure a high degree of collaboration. Over the past few years, there has been a concentrated effort to engage prosecutors and State Attorneys General to bolster legal responses.
- **Retail Technology:** Advances in technology, including RFID, video surveillance analytics, and data-driven applications, are providing retailers with an unprecedentedly clear picture of the breadth and depth of organized retail crime. This enhanced visibility illuminates its financial and human impacts, increasing the call to action by retailers, trade associations, law enforcement associations, and law makers to take action for a more robust and decisive defense.