

# EMPLOYEE THEFT: CLEARLY A PROBLEM



**Some major county retailers agree** with the findings of a survey that said retail employees do them more harm than shoplifters. One solution? See-through purses

## SAN LUIS OBISPO

BY LESLIE F. STEVENS  
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When Gottschalks sales clerk Lynn Hendry heads for work, she carries a clear plastic purse – but she’s not making a fashion statement.

See-through bags are the only type the San Luis Obispo store’s employees are allowed to carry onto the sales floor. About six months ago, Gottschalks joined the growing ranks of department stores nationwide using the low-tech measure to help stem the rising problem of employee theft.

But while the transparent purses may help the retailer spot unauthorized items being removed from the store, they raise privacy concerns for some of its employees.

“We don’t like them because everyone can see what you’re carrying,” Hendry said.

Since the store where she works doesn’t provide lockers in which to keep personal items, employees must carry their belongings for all the world to see.

Coty Tubb, one of Hendry’s co-workers, doesn’t like the new policy either.

“It’s a hassle” with no lockers, she said. Salespeople such as Hendry and Tubb will probably have to get used to more extensive monitoring by their employers, retail security experts say. Employee stealing is a huge and growing problem, costing American retailers an estimated \$15.2 billion annually, according to the 2001 National Retail Security Survey Final Report.

“There is no other form of larceny that annually costs the American public more money than employee theft,” the report says.

The study, conducted by the University of Florida, compiles anonymous responses from about 200 retailers nationwide regarding their losses, theft prevention and security measures.

Shoplifting occurs more frequently and grabs more headlines, but retail employees steal money and merchandise of far more value, averaging \$1,446 per incident versus \$196 for shoplifting, the report said. And the percentage of losses attributed to employees continues to increase.

In 2000, employee theft accounted for the largest share of retailers’ inventory losses ever reported in the survey’s 10-year history. At 45.9 percent, employee theft far outpaced shop-

lifting, administrative error and vendor fraud costs, the report said.

Unfortunately, living in paradise offers little protection from such thefts, say those familiar with San Luis Obispo County's retail crime. Local law enforcement does not keep separate records for employee theft, and no retailer would divulge its specific loss experiences. But most of the county's major retailers said employee stealing costs them more than shoplifting.

### Keeping workers honest

To combat the problem, local retailers employ an arsenal of low- and high-tech methods to discourage employee stealing and weed out the few bad apples in their midst, they say.

The newly implemented clear-purse policy at Gottschalks is just one more way "to help keep honest people honest," said Rod Holm, the chain's corporate director of loss prevention.

"Any time you mix money, merchandise and opportunity, you have the potential for loss," Holm said. "We are into prevention. If there's anything we can do to prevent someone from making a mistake, we'll do that."

Helm said the Fresno-based chain's losses because of employee stealing were probably less than 40 percent. He attributed the company's better-than-average record to a large percentage of dedicated, long-term employees

For workers at many Gottschalk's locations, the new purse policy may not be the problem it is for those in San Luis Obispo. According to Helm, some store locations provide lockers, where employees can keep whatever they want.

Other department stores in the county have similar policies prohibiting employees from bringing items onto or removing concealed items from the sales floor, including Sears, J.C. Penney and Wal-Mart. But they also have lockers, which seem to be a key difference for employees.

At J.C. Penney in Paso Robles, employees are not allowed to take anything onto the sales floor except clear water bottles and breath mints — everything else stays in the locker room.

Employee purchases are rung up at a central register and held until the end of



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**Gottschalks sales clerk Lynn Hendry shows off the purse she carries to work.**

the work shift.

"I think it's a very good idea," said sales clerk Brittney Hammer, as she placed her purse into a locker before heading out to her work station.

Annabelle Beng and Alissa Cook, two of her co-workers, agreed.

"I feel (security policies) are very reasonable and quite effective," said Beng, a Penney employee for more than 30 years.

"I totally agree with it," Cook added.

Even with employee background checks, tight inventory controls and daily audits to detect shortages, the store has some problems with employee theft, said manager Floyd Olsen.

"We've prosecuted one or two employees a year since the store opened in '97," Olsen said. At J.C. Penney and other county stores, employees caught stealing are terminated, and many will be prosecuted and required to pay restitution, area store managers say.

In addition to requiring clear purses, some department stores, such as Sears and Wal-Mart, also use high-tech detection measures to cut down on theft.

When Wal-Mart opened in Arroyo Grande three years ago, the store was equipped with video cameras and electronic merchandise tags to detect pilfering. Still, the store catches almost one employee stealing per week between its

Arroyo Grande and Santa Maria stores, said Carrie Curiel, the stores' loss prevention specialist.

"It probably exists a lot more than people think," Curiel said of employee theft. "We prosecute anyone over 14 and under 65." Seniors and young people would face termination, rather than prosecution.

The Sears in Santa Maria has been using video monitors and clear purses for several years, but incidents of employee theft keep rising, said Lynn Spier, store manager.

### Drugs and debts

The biggest cause? Employee debt, he said.

"They get into financial trouble and choose to do this to get out of debt," Spier said, either by taking cash from registers or selling merchandise they manage to steal.

Drug use is another reason for employee theft, said Rob Bryn, neighborhood services coordinator for San Luis Obispo Police Department. Bryn coordinates neighborhood and business theft prevention programs, including giving seminars and training when requested.

San Luis Obispo is like any other community when it comes to employee theft, Bryn said. It might occur somewhat less here than in larger cities, but it's still a major problem for retailers.

Sometimes, employee theft comes in the guise of shoplifting, he said.

"An associate of the employee actually shoplifts items and goes to the employee for a refund — it's a team situation," Bryn said.

In other situations, he's known of employees who reported phony robberies.

"Nobody came in with a gun, but the cash is gone," he said. "The employee calls up and says they were robbed and makes up a fictitious story."

Local retailers are well versed in the ways of employee theft, they say.

"It can happen in a mom-and-pop shop or a big retailer," said Wal-Mart's Curiel. "That's why we're here. We are here to catch them."