

STOP, THIEF!

The high-tech approach to catching shoplifters.

BY JOHN COLAPINTO

On a recent morning, a dapper man in his fifties with a narrow mustache, dressed in a black Armani suit, strolled past the cosmetics counters on the main floor of a midtown Manhattan department store. He was the store's vice-president of corporate asset protection, second in command in the store's loss-prevention department. Loss prevention is devoted to reducing what retailers call "shrink": the erosion of profits—some forty billion dollars in 2006, according to the University of Florida's National Retail Security Survey—resulting from shoplifting, employee theft, and organized retail crime (professional thieves who steal goods in large volume for resale). Some form of loss prevention exists at every level of retail, from dollar stores and big-box discounters like Wal-Mart and Target to high-end establishments like Bergdorf Goodman, Barneys, and Saks Fifth Avenue. But it is a side of retail that many merchants are reluctant to publicize; hence this store's insistence that neither it nor its personnel be named.

The vice-president grew up in East Harlem and the Bronx, and has worked in loss prevention for thirty years. "I started as a store detective on Long Island," he said. "I had a knack for picking out bad guys. I grew up with them and I knew how they behaved." As he walked past the boutiques on the store's main floor, he saw the place very differently from the way shoppers would. A selection of Dolce & Gabbana handbags on display steps from a street door was an open invitation for a shoplifter (or "booster," in industry parlance) to scoop up a few thousand-dollar purses and run out. The seventy-dollar bottles of Christian Dior perfume on open shelves near the entrance posed a similar risk. "The opportunity is there," the vice-president admitted. "But it's a risk that management is willing to take to create an atmosphere that's relaxed and inviting."

He left the store's polished wood cabinets, marble floors, and Roman columns for a dingy stairway tiled in linoleum. At the bottom, he pushed through a door into the asset-protection complex, a warren of windowless basement offices. He went through a door marked "Camera Room"—a low-ceilinged chamber lit by the glow from twenty television screens stacked floor to ceiling along one wall. The screens showed high-angled views of customers moving through more than two hundred thousand square feet of sales floors, wholly unaware (most of them) that the grapefruit-size mirrored domes attached to the tops of pillars and to the ceilings concealed high-resolution color cameras recording their every move. The several hundred cameras dispersed about the store can be rotated three hundred and sixty degrees with remote-control joysticks; that day, they were being operated by three loss-prevention camera agents who sat, in suits and ties, at small consoles in front of the screens.

Loss-prevention professionals say that they avoid any kind of profiling to single out suspects, since thieves can be male or female and come in all colors, ages, and socioeconomic levels. (Winona Ryder, the movie actress, is one of the standing examples of this tenet: in 2001, she was apprehended at Saks Fifth Avenue in Beverly Hills and later convicted of stealing more than five thousand dollars' worth of designer items, including an Yves Saint Laurent blouse, Donna Karan socks, Frédéric Fekkai hair accessories, a Gucci dress, and a Dolce & Gabbana handbag. In 2006, Claude Allen, then the top domestic-policy adviser to George Bush, pleaded guilty to stealing hundreds of dollars by making fraudulent returns at Target.) Instead, agents are trained to recognize the behaviors that betray a person's intention to steal: selecting merchandise without regard for size or price, feeling carefully along clothing seams for

sensor tags, or scanning the ceilings and walls for security cameras. Men shopping alone and carrying any kind of bag always draw a second look from agents, according to the vice-president, because it is assumed that most men will go shopping only when dragged by a wife or girlfriend. One of the store's camera agents showed me a surveillance tape from three weeks earlier, when he had zeroed in on a well-dressed white man with graying hair who was carrying an expensive briefcase. The man was trying on three-hundred-dollar designer sunglasses from a swivel rack. Nothing about his relaxed demeanor suggested that he was a thief. But each time the man took off a pair of glasses, he folded them and placed them on the counter before selecting another pair.

"You don't do that when you're trying on glasses," the camera agent pointed out. "You don't fold down the arms."

It was enough to convince the agent that a camera should be kept on the man, who eventually slid a pair of glasses into an inside pocket of his jacket. He unhurriedly pocketed three more pairs, then took a circuitous route out of the store—riding an elevator up two floors and immediately descending on the escalators—trying to shake any floor detectives who might be following him. But the camera detectives never lost sight of him. At the street door, several loss-prevention agents converged on the man. (They never intervene until a thief has made clear his intention to leave without paying.) He was taken to an interview room for questioning. A search of his belongings revealed that his briefcase contained a "booster bag"—an ordinary shopping bag lined, inside and out, with tinfoil affixed with duct tape, a tactic used by boosters to defeat the electronic alarm systems at store exits. Agents also found a knife and wire cutters, a Ralph Lauren suit that had not been paid for, and a list of other items to steal. Clipped to the man's belt was a Taser gun disguised to look like a cell phone. The man was held in one of the complex's barred lockup cells pending the arrival of police. The vice-president told me that he turned out to be a booster from an organized retail-crime ring run by Russian mobsters.

A walkie-talkie lying beside a pair of handcuffs on a camera console crackled. It was a sales associate in one of the denim boutiques, on an upper floor, radioing, breathlessly, to say that he had detected a strong smell of ink in the fitting rooms a sign that someone was perhaps trying to remove the ink tags from a pair of jeans. (Ink security tags—small conical plastic units that are clipped to clothing—are designed to release staining pigments when removed by anyone but store employees; who have a special device for disassembling them.) Because it is illegal for stores to install surveillance cameras inside fitting rooms, experienced thieves often use the rooms to remove security devices.

One of the camera agents hit a sequence of keys on his keyboard and brought up an image of the exterior of the boutique fitting rooms.

"We have a thirty-nine as per the forty-five," he said into his radio, giving the department's code for a possible theft in progress. The alert went out over the concealed earpieces of the business-suited guards positioned around the sales floors.

On the monitor, the agents watched as one of the loss-prevention department's dozen plainclothes store detectives—a grandmotherly African-American woman carrying a shopping bag—entered the fitting-room area. She came out seconds later and radioed to confirm that a woman was cutting off security devices in one of the booths, and gave a description of the woman. (The booth's louvred doors are designed so that store employees can look in.) She cautioned that she had not seen the woman actually put a pair of jeans into her bag.

A minute or so later, a young woman who fit the suspect's description—leather jacket, white cap, sunglasses—emerged from the fitting room area carrying a large canvas shoulder bag. "Is that her?" the vice-president asked. "Bring the camera more to the left." The agent moved the joystick on his keyboard and the camera swiveled, picking her up as she got into an elevator. The agent hit a few buttons, and an image of the woman from a camera concealed in the elevator ceiling came

up on his screen. When she stepped out onto the main floor, he tapped his keyboard and brought up an image of her as she sauntered past the perfume displays toward the street doors.

The camera agent picked up his walkie-talkie and radioed the guards near the exit. "Get a twenty on her," he said—code for "get her location."

"We can't arrest her," the vice-president said. "We have to have an eyewitness that actually saw her put something in her bag, or we have to have it on camera. Otherwise, if we're wrong, or have the wrong person, we've got to deal with a rash of shit. A lawsuit can cost tens of thousands of dollars to defend, and you pay more in punitive damages. If we didn't see it, it didn't happen." He watched the woman approach the doors. He bent forward to scrutinize the monitor. "There's a little weight to that canvas bag," he said, ruminatively, as if about to change his mind. "But ... "

The woman went out the door. One of the camera agents used a camera mounted on the store's facade to pick her up as she left the store. He zoomed in to follow her up the block. "Sometimes they double back," he said. She disappeared into the crowd.

"We don't like letting them go," the vice-president said. "But when they're successful they always come back. And now her face is burned in our brains. We'll get her next time."

The Orange County Convention Center occupies a pair of low-slung buildings, each more than a million square feet, set among green lawns on an artificial lake thirteen miles from downtown Orlando, Florida. In June, the center played host to the National Retail Federation's Loss Prevention Conference and Expo, an annual three-day event. A record three thousand attendees roamed throughout the Expo Hall, under banners with the motto "PREDICT. PREVENT. PROTECT," and visited the hundreds of booths exhibiting the latest theft-prevention technologies. Two I.B.M. employees demonstrated a videoanalytics software program that allows agents to search video data for specific visual evidence, like license-plate numbers. On

display nearby was a device called the LaneHawk, an ankle-height grocery store scanner that uses visual pattern recognition technology to detect items hidden in the bottoms of grocery carts. (According to a company rep, grocery stores lose an average of ten dollars per lane every day when shoppers fail to disclose items stuffed into the cart's undercarriage.) Throughout the conference, attendees heard presentations by loss prevention experts and law-enforcement officers, most of which centered on a topic that has dominated the industry for the past few years: organized retail crime.

No one in loss prevention can say precisely when shoplifters began to organize themselves into professionalized gangs, but there is general agreement that one of the first people to isolate the problem was a man named King Rogers. Rogers retired in 2001 as the head of Target Corporation's asset-protection program and now runs his own consulting firm, the King Rogers Group, in Minneapolis. A short, voluble man, sixty-three years old, he is as close as anyone can come to being the star of an industry that is virtually defined by its secrecy. Rogers is a fixture at every loss-prevention conference, and is, in the words of Nate Garvis, the vice-president of government affairs at Target, "one of the giants on whose shoulders we stand." Rogers worked for a short time at the National Security Agency before taking a job, in the late nineteen-sixties, as the head of asset protection at Strawbridge & Clothier, a regional department store in Philadelphia.

In those days, store security was a decidedly less high-tech venture: no cameras, no live video monitoring. Agents were obliged to improvise, hiding among racks of clothes or in empty boxes to conduct surveillance. "I can recall lying in the return-air plenum of a ceiling—the space between the drop ceiling and the main ceiling—having poked a hole in the acoustic tile so I could look through," Rogers told me. "In those days, you often didn't have radios, so you had to signal to your compatriot somewhere on the selling floor that the person you were watching just concealed something. You dropped something gently out of that ceiling—usually a small

piece of paper and let it waft to the ground. That was the signal to go pick them up." When security personnel did spot a thief, they commonly took what Rogers calls a "cops-and-robbers" approach—pursuing the suspect into the street and trying to tackle or otherwise detain him. "I remember working at the downtown Philadelphia store at Eighth and Market, chasing some shoplifter out of the store," Rogers said. "He was running down the street with an armload of clothing and I'm yelling 'Stop!' and thinking, Do I really want to catch this guy? By then, we had those big clunky two-way radios, and I do recall seeing one or two of those being used like a football. They'd bring a fleeing thief to his knees quick."

Sometimes thieves escaping on foot would run into oncoming traffic (or into an innocent bystander). Retailers were responsible for any injuries incurred, and such incidents soon compelled them to take a more proactive approach. In the late seventies and early eighties, many stores began to install closed-circuit cameras and electronic-article-surveillance technology—known as E.A.S. E.A.S. tags, which can be sewn into garments or slipped between the pages of books, contain a small magnetic coil that triggers an alarm at store exits. The technology is still in wide use despite its questionable effectiveness. The problem is not only that false alarms are so frequent (who hasn't set off an alarm at a store exit and been waved through by a weary security guard?), or that thieves have learned to defeat the system with foil-lined booster bags, but that the alarm sounds only after a thief has passed through the security gates. "If they've got a load of goods that they intend to convert to money, they're going to keep going," Rogers says—and, because retailers have forbidden loss-prevention agents to give chase, the merchandise is lost.

In 1980, one of Rogers's detectives at a suburban branch of Strawbridge & Clothier noticed a team of four people stealing men's shirts off racks. Two people acted as lookouts while the other two stuffed clothing, hangers and all, into large black plastic garbage bags. The thieves fled the store before they could be

detained, but the detective got their license-plate number and phoned the police. The cops apprehended the thieves, booked them for shoplifting, and soon released them on misdemeanor charges typical in shoplifting cases. But the volume of the thefts, and the shoplifters' brazenness, made Rogers suspect that something more was going on. The following week, a team of thieves using the same method was observed at a different branch, so Rogers enlisted the help of a colleague at the police department and traced the thieves to a tenement in Providence, Rhode Island. The shoplifters, Rogers told me, turned out to be members of a South American gang who were stealing designer clothing from department stores and specialty stores from Boston to Atlanta. "Ultimately, the police had enough evidence to charge them with some elevated theft-larceny charge, beyond shoplifting," Rogers says. "That caused them to pretty much dissipate."

In 1984, when Rogers joined Target (then part of the Dayton Hudson Corporation) as the vice-president of loss prevention, it was not widely recognized that big-box stores were also victims of organized retail crime. "And it was not obvious to me right away," Rogers says. "In department stores, the gangs were hitting brand-name and in some cases designer clothes and accessories, but at Target it was the very popular branded label goods: over-the-counter analgesics, film, batteries, baby formula, smoking cessation products, condoms, teeth-whitening strips"—any small, easy-to-resell merchandise. "I couldn't understand how there was an aftermarket for those items," Rogers says. "But there obviously was." Stores like Target, Wal-Mart, and Kmart were favorite stops for retail theft gangs, who traveled from store to store and state to state, wiping out entire shelves' worth of products. Razor blades remain so difficult for retailers to keep in stock that stores like Duane Reade display them behind the cash registers; CVS has installed elaborate push-dispensing mechanisms that release only one pack at a time. (Most large retailers today also keep baby formula and teeth-whitening products under lock and key, along with Wii game software and MP3 players.)

By the mid-nineteen-nineties, Target was the fifth-largest retailer in the country, with around twenty-one billion dollars a year in sales. (Today, Target has annual sales of sixty-three billion dollars.) Target won't release exact figures, but the average shrink rate for retailers is between one and two per cent of sales, which would conservatively put Target's losses in 1995 at around two hundred and ten million dollars. To combat this loss, King Rogers established a national investigations team to focus on organized retail crime. "We had a dozen agents around the country," Rogers says. "They had two roles. One was investigating these professional thieves and professional fraudsters who, also in teams, pass bad checks and use stolen credit cards. The second role was to train asset-protection people how to respond when they identified a possible organized retail gang at work." Rather than detain boosters, agents were told to allow them to think that they had got away undetected, and then tail their vehicles.

In this way, Rogers and his investigation team learned that the stolen goods were entering a highly organized distribution chain that often began with the hundreds of flea markets that had sprung up among the suburban sprawl of cities across the country. Crooked flea-market vendors would buy stolen goods from boosters, then put a few samples out on their tables—"as a marketing ploy," Rogers says. "Because the next-level-up buyer, a 'middle buyer'—often ex-cons who had discovered this great opportunity—made a habit of going to flea markets looking for product. When he saw Tylenol on a vender's tabletop, he'd say, 'Can you get me more Tylenol in fifty-count gelcaps?' " The vender, if he did not have the item in stock, would tell his boosters what to go and steal. "We'd catch boosters with lists of stuff to steal all the time," Rogers says. Typically, the middle buyers would sell the products to a "cleaning house"—in most cases, a three-to-five-thousand square-foot warehouse staffed with undocumented workers whose job was to remove price stickers, E.A.S. tags, and identifying store labels. Often, products such as baby formula would sit in cleaning houses beyond their expiration date, in which case workers

changed the dates stamped on the products. (In 2001, authorities in Texas arrested an organized retail-crime gang that had reportedly stored a million dollars' worth of stolen baby formula in rodent-infested garages at an improper temperature.) The cleaned products were shrink-wrapped and put in master cartons to look as if they had been bought from the manufacturer, then sold to corrupt wholesalers who would commingle the stolen goods with legitimately purchased products and sell them back to retailers—often to the same store from which they had been stolen.

In 1998, Target began an investigation of an organized retail-crime ring in Atlanta that was stealing computers, DVDs, stereos, televisions, and clothing, along with over-the-counter medicines and razors. Target's agents learned that the group comprised thirty Pakistani immigrants, most of them illegal, who operated a string of convenience stores. They shipped the stolen goods via UPS to large cleaning and repackaging operations in New York, Maryland, and Pakistan. "We got the Atlanta police department and county sheriff's office involved," Rogers says, "and were finally able to lure the F.B.I. into the situation, because at least one of the insiders in this group was a police officer. Then it became a public corruption case." In October, 1998, the F.B.I. launched Operation American Dream, which resulted in the bust of one of the country's biggest organized retail-crime rings. The gang used more than two hundred professional shoplifters, who stole up to a hundred thousand dollars' worth of merchandise a day from various chain stores—Target, Wal-Mart, Kmart. The bust resulted in eighty-seven arrests, the seizure of four hundred and fifty thousand dollars in cash, and the recovery of more than a million and a half dollars in stolen merchandise. Investigators learned that the gang was also involved in money laundering, illegal-alien smuggling, and car theft.

Rogers retired from Target in 2001 and was succeeded as the head of asset protection by Brad Brekke. A tall, lean man of fifty-two, Brekke worked both as an F.B.I. agent and as a lawyer before being recruited by Rogers, in

the late nineties, as an investigator. When he became the head of asset protection, Brekke had the revolutionary idea of creating a crime laboratory inside office headquarters to combat retail-theft gangs. "We're realists here," Brekke told me recently, when I met with him at Target's main offices, in downtown Minneapolis. "Property crimes generally are not a high priority for law enforcement, nor should they be. So we took the approach that if we could do the front-end work—do the video analysis, the fingerprint and computer analysis—then give it to the law-enforcement agencies, they don't have to spend the time and effort on it."

Target's crime labs are situated on the first floor of a sprawling office complex in an industrial park twenty minutes north of downtown Minneapolis. I was given a tour of the labs by Rick Lautenbach, Target's manager of forensic services. We entered through a series of password-protected doors—Lautenbach punched his personal code into a keypad. "We can't just go into a closet at the back of a Target store and open a crime lab," he explained. "We have to have a facility that measures up to the government's standards for admissibility of evidence."

I was taken to a large, windowless room at the end of the main hallway, where Target operates its latent fingerprint lab—a facility for detecting and recording fingerprints that are not visible to the naked eye. The room contained a fuming chamber, which resembles a glass-fronted refrigerator. To check for prints, agents place any type of nonporous object—plastic CD cases, metal iPods—in the chamber. A drop of Superglue is put into the chamber in a small tin dish and heated; the heat releases fumes of the glue's active ingredient, cyanoacrylate, which adheres to the moisture secreted by fingertips, creating a visible white print. The prints are then dye-stained with a fluorescent pigment and taken to a small adjoining room with black walls, ceiling, and floors, for photographing and scanning under lights of different wavelengths. "We don't have connectivity to any database with people's criminal history, because were private," Lautenbach says, "but we can match events together to catch a

criminal or criminal gang and we pass that along to law enforcement." Lautenbach told me about a recent case of a man suspected of repeated thefts at Target stores in Arizona. He was captured on a security camera as he picked up several items and put them in a shopping cart. Apparently aware that he was under surveillance, the man abandoned his cart and left the store. Loss-prevention agents retrieved a tissue holder that the man had handled and sent it to the fingerprint lab for analysis. Meanwhile, the investigations team was looking into whether the man was selling stolen items on eBay; recent online sale postings matched his known thefts. The agents made a "controlled purchase" from the eBay seller a box set of "The Sopranos" on DVD. Lab analysis revealed that the fingerprints on both the tissue holder and the "Sopranos" DVDs were the same. "We turned the fingerprints over to the Maricopa County attorney's office," said Lautenbach. The man was convicted of felony trafficking in stolen property and computer tampering.

Next to the fingerprint lab is the video-analysis laboratory, a small room stocked with desktop computers and video equipment. Two agents sat at a computer and compared security-camera recordings of after-hours "smash and grab" A.T.M. thefts at several Target stores in three states in the South. One video showed thieves backing a Jeep Cherokee through the locked glass entrance doors of a Target, shattering them, then hitching a chain to the A.T.M. and ripping the machine off its moorings as they gunned away. Another tape showed the same crime, involving an S.U.V., at a different location. Though the thieves were masked, and the vehicles were different (the license-plate numbers revealed that both were stolen), the thieves' practiced movements and the precision of their actions suggested to the agents that they were the same crew. Lautenbach explained that, in order to get law enforcement to take on a theft case, Target needs to establish the seriousness of the crimes. "To do that," he says, "we need to establish the scope of the criminal activity across a geographic area, or at least show that a common suspect is involved."

Next, I was shown the computer forensics lab. Here Brent Pack, a burly, bearded man who is Target's senior computer investigator, analyzes digital storage devices seized from suspected retail-crime gangs—BlackBerrys, photo memory cards, cell phones, business servers, and desktop computers. Pack joined Target three years ago, after a stint in the United States Army, where, as part of the Computer Crime Investigative Unit, he analyzed the photographs taken by soldiers at Abu Ghraib prison. ("I had to extract the metadata from inside the pictures and create the time line, because there were multiple cameras taking different photographs and each of them was set to different times," Pack said. "Took about two months to complete and another month to finalize. Then I had to go to court for two years to testify about it.") At the moment, Pack was analyzing a hard drive seized by the police in a phony check-writing operation that had victimized Target stores. "I'm going through here and looking for any evidence of check-writing software on any of their hard drives," he said, pointing to his computer screen, which showed a JPEG of a bank check. "Drives are so big now—some are five hundred gigabytes—you can't just randomly search," he said. "You've got to be tactical."

Brekke launched Target's crime laboratories, five years ago, with the intention of fighting the "brick and mortar" storefront fences and warehouse repackaging operations that King Rogers had helped to uncover. But since then, Brekke says, the labs have increasingly been used to fight "e-fencing," the resale of stolen goods online through eBay, Craigslist, and other e-commerce sites, where thieves can operate with virtual anonymity. (Sellers on eBay and other sites are not required to post any personal information; eBay says that "such requirements do nothing to effectively prevent the sale of stolen goods and would expose honest online sellers to significant risk for identity theft.")

"Those sites have, overnight, become the world's largest pawnshops," Nate Garvis, Target's vice-president of government affairs, says. "It used to be that you'd rip off a stereo, you'd go to a bad part of town and sell it for

ten cents on the dollar, and Mrs. Smith, who'd never be caught dead in that part of town, would never find that product. Now you rip it off in bulk, you put it online, you get sixty to seventy to ninety cents on the dollar—because you've cut out the middleman—and Mrs. Smith is shopping in her slippers at her dining room table."

Brekke says that the explosion of online selling to well-heeled buyers has changed what boosters steal from stores. Instead of baby formula, razors, and over-the-counter medicines, thieves now go after small electronic items and household appliances. According to Paul Ostenson, a senior investigator for Target, and a specialist in the investigation of e-fencing, Dyson vacuum cleaners, which retail for between three hundred and five hundred dollars, have become one of the hottest theft items for sale on auction sites. Thieves often steal the bulky vacuum cleaners through a tactic called "ticket switching": buying a cheap vacuum cleaner for thirty nine dollars, then removing the U.P.C. bar code and affixing it to a Dyson that costs ten times as much. Some thieves buy their own U.P.C. bar-code making machines—available legally on the Internet—and print their own price stickers.

Last fall, testifying before a congressional subcommittee on organized retail crime, Brekke told lawmakers that Internet auction sites need to make "modest changes" to remove the incentives for criminals to sell stolen goods online. He recommended that people who sell up to a hundred thousand dollars a month of merchandise online be required to identify themselves by name on the sites. Arresting individual sellers is not the answer, Brekke maintains, because of the sheer numbers involved. "In the most recent year, Target alone made approximately seventy-five thousand theft apprehensions in its stores. By comparison, the total number of criminal cases in all federal district courts across the country is usually less than sixty thousand in anyone year," Brekke told lawmakers. "Even if all the U.S. attorneys across the country stopped prosecuting bank robberies, fraud, drug trafficking, and even terrorism, there would still not be enough

capacity to prosecute even the apprehensions made by Target."

It was three-twenty in the afternoon, and the vice-president of corporate asset protection at the midtown Manhattan department store had resigned himself to allowing the suspected denim thief to leave the store. He now went into an adjoining room to greet the store's director of shortage control, a small man in his thirties who wore a well-tailored black suit and had a nearly clipped goatee. His job was to reduce inventory losses due to shoplifting or employee theft. Mounted on one wall were twelve computer screens that showed images of several sales associates as they rang up purchases and moved about the sales floor, straightening clothes on racks and greeting customers. The two men watched the employees on the screens for a moment. "They're persons of interest," the director said. "All of them have been flagged for surveillance."

Despite loss prevention's current focus on organized retail crime and e-fencing, by far the biggest theft problem faced by retailers is internal—the actions of light-fingered employees. Shoplifting accounts for almost thirty-two per cent of shrink; employee, or internal, theft accounts for almost forty seven per cent—although many experts say that these numbers are skewed, since organized retail-crime rings have begun to recruit store employees as accomplices, and even to send gang members to seek jobs at stores. Whatever the case, in 2006, employees stole about nineteen billion dollars' worth of merchandise from their employers—which is why many loss-prevention departments devote as much time to conducting surveillance on their own employees as they do on customers.

The director of shortage control pointed to one of the screens, on which a salesman in his thirties—I'll call him Jeffrey—was straightening piles of T-shirts and sweaters on an upper floor of the department store. He was a handsome man with close-cropped hair and a perpetual smile. "The first red flag was that he had the highest number of non-receipt returns in his department," the director said. "Everyone else in his department was getting about three returns a week. He was getting

five a day."

That was four months earlier, in February. Since then, the loss-prevention team had been monitoring Jeffrey's activities. Using "exception-based reporting" software—a program installed in all the computerized cash registers which looks for irregular transactions the team learned that Jeffrey was ringing up returns for merchandise that had never left the store, then putting the credit on his own card. He had also been making out E.M.C.s (electronic merchandise credits, more commonly known as gift cards) in amounts of up to five thousand dollars, then giving the cards to accomplices who would come in and shop for merchandise. Camera surveillance revealed that Jeffrey was selecting clothing from the racks, removing electronic security tags, and leaving the clothing in fitting rooms for friends to come and collect at appointed times. In the four months that he had been under surveillance, Jeffrey had apparently stolen and embezzled an estimated hundred thousand dollars' worth of false credit and merchandise from the store.

"The scary thing is that he's coming to work every day," the vice-president of corporate asset protection said. "But he's not working for the store."

The director looked at his watch. It was three-thirty—time to arrest Jeffrey.

Two loss-prevention agents came into the room: a woman in a black skirt and blouse and a man with the bulked up physique of a bodybuilder. The man went to the screens and panned the camera so that it followed Jeffrey across the sales floor.

"I'm salivating at the mouth to pick him up," he said. "It's been a long time coming."

"Your instinct is to jump the gun," the director told me. "You want to arrest him the first time you catch him stealing. But you've got to be patient." For one thing, the loss-prevention team needed to build a solid criminal case; for another, they needed to find out if he was working in collusion with another crooked sales associate.

"O.K.," the vice-president of corporate asset protection said, addressing the two agents who

had volunteered to go get Jeffrey: the muscular man and a bespectacled man in his late twenties who was the store's lead investigator. "You've got to be ready for him to deny everything."

The agents nodded.

"So if he becomes indignant and denies everything what're you gonna do? Because the minute you approach him he knows what it's all about."

The muscular agent replied that he would not be thrown off by Jeffrey's denials.

"Well," the vice-president of corporate asset protection said, "the ones you think are going to be a problem often aren't, and vice versa. Some confess to everything. They say they killed Kennedy."

The two agents headed upstairs to make the apprehension, and the remaining loss-prevention team crowded around the monitor.

"He was a very nice guy," one of the camera agents said. "Always said hello to me."

"That's when you know," the female agent said.

On the screen, Jeffrey straightened a pile of clothes on a table, checked his hair in one of the mirrors, then walked across the sales floor. The camera agent picked up a walkie-talkie and radioed the arresting agents. "He's going past fragrances," he said.

Suddenly, the two loss-prevention agents appeared from the right side of the screen. Jeffrey stopped, looked at them, and his eyes briefly widened. Then he smiled and shook both agents' proffered hands. (Later, the lead investigator told his colleagues about the arrest. "I said, 'Can you please follow me?' He was calm but scared. You could tell by the way his lips turned pale a little bit.") With one agent behind him and one in front, Jeffrey walked to the elevator, then rode down to the asset-protection complex. When they passed the open door of the internal-theft camera room, the woman in the black skirt and blouse left the camera room and followed them. She was the lead interviewer. They disappeared into one of the interview rooms down the hall

and shut the door.

The purpose of the interview was not to get Jeffrey to confess—they felt that they had the evidence—but to get him to reveal details of where the stolen merchandise was going, how long he had been stealing and how much, and whether he was working with others in the store. The team was particularly interested in Jeffrey's colleague, a young man I'll call Alex. Many of the customers to whom Jeffrey had issued fraudulent gift cards had gone to Alex to redeem them, and Alex had also been overriding the computer denials on stolen credit cards.

At five o'clock, after an hour and a half of questioning, the woman emerged from the interview and joined the vice-president of corporate asset protection in the camera room. "He admits to the fraudulent E.M.C.s and credit cards," she said. "And he talked about boxing up merchandise for his friends. He was getting four hundred for each item."

"Did you get him to roll over on Alex?" he asked.

"I can't get him to give up Alex," she said.

The vice-president scratched his head. "O.K.," he said at length. "Bring the other schmuck down—Alex. I don't see any reason not to. I wouldn't get him in a headlock" He meant this figuratively, the team uses no form of physical persuasion in interviews, he told me. "I don't want him going back to the sales floor and bitching to H.R. Just ask him, Why are these guys coming to you with fraudulent E.M.C.s? Offer him soda. Water. Whatever he wants."

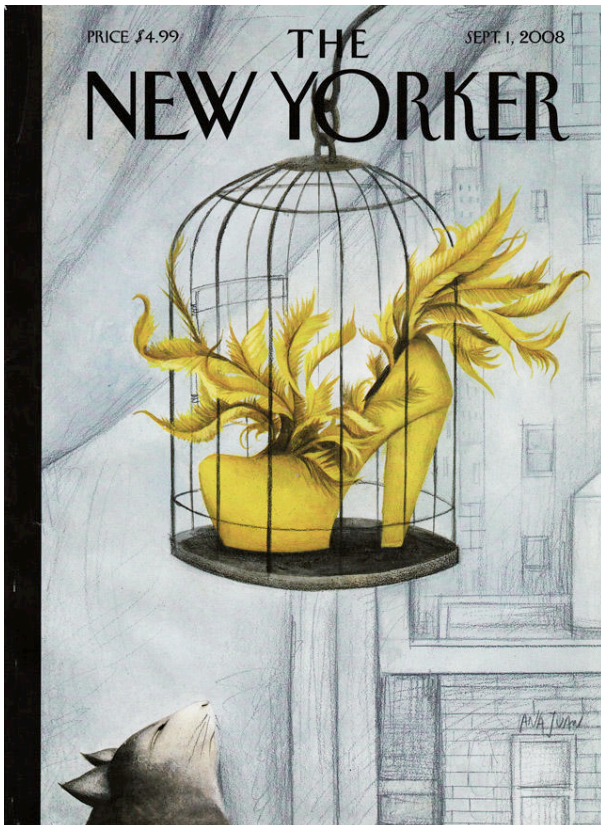
Two agents were dispatched, and a few minutes later Alex, a tall man in a summer-weight beige jacket, appeared in the hallway, his head hanging low. He was led into a neighboring interview room. (It later turned out that Alex was not involved.)

The director of shortage control dropped into a chair in the hallway. It was now six-thirty. The woman in the black skirt and blouse went back into the first interview room to continue talking to Jeffrey.

"Who knows how long it's going to take?" the director said. "He's got a lot of explaining to

do." One thing, he thought, seemed certain. The amount of merchandise involved meant that Jeffrey would probably be charged with a felony. "He's going to jail," the director said, but without relish. "You stare at this expensive stuff all day as an employee—stuff you can't afford to buy. It's a temptation."

"You're on commission selling," the vice-president added. "When times are good, you make a fortune. September through the holiday season, you're raking it in. Then Christmas is over, no one is shopping, gas is four dollars a gallon, and your paycheck went from fifteen hundred to five hundred a week and you have to payoff those bills from that Caribbean vacation you took when the money was rolling in. So you think, I'll credit my card for a thousand dollars and make out a fake return. When it works the first time, you try it again. But next time you load a little more onto your card." He shrugged. "And the way this economy's going?" he added. "We're going to be busy."



THE NEW YORKER, SEPTEMBER 1, 2008