

PROCEEDINGS – Training Project No. 59/1

RETAILERS AS VICTIMS OF CRIME

**Edited by
C.R. Bevan**



AUSTRALIAN INSTITUTE OF CRIMINOLOGY



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9-12 NOVEMBER 1982

Edited by
C.R. Bevan

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FOREWORD

'Retailers as Victims of Crime' was a four-day seminar conducted by the Australian Institute of Criminology in collaboration with the Retail Traders' Association of New South Wales. It was attended by 49 participants from all States and the A.C.T., and comprised police, magistrates, researchers, statisticians, lawyers, and security and personnel managers from all the large retail firms in Australia with a sprinkling of smaller ones.

The seminar examined the incidence of all forms of criminal activity directed at the retail industry including customer theft, employee theft, robbery and burglary, credit card fraud, and loss occasioned by delivery and refunding rackets.

A number of papers were presented which, supplemented by the plenary discussions following each paper, represented an informal exchange of ways and means currently adopted by firms to minimize loss. There was a discernable tone at the meeting, however, seeming to indicate that the matters discussed represented mere band-aid approaches to the problem. It was obvious that the experienced operatives present were looking to the establishment of a national coordinating instrument which could engineer free and frank exchange of information relating to actual losses incurred by individual retailers, including a breakdown of such losses into identifiable categories. It was strongly felt that all needed to know as accurately as possible how much shrinkage was due to customer theft, employee theft, credit card fraud, and any other cancers in the system which would become clear should a pitiless spotlight be directed their way. It became obvious that more research was needed of the quality of that undertaken by Mr Dennis Challinger of Victoria. The funding of research of that magnitude is obviously the responsibility of retailers themselves and awaits a demonstration of their real interest in the problem.

An earlier seminar conducted by the Institute in collaboration with the Retail Traders' Associations of New South Wales and Victoria was held in 1977. A similar disappointing feature of the earlier seminar was the failure on the part of top management of retail firms to attend in person. Direct invitations resulted in the nomination of their security officers and/or personnel managers to attend in their place. At that seminar also it was emphasised that the non-existence of accurate data represented a serious lack, and one of the fifteen emanating recommendations urged attention to research itself. It was therefore again disappointing that top-management did not see its way clear to attend the 1982 seminar in person, raising the suspicion that the five year inaction since the former seminar would be repeated.

The research conducted by Mr Dennis Challinger, Chairman of the Department of Criminology, University of Melbourne, indicated that the total amount lost to the retailing industry in Australia through offences committed against them could well be in the vicinity of \$600 million dollars per annum, and that the best defence against this magnitude of loss was an alert, loyal, conscientious staff.

Whilst some benefit accrued from the gadgets and common supervisory practices employed by most retail firms to deter staff and customers from stealing from the retailer, it was obvious that these means have not served to contain the problem. There would be few to argue against the proposition that the most effective deterrent to crime is certainty of detection. Mr Challinger's 'research samples replies' seemed to indicate that there would be fewer still to argue against the proposition that motivated staff, dedicated to the reduction of theft of all kinds in the industry, constituted certainty of detection of a high order. It is not difficult to appreciate the competitive climate in which retailers have to survive in this day and age, and therefore to understand their obsession with profits, but it should be as easy for top-management to appreciate that in the final analysis their profits would amount to zero if it were not for people, and especially the people on their side of the sales counters. Industrial psychologists have served the retailers well, but clinical and developmental psychologists might serve them better.

In similar vein it again became obvious throughout this seminar that the amount of stealing from shops was a reflection of general attitudes to dishonesty threading all levels of our culture. Although white-collar crime now results in greater losses than all other categories of crime combined, and the extent of tax evasion makes alarming reading, the public most commonly reserves its injured outcry for the crime of car-stealing. It must say something about the retailing industry when such a large proportion of people express so little concern about the losses it incurs through theft. Little progress can be made, therefore, until a vast propaganda programme is inaugurated, taking the public frankly into confidence about the details of losses incurred and canvassing their co-operation. Giving effect to the very feasible remedies born of the collective wisdom and experience of all those attending this recent seminar is now the responsibility of the retail traders' associations and top retail management in this country.

C.R. Bevan

RETAILERS AS VICTIMS OF CRIME

W. Clifford

This country may be said to have installed its criminal justice system to deal with stealing from stores. So on 15 May 1788, Governor Phillip wrote to Sydney in London,

'your Lordship will not be surprised that I have been under the necessity of assembling a Criminal Court. Six men were condemned to death. One, who was the head of the gang was executed the same day; the others I reprieved.... These men had frequently robbed the stores.' (1)

Since then, retailers have had problems protecting their stocks from dishonest customers and dishonest employees. They are in commerce however - not in the business of law and order. Their approach to losses by theft is different from that of the police who arrest the thief or the courts that try him. They may be more interested for instance in receiving compensation for example - or getting the stolen property back again than in the particular sentence passed on the offender. They may hope that the punishment will not only stop this offender stealing but will deter others, but it is extremely important to them to reach the end of the year with a profit sufficient to offset the losses - and the additional costs of insurance or paying for security personnel. They may not be averse therefore to passing on these costs to the customer in the shape of higher prices. This depends of course on whether they enjoy a fairly secure share of the market to allow them to manipulate prices, whether they are committed to 'recommended prices' by the producers, or whether they have a turnover so great that the display which tempted the thief compensated them by attracting sales.

In the worst cases retailers can be wiped out by crime. In cases where shops were broken into and stocks pillaged, more than once they have sometimes gone to the wall. They have been known to be forced out of business altogether. In the best cases crime is a minor irritant - an unfortunate loss which however can be built into prices; and in such cases they are more concerned with their public image than the service of abstract justice. They are therefore more likely to err on the side of mercy and not wish to prosecute too many cases. It is on such a business-like basis that the enormous security industry of guards, alarms, cameras and detectable labels has been erected. It is not an extra cost to the user so much as an ultimate cost to the consumer.

(1) Historical Records of Australia, Vol. 1: No.1, pp 19-23

This raises rather special problems when we look to the retailer's role as a victim. Sometimes he is indeed very much a victim, an individual loser, the one who suffers most: but sometimes he is a kind of middle-man and it is the consumer who is the ultimate victim. It is important for this to be distinguished when private security officials in extensive areas of private property begin to exercise search or surveillance functions which the ordinary police, not guarding private property may not have - for the customer could sometimes be actually paying for the constraints on his civic liberties which shop theft makes necessary. Conversely where unions inhibit searching procedures, employees may have advantages over people using the organisation and once again this advantage in the shape of on-costed pilfering may end up with the consumer, so we have to be careful in defining the victim.

This Institute has during the past three or four years drawn attention to the inadequate consideration accorded by society to the victims of crime. Our criminal justice system has been traditionally geared to the protection of the offender or anyone likely to suffer a deprivation of liberty. In fact, some of the safeguards for offenders in our system have been survivors from the time when they were traditionally needed - from the time when there was little policing and therefore little hope of criminal justice doing more than making a public example of those who were caught. In those days, a variety of safeguards were essential to ensure that an accused person had every possible opportunity of escaping the drastic penalties which were intended to deter others as much as to prevent him from reoffending.

Lately however, with the direct penalties removed, there has been a need to redress the balance, to give more attention to the victim, to avoid robbing the victim of his grievance and making him no more than a witness for the prosecution. He may be as much entitled to legal protection as the accused if his or her reputation is likely to suffer as a result of the hearing. On reflection however, victims are very different. The victim of a personal attack - of a rape or a mugging may have suffered a more traumatic experience for which he or she needs to be compensated than say the victim of an ordinary theft. Similarly, a small retailer with a corner shop, working close to the margin, can be rendered bankrupt by systematic raids on his small property, whereas the modern large retailer may as we have seen have on-costed some of the losses expected from theft. Any reflection on the retailer as a victim must then take into account some of the considerations which have by now become a part of the new science of victimology. It must look, for instance, at the pre-existing relationship between victim and the offender. Just as in an assault case the provocation offered by a victim may be a mitigating factor in the commission of the offence - so, in retailing, the temptations offered are apposite to the offence. If a supermarket places sweets on the cash desk at the low level of young children in the hope of attracting them to persuade their mothers to buy, it must be prepared for those who take the sweets illegally. If psychology is used in packaging and presentation, it can be equally used in encouraging theft. Glass-topped counters are obviously indicated but are precluded by sales

techniques - and the cost is a level of theft which is, in the circumstances, a calculated risk. This is not to condone it but simply to indicate that there are usually at least two sides to every criminal case.

Crime is not *abnormal* behaviour as a rule. It is so much a part of our *normal* way of living, so integrated into our economic life, and so much a part of our development that it is sometimes surprising for us to find that the respectable were in fact engaged in illegal behaviour or that illegal behaviour had been only a hairsbreadth from the business ingenuity required to make money. This is very easily demonstrated. Most of our development - oil discoveries, gold rushes, property booms - have been so attended with illegal short cuts that it is not polite to ask a business magnate how he made the first million. We are all familiar with the procedure of conveyancing to transfer property, but it is a sobering thought that in Shakespeare's time to 'convey' meant to steal. Or again, even in law, remember that it is *possession* which gives you nine points, not *ownership*. Similarly, some of the practices which we now consider good business - like buying cheaply and selling dearly - or obtaining positions of power in the middle of the supply and demand were, as recently as four hundred years ago, considered to be both immoral and illegal. Edward VI in 1552, enacted a law against 'forestalling, regrating and engrossing'. This referred to buying goods from a seller before he reached the market, and then selling them at a higher price - or persuading him not to sell so as to enhance prices - or buying them at the market and reselling them at higher prices. This changed over time, but it reminds us of a very narrow line which is never easily drawn. Commerce can only flourish in freedom but crime is a cost of freedom. Our current concern with bottom of the harbour schemes and the way organised crime launders its profits by investing in ordinary business - including sometimes the retail business - should keep us alive to the fact that crime itself is a relative term and has a wide variety of implications no less important than the variety of meanings that we give to the victim status. For these reasons it is very important that retailers suffering from the crimes of shop stealing and employee stealing should help us to study the costs and benefits of the behaviour that we are examining. We know the morals and we know the law, but for the message of retail crime to come over clearly to the public we have to know the costs and benefits. We need to be clear about the precise effects on the economy - on the pockets of ordinary people who may be adding to the problem by tolerating the amount of theft they see being committed.

We need to know for example whether the profits rise where there is stealing - indicating that the attractive displays which are temptations for some are a good advertisement for others. Where there are great losses of whole consignments of goods we need to know the black market effects - and the consequences for ordinary trade. We need to know to what extent the losses or the costs of additional security are indeed included in the prices, and what proportion they represent. It is not only how much is lost but how much can be recovered which is important. Thirdly we need to know what extra labour is required by

this crime industry, and what are the costs to the community of providing the labour to carry out this particular task rather than do some other work. In other words, we have to calculate the opportunity costs of the prevention of shop stealing.

It was on the basis of such purely economic considerations some years ago that some Scandinavian countries were pressing to decriminalise stealing on the grounds that the costs involved were reasonable enough for the affluent community to carry. Obviously this did not take account of the possible increases of the costs that might possibly occur when everyone came to know that shop stealing was no longer an offence. But in any event the proposal was made and it is indicative of the feeling at that time that the costs of prevention might not be worth it. This was the economic approach, as I have said; it took no account of morals. It is important to know however that when accountants are preparing the balance sheets, it is less the moral or legal importance of shop stealing which is important to them. They are much more strictly concerned with the economic consequences. Since all prices whereby insurance, security devices or alarms sooner or later enter into what the consumer pays, we may begin to revise our consideration of who is the victim. Regarded in this way, society as a whole is obviously suffering from the extent to which it fails to maintain the higher levels of integrity in its dealings in business and commerce. There was a time when integrity was so important that bankruptcy was a stain. Bankruptcy was almost a sin. We live in an age when this is rapidly changing, where bankruptcy is a way of extracting oneself from an impossible situation even though it does mean losses to those who have supplied you. Again with the credit system as widespread as it is and with business and commerce so closely related with crime - and with everyone struggling for the few profits to be made at a time of recession, there is almost a virtue in being able to exploit the consumer. The idea is abroad that if we don't do it, others will.

In this respect I might mention that Christmas is coming, and naturally our thoughts turn to Dickens. In our business we remember not only his 'Christmas Story' but his hooked-nosed Fagin training hordes of child pickpockets for the London streets and stalls. We remember not only his Oliver Twist who dared to ask for more, but his famous Jonas Chuzzlewit who gave us a notable rule for chasing bargains,

'Do other men, for they would do you.'

That he said was the true business precept. We live in a period when it is in danger of becoming far more than a business precept - when 'ripping-off' the system is proof of intelligence - when self-righteousness is out of place because everyone has his racket, his fringe benefits, his perks, his dodges.

Retailers are the commercial meat in the sandwich of a self-seeking society in which it is virtuous to manipulate the system for one's own advantage - a society in which everyone feels victimised and no one is responsible. Retailers can be victimised by their customers,

by their employees or by the middle-man controlling supplies. They deserve protection and understanding; but only so long as they resist the ever-present temptation to victimise others.

REFLECTIONS ON RETAILERS AND CRIME

D. Challinger

EXTENT

Retailers are probably victims of far more crime than is generally thought. Traditionally retail related crime has been associated almost entirely with theft by customers colloquially known as shop-lifting and more recently known as shop stealing or theft from shops. But over the last ten years there has been an appreciation that thefts by employees are also a considerable problem. This appreciation has been supported by study into workplace crime in general, and as the retail sector employs 17 per cent of the Australian workforce the problem is far from minor.

These two areas, irrespective for the moment of precisely how they are defined, do account for a huge amount of crime against retailers. For instance in a recent survey by Lee Neumann, head of a large United States security firm, employee theft was suggested to be worth \$20,000 million accounting for 67 per cent of all crime-related 'retail shrinkage' and customer-theft to be \$2,500 million and 7 per cent. A major problem is that retailers often do not discover they have been victims of these offences until stocktaking time, by which time there is often little they can do about it. Business Week magazine claimed in 1979 that 'one out of three small (retail) business bankruptcies are the direct result of thefts by employees and customers.' (Business Week, 15 October 1979).

But in addition to these two areas there are many other crimes occurring within the retail area, and they need to be appreciated. Any estimate of the amount of financial damage that follows from crimes against retailers necessarily has to be somewhat of a guess; Table 1 gives a catalogue of retail-related offences and suggests conservative losses to Australian retailers that follow from them.

A basic problem in studying retail-related crime is precisely this difficulty in being sure about its extent. Certainly it is considerable and has impact on both the economy as a whole and the viability of retailers in particular. But greater detail about its occurrence should help to pinpoint particularly 'bad' areas or areas in which some positive action might be possible. The police only hear about offences that the retailer, for one reason or another, wants them to hear about, so police statistics are not a reliable indicator. Precisely because of this, a victim survey was undertaken with a sample of Victorian retailers in 1980-81 (Challinger, 1982).

TABLE 1
RETAIL-RELATED OFFENCES

<u>Offence</u>	<u>Estimate of Annual Direct Cost to Retailers</u>	<u>Indirect Costs to Retailers From:</u>
<p>Theft by customers (including price tag switching, consumption of foodstuffs in shop, etc.).</p> <p>Internal (employee) theft</p> <p>Delivery crimes, falsification of delivery notes, conspiracies with drivers, losses through delivery by rail, etc.</p>	<p>Conservatively estimated as 2 per cent of retail turnover which for Australia in 12 months to March 1982 was roughly \$29,000 million giving an estimated cost of \$580 million</p>	<p>Installing security equipment, expenses of security staff, legal expenses.</p> <p>Security personnel, loss of merchandise to sell, lowered moral leading to poor sales activity.</p> <p>Cost of devising and manning elaborate security and checking system.</p>
<p>Robbery</p>	<p>Victoria Police statistics so far this year reveal 35 per cent of armed robberies on retail outlets at average take of \$1140 (Chemists \$790 milkbars \$216, other shops \$1829). Extrapolating to estimated 3800 robberies Australia-wide gives a direct cost to retailers of around \$1.5 million.</p>	<p>Extra security, workers' compensation claims by traumatised employees, time spent in legal procedures.</p>

continued.....

Table 1 (continued)

Burglary (including smash-grab).	Inspection of Police Statistics from five States indicates that about 15 per cent of reported burglaries are from shops. The Victorian Victim Survey found average value lost in burglary to be about \$900; extrapolating to estimated 180,000 burglaries per year gives cost of \$24 million.	Extra Security - watchmen, alarms etc., inconvenience through loss of stock, messy repairs, etc.
Vandalism (including hooliganism, loitering, drinking).	A very difficult area to estimate because of distinction between purposeful and accidental damage. Victorian Victim Survey found 16 per cent of shops victimised at average cost of \$500. Extrapolating to Australia's 74,300* retail outlets gives conservative estimate of \$6 million.	Cost of repairs, cleaning, staff to monitor youths behaviour in shopping malls etc., loss of trade through customers being repelled.
Fraud (including bad cheques, stolen credit cards, confidence tricks).	Victorian Victim Survey found 40 per cent of retailers victims of bad cheque passing. Credit card fraud exceeds that practice, according to recent police figures. Assume the same loss rate for credit cards and some average loss for each. Extrapolating to Australia's shops gives estimate of \$5 million.	Extra staff training, increased security checks, alienation of honest shoppers through lengthy verification procedures

* The Australian Bureau of Statistics 1979/80 Retail Census reveals 110,500 retail 'establishments'. Excluding motor vehicle dealers, appliance repairers, butchers and the like reduces this statistic to 74,292 'shops'. (My definition.)

continues.....

Table 1 (continued)

Theft of supermarket trolleys.

The number of trolley-providing shops (supermarkets, discount stores) in Victoria is estimated at 3 per cent of all shops. Extrapolating this to Australia, and assuming a low trolley theft rate of one a month per store at a replacement cost of \$80 each provides a loss of over \$2 million.

Cost of replacement or recovery from municipal authorities after paying pound fees, extra expenses (e.g. helicopter) in tracking down trolleys.

Misrepresentation of goods by manufacturers.

Miscellaneous (including extortion, sabotage by disgruntled employees).

Customer robberies (including bag snatch from trolleys, thefts in parking lots).

Too irregular or difficult to make any estimation.

No direct loss to retailers.

Staff resources diverted to inspectorial duties and negotiations.

Effective loss of trade through bad publicity.

Extra (uniformed?) security staff to patrol stores and parking lots to avoid customer displacement.

VICTORIAN VICTIM SURVEY

Victim surveys allow respondents to indicate whether they have been the victims of offences over some period of time, whether in fact those offences have been reported to the police or not. Of course there are problems with respondents forgetting, inventing, wrongly defining or purposefully failing to report crimes to an independent researcher. But the guarantee of anonymity and a belief that it is more useful than not to answer honestly can counteract these difficulties. (For a discussion of the many methodological difficulties with victim surveys see Skogan, 1976).

In the Victorian survey over 5000 questionnaires were distributed to Victorian retailers, and details about their experiences in the preceding year as victims of burglary, vandalism, internal theft, bad cheque passing and theft by customers were collected. These particular offences were used because they were thought to be fairly frequent (relatively speaking) and were most likely under-reported in police statistics. The results of this research are briefly summarised in Table 2 but they are not necessarily representative of the whole Victorian retailer population since larger Department stores are under-represented; other shop types, most notably chemist's shops, are over-represented: and pure-food outlets, most notably fruit shops, butchers and bakeries, are excluded. Notwithstanding this, these results do show an (expected) occurrence of crime against 2203 retail outlets in excess of that suggested by police statistics.

Retailers returning victimisation questionnaires to the researcher were able to make written comments about crime and retailing. Many did so and their comments indicate particular areas of concern which will be taken up later.

THE FOLLOW-UP SURVEY

A small follow-up survey with some Victorian retailers has recently been undertaken for three reasons. Firstly the victim survey had not asked retailers if they had been the *victims* of customer thieves, rather it asked them how many such thieves they had *detected*. Secondly, the data collected anonymously through mail responses could be compared with responses in face to face interviews allowing some reliability check, and thirdly, an indication of the usage of security devices in Victorian shops was sought.

Thus it was that two graduate researchers personally visited shops in a suburban 'ribbon' shopping area and in a similar area in a provincial city. In addition to retailers being personally asked about (only) their customer-theft problem, the researchers independently checked their premises for security devices and asked the retailers about their experiences with them. As over three quarters of Victorian retail outlets employ four or less people, it was small retailers who were the focus for this follow-up survey. And as it has been suggested that small retailers suffer an impact from crime over three times that of large firms, their experiences are most important (US Department of Commerce, 1975).

TABLE 2

VICTORIAN RETAILERS' VICTIMISATION EXPERIENCE - (N=2203)

<u>Experience</u>	<u>Percentage of Retailers in last 12 months</u>	<u>Average value of loss suffered from each event</u>
Victim of burglary	18%	\$914
Victim of vandalism	16%	\$497
Victim of internal theft	20%	\$133
Received bad cheques	40%	\$88
Detected shoplifters	36%	\$18

Specifically 155 small Victorian retailers were asked how many customer-thieves they had detected since last Christmas, a period of 10 months. Thirty-one per cent indicated they had caught shoplifters; a result consistent with the thirty-six per cent over 12 months in the victim survey. (Forty-five per cent had caught nobody but agreed they had lost stock through customer theft, a figure quite different from the eight per cent who volunteered that comment in the victim survey without being explicitly asked such a question.) Thus the same sort of response to the detected shop-thieves question was obtained in the face-to-face situation as through the mailed anonymous questionnaire. While it is possible respondents were equally likely to give untrue answers in each case, a more positive interpretation is that the data gathered from Victorian retailers in these surveys are fairly sound.

That data, retailers' comments from each of these local surveys, and published literature on retail crime will now be used to discuss six issues particularly raised by retailers themselves in these surveys.

1. THE YOUNG

Many retailers made comments about the problems they faced with young people stealing from them. One stated:

I am constantly plagued with young people who spend time in my shop with the obvious intention of shoplifting. Vigilance by my staff and myself keep shoplifting to a minimum, however, we do lose a considerable amount of stock this way. The usual practice is for many, 8 or 10 or so to enter the shop and to disperse to various parts of the shop and to handle the stock and create a degree of confusion for the staff.

Another stated:

We have kept a tighter watch out for the group we thought to be responsible and have now confirmed our views that the young girls shoplifting, even though they-must have been aware of our attitude and counter measures, still took the goods and the risk regardless.

These sorts of comments are consistent with the notion that shoplifting is predominantly a juvenile offence. But if adults are cleverer or more sophisticated thieves they may be a lot less likely to be caught or even noticed. Further if they are caught, they may be slick enough to talk their way out of their situation or be more ready to pay (with or without a surcharge) to avoid police being called.

It is true that 49 per cent of the 5114 male shop-thieves proceeded against by the Victoria Police in 1981 were juveniles as were 40 per cent of the 6751 females. Further the victim survey revealed that a lesser percentage of juveniles (28.6%) were referred to the police than were adults (39.1%), so juveniles are over-represented in the detected shop-thief population.

Self report studies of youth do indicate considerable shoplifting activity. And that activity is not restricted to members of lower socio-economic groups as seems to be the case for some other offences. As an example, a recent American study of middle-class youth produced the results shown in Table 3. This research is consistent with earlier work and it also shows two interesting things. First, younger males appear to be far more active than younger females, but girls catch up as they get older. Secondly, these are high rates of offending which certainly indicate a problem.

TABLE 3

PERCENTAGE OF MIDDLE-CLASS USA YOUTH ADMITTING SHOPLIFTING

	<u>Grade at School</u>	
	7th and 8th	9th to 11th
Minor shoplifting (Under \$5)	M36 F26	M33 F37
Major shoplifting (\$5 and over)	M17 F 8	M15 F15

(Source: Richards, 1981)

Richards' work suggests that as males get older they are less likely to be active in shoplifting and this is supported by the victim survey which shows the average age of detected female shop-thieves to be 26.4 years compared with the males' average age of 19.4 years. Farrington's (1981) work provides more substance for this proposition. His longitudinal

work with a sample of 400 London males shows a self-reported shoplifting rate of 39 per cent (at age 10-14), 16 per cent (at 15-18), 7 per cent (at 19-21), and 4 per cent (at 22-24). But this may be less a product of boys maturing and more a result of them visiting shops less often as they get older. Indeed it may well be that males transfer their stealing activity into the workplace where it is less likely to come to official attention. But females, for whom there is no similar data, probably spend more time in shops as they get older, and may simply continue their thefts in that location.

In summary it is plain that stealing from shops is a practice engaged in by many youths of both sexes, but it is not known whether that stealing is a transient phase of adolescence, or the start of a career. If the former, the community can probably write such offending off as part of the growing-up experience, but the problem is that unless accurate records are kept, no-one will know for certain whether a detected young shop-thief is a first offender or a persistent offender detected for the first time. May (1978) has shown how young people from some socio-economic groups are more likely to receive retailers', and then police, attention. The police are in the best position to keep records of all detected shop-thieves in order to isolate the persistent young offender. Retailers' in-store records do not assist in this identification process, but notwithstanding all this, it does appear that anti-shop-theft programmes aimed at the young may well have a significant impact on the level of theft by customers.

2. DISSATISFACTION WITH THE COURTS

Many retailers in the victim survey took the opportunity to make negative comments about their experiences in court when their shop-thieves are being prosecuted. The following two comments are typical:

The police did prosecute one of my customers with myself as witness. However having been made to feel that I was such a monster, and terrible person, while the confessed shoplifter was such an innocent victim of circumstances, going back to such things as her daughter's fall off a swing at school, etc., I vowed never again to go to Court over shoplifting.

And

The last time I charged a person for shoplifting he was convicted after ten previous convictions and let go with a warning. It cost me \$80 to put a manager in my business while I appeared in Court. I vowed I would never prosecute again. What is the point?

The last retailer is also reflecting the view of many retailers who feel that court penalties are altogether too lenient. Another said:

The penalties imposed by courts for shoplifting or *stealing* are too often a 'don't do it again you naughty boy or girl' type and make a mockery of the effort involved and risks taken to apprehend these offenders by shopkeepers, police, etc.

But there is a real problem in sentencing offenders as it is an unrepresentative and small group of shop-thieves who do finally appear in court. Kaiser (1976) describes a study which found:

out of 100 shoplifters, less than five were discovered, out of 100 discovered offenders less than 50 per cent were reported to the police, and out of 100 offenders who were reported to the police about 80 were sanctioned.

Put another way, out of every 1000 active shop-thieves less than 20 were sanctioned by the court. Requiring those twenty to be rigorously dealt with simply because they have appeared in Court is not an acceptably just way of dealing with them. (The Australian situation would be no 'better' than that just described.)

The ways in which Australian shop-thieves are dealt with by the courts is indicated in Table 4 which is drawn from an assorted collection of court statistics for three Australian jurisdictions and clearly shows that fines and bonds are the normal penalties. (It also shows the way in which changes can occur in sentencing practices. Note the increase in fines and reduction in bonds in South Australia over a matter of months.)

Retailers do not believe that fines and bonds are sufficient penalties. But victims of offences are often, not surprisingly, dissatisfied with the treatment meted out to those who have offended against them. Because retailers believe the penalties are 'pathetic' because they seem to have no retributive or even deterrent impact does not mean the penalties are inappropriate in particular cases.

A better indicator of the appropriateness of penalties is provided by canvassing views in the community. The only such local research available is a New South Welsh study in which a random sample of citizens were asked what sort of penalty they would nominate for 'a 25 year old woman convicted, for the second time, of shoplifting goods to the value of \$25'. Overall 22 per cent of the sample saw a suspended sentence or probation as most appropriate, 35 per cent favoured a fine or compensation to the victim, 29 per cent community work, medical treatment or caution, and 12 per cent thought prison. (Two per cent did not respond to this question.) (ABS, 1980) There were slight differences between the view of male and female respondents to the situation. Women for instance were more supportive of the community work option and less supportive of the punitive options of prison and probation.

The importance of this piece of research is that over 10 per cent of the sample did see prison as an appropriate sanction for (a repeat) shoplifter. But this figure is not readily applicable to the real life situation because it is based on a particular example and involves options like medical treatment which are simply not available by themselves to courts. Nor do we know if those respondents espousing

prison feel that way about all offences and are therefore members of a fringe group in the community who have not really considered all the consequences. Nevertheless, and allowing for all these contingencies, there is undoubtedly community support for rigorous treatment of some shop-thieves.

TABLE 4

SHOPLIFTERS' SENTENCES IN LOWER COURTS

	<u>Vic. sample of Courts during 1978¹</u>	<u>NSW All Courts 1980²</u>	<u>SA All Courts 1980²</u>	<u>SA All Courts Jan-June 1981³</u>
	%	%	%	%
No penalty				3
Bond (inc. recognizance)	43	14	32	6
Fine	54	82	52	82
Probation (inc. SA Order, NSW Community Service)	3	1	11	
Prison		3	6	9 ⁴

NOTES:

1. Douglas, 1979, p245.
2. Rizzon and Grabosky, 1982, Table 3.
3. Department of Attorney-General, SA, p40.
4. Includes 5% suspended prison sentence.

Apart from dissatisfaction with sentencing, some retailers also have a more practical complaint about the court process. This relates to the financial losses that they themselves may suffer as a result of becoming involved in the legal process. In particular if they are required as witnesses then either they have to close their shop, operate it understaffed (thus running the risk of losing sales) or pay someone else to run it for them. The prospect of a lengthy wait for a brief appearance just aggravates this problem. One larger retailer put it this way:

One of our main problems with shoplifting is that the member of our staff who apprehends the thief is often required to attend court, and sometimes is kept waiting all day and then asked to return the following day before the case is heard.

Notwithstanding the requirements of our legal system there are moves that could avoid such problems. For instance, in some courts in England:

at the first hearing witnesses are not required to attend. If the defendant pleads not guilty then the matter is remanded (sic) to a later date for hearing. However a very large proportion of shop thieves plead guilty so that the saving of time and costs by the use of this routine would be considerable. (APTS, 1978).

Such a procedure certainly overcomes some retailers' objections and, on the face of it, is no less just than the current procedure. And apart from saving the retailer money it would also save the taxpayer money. It was estimated by a Melbourne lawyer that the costs in police time, court time and legal aid in his defending an elderly woman charged with stealing a \$3.40 plastic toy would have amounted to \$1200. (The Age, 5 February 1982). (One retailer interviewed in the follow-up survey reduced some of his financial loss by docking the pay of his employee who waited two days at the court to give evidence!).

3. RETAILERS' RELUCTANCE TO PROSECUTE

It is not only the court process itself that cools retailers' enthusiasm to use the formal justice system to deal with shop-thieves, but also the way in which the police and ordinary members of the public may view them. Clarke (1978) suggests three sources of reluctance which certainly hold for the Australian situation.

- (i) The waste of time and money has been mentioned in the court context but also holds true for time off the shop floor after the initial apprehension and until the police have arrived and concluded their procedures. The following retailers' comments illustrate this point:

... on a Saturday morning when you are very busy - the person who apprehends the alleged shoplifter is required on the shop floor and unable to be wasted by waiting with the shoplifter until the police come. The arrival of the police may take two or more hours and small businesses can not afford the staff loss of time.

And:

The unfortunate part of shoplifting with regards to prosecution is that if they strike during peak trading periods one is tempted not to notify the police if the value of the goods taken is relatively small. The time taken in holding the person concerned until police arrive causes the security officer to be off his job for up to one hour and during this time many other offences can go undetected.

(ii) The fear of litigation for false arrest or something similar is also a disincentive to action. (In Melbourne earlier this year a 61 year old man was awarded \$18,500 damages against a city store after being assaulted while being physically dragged back into the store on suspicion of theft. And in September an American women was awarded \$1 million after her petty larceny charge was dismissed.)

(iii) The bad public relations that can follow publicity about a shop-thief can also cause retailers to soft-pedal formal action. Clarke elegantly describes it as 'the likelihood of the defendant cutting an appealing pathetic figure at trial and hence reflecting poorly on the organisation's image.'

To these can be added the retailers' wish not to be subject to public ridicule and fierce cross examination in a public forum.

But retailers need to be encouraged to use the formal machinery that exists for dealing with wrong doers and removal of financial disincentives seems one immediately valuable response. However management's resolve to adopt a rigorous prosecution practice may be watered down at shop floor level. During the follow-up study one retail manager admitted not referring shop-thieves to the police, even though it was store policy. This lack of action resulted from the manager being a local resident and knowing many customers personally. While admitting disregard of the head office directive the manager believed the full force of the law was not necessary and would be counterproductive in the local community. It is open to conjecture whether this weakness was known to potential shop-thieves in the area but it is certainly possible. A firm and practised prosecution policy has some deterrent value only if it becomes known amongst potential offending groups, for example, the young.

But there are problems in retailers encouraging security staff to take a rigorous approach. Over zealous security staff, having been convinced of the necessity to act firmly, could provoke a backlash from the public. This seems to have happened in England with the formation of the Crisis

Counselling Service for Alleged Shoplifters. Cooke (1982) reports that 99 per cent of this Service's cases are:

outright mistakes on the part of a store detective, genuine forgetfulness or mental aberration (particularly so with busy mothers and old people) or genuine errors.

Locally public backlash can be detected in various publications. An article in Woman's Day in 1981 states quite explicitly that 'tremendous psychological damage' has been done to detected shop-thieves by those who have caught them. And one 'concerned mother' whose nine year old son was apprehended in Melbourne felt so strongly about the treatment he received from the retailer incorporating; senseless threats of punishment by police', that she wrote an indignant letter to the Melbourne Age (10 September 1979). In it she said her son had been terrified and the threats against him had convinced him the police were orges.

This sort of publicity in the popular media is scarcely likely to make allies of the public in the war against shop-thieves. And nor are media reports suggesting that shop-theft is really fairly innocuous. Such a report quotes the Mayor of a suburban Victorian municipality as being:

angry that highly trained policemen are wasting such vast amounts of time on such petty matters (namely shop-thefts) and are unable to attend to more serious crime properly. (Knox-Sherbrooke News, 1 June 1981).

This followed police in the local station being totally involved in processing juvenile shop-thieves during their shift one Friday (late shopping) night.

Two points are worth making. Firstly this incident illustrates that concerted reporting to police by retailers can quickly clog up police procedures by weight of numbers. Secondly instead of calling for more police resources in the area, the Mayor called for in-shop processing of offenders, re-emphasising the minor (if not non-criminal) nature of theft from shops. Plainly the community and retailers have some way to go to reach common ground in dealing with the problem.

4. PREVENTION

The main problem with programmes designed to prevent or reduce customer theft is that they may also discourage legitimate shoppers. This comment is well substantiated by retailers' comments in the follow-up survey. Many said they had no security hardware because they believed that would repel their customers. This may be equally true for the

presence of store detectives, and is probably more so in the case of uniformed security staff. This last group are still comparatively rare in Australia, but in the USA, whose practices we often seem to follow, 97 per cent of shopping centres employ such personnel, many of whom are off-duty police officers. (Burns Security Institute, 1978). Australians have adjusted to other American practices (including armed police on the streets and a marked growth in private police so they would probably adjust to uniformed retail security personnel, though probably would still prefer to patronise shops where such people were absent.

Apart from personnel, much retail security money has been spent on various pieces of hardware. However these can be expensive and if the cost of installing it exceeds even suspected losses it does of course become an unrealistic commercial proposition. Small surprise then that most of the larger retail outlets employ some form of security hardware while it is far less common in smaller shops. The follow-up survey found use of such equipment as shown in Table 5 which also provides information about shop layout and operating practices. Table 5 shows a fairly modest use of physical security equipment, and some casual shop practices, amongst this sample of small Victorian retailers who were all asked about their use or non-use of security equipment.

Basically most small retailers do not invest in equipment because the cost of doing so would far exceed the losses they believe they suffer at the hands of customer thieves. In addition there is little support for their investing in equipment. One retailer bemoaned the ridiculous reduction of \$2 he would earn in insurance premiums when investing \$2000 in equipment. He said 'I feel that institutions such as insurance companies often encourage shoplifting and theft by discouraging small stores such as ours from putting in sufficient security systems'. Many small retailers believe that helpful and pleasant staff provide a better way to counter the problem. One retailer, who supported this personal way of handling the problem pointed out that 'people feel inhibited in a close security type atmosphere, I want people to feel at ease shopping here'. But recent work by Hastings (1981) indicates that shoppers are less concerned about security oversight than may be thought.

There was considerable equanimity on the part of retailers who did have security equipment installed. Even security mirrors were seen by some to be 'useless' and by others as 'very effective'. One retailer admitted being convinced by a sales rep that 'the mirrors were great and very effective'. Instead he found them 'completely useless and a total waste of money'. In practice, the consensus view is expressed by the retailer who said 'they are a great deterrent because people think you can see more in them than you really can'. And in conjunction with doorway buzzers they were seen as valuable in aiding staff to keep tabs on customers.

TABLE 5

SECURITY FEATURES OF A SAMPLE OF SMALL
VICTORIAN RETAIL OUTLETS (N=155)

<u>Feature</u>	<u>Percentage With Feature</u>
<u>Security Equipment -</u>	
Closed Circuit Television	5.2
Electronic Security Equipment	19.4
Warning Signs	17.4
Mirrors	25.2
<u>Shop Features -</u>	
Till Out of Reach	71.6
No Blind Spots	31.6
Goods Labelled	94.8
Staff Near Door	40.6
Staff Identification	24.5

Retailers' views on electronic equipment were similarly divided. Some believed that their systems were most effective, while the opposing view included comments that serious shop-thieves had worked out how to beat the equipment so that its effectiveness was now questionable.

Retailers plainly believe in the deterrent value of equipment they have installed. (One retailer admitted his television cameras were dummies only, and another insisted to the interviewer that electronic equipment was in use even though there was absolutely no sign of it.) But only a study of potential shoplifters would verify this belief. Certainly there is anecdotal evidence from detected thieves who announce they had been deflected from another store which had equipment. But equally there is information such as that from a teenage English school girl in a police-student discussion group who is quoted as saying that 'young children who intended to steal did not look for mirrors; older children might' (The Age, 1 October 1982). Though intuitively acceptable the deterrent argument needs to be tested.

One area which has received some amount of such testing is the use of signs within a shop. Such signs usually incorporate a warning about stealing rather than signs like:

DO NOT ENTER THIS SHOP UNLESS YOU INTEND
TO BUY SOMETHING

which was recently spotted in a French shop. Some support was given to the notion that the display of (warning) signs indicated retailer

awareness to a potential thief and might therefore have some slight deterrent effect, but generally signs were seen as being fairly innocuous.

McNees et al (1976, 1980) have done some valuable work which evaluates the use of signs to reduce stealing from shops and also indicates the way in which such studies should be undertaken. Their most recent work utilising a 'Jaws' theme for primary school children and using actual stock disappearing as a measure of stealing is splendid. It was found that stealing (that is, unexplained stock shortage) was reduced during the six weeks that the programme was in full swing but increased after its conclusion. This caused McNees et al to suggest that continuous programmes might be necessary while warning that the generalisability of this result to other situations might not be possible. Their call for both more evaluation of reduction attempts and utilisation of existing retailer resources should be heeded in Australia.

5. PROFESSIONAL SHOP-THIEVES

There is justified concern amongst retailers about the professional shop-thief. The provincial city in which the validation study had been undertaken had recently been visited by a team of professionals who visited each of the seven jeweller's stores quite profitably. And most police forces have had the experience of finding the homes of detected thieves piled high with stolen goods.

A year ago the Scottish Lord Justice-General passed rigorous sentences on a professional family of shop-thieves which caused the Glasgow Herald to comment -

Justice requires a clear distinction between the premeditated systematic removal of goods without paying and the type of conduct for which it is often difficult to account, where the offender either on the spur of the moment or through a mental aberration takes some article of trifling value. (APTS, 1981)

None would disagree with this statement but the basic problem is one of apprehending such offenders and allowing the court to be able to classify them as professional. The distinction between a first-time shop-thief and a shop-thief detected for the first time, is one which is appreciated by too few people.

It is a sad fact that professionals seem to make a good living. The local crime journalist Bob Bottom has suggested that possibly 20 per cent of shop-thefts can be attributed to 'organised crime'. (The Bulletin, 13 February 1979.) They succeed he says because of their refined techniques, the 'softer' community attitude to shop-thefts and their ability to talk their way out of difficulties. Most importantly they 'prey on retailers' reluctance to prosecute'.

One could add to this list their capacity to be violent, as there are now a number of local cases in which violence has been offered or imposed on retail staff. The great majority of 'amateur' shopthieves are unlikely to have a weapon of some sort on them, or the audacity or capability to react violently when detected. Unfortunately this is not so for many with past offending histories. Nonetheless violence should not be seen as the preserve of the professional, even though their likelihood of reacting violently (if necessary) seems greater.

Baroness Phillips of the English Association for the Prevention of Theft In Shops puts it quite strongly -

Shop crimes are becoming more sinister and well organised. Open intimidation together with diversionary tactics make it increasingly dangerous for the assistant to approach the customer. (APTS, 1982)

and a Swansea security manager in the same publication is quoted as saying: 'if you do not get assaulted now, the thief is either infirm or disabled'.

Once again Australia has not experienced the level of violence that is indicated above but it is something of which local retailers have some experience. One related:

Alarm was activated, customer followed into the street by a staff member and requested to return to the store. At same time the other staff member on duty rang the police. Customer began to run away from staff member who proceeded to follow her. When customer became short of breath she turned and drew a knife. The staff member ceased following and returned towards our store. She met the police on the way back and in their company searched the streets for the customer. After 30 minutes the search was abandoned.

The public at large is probably unaware of the extent of violent shop-theft. It seems highly likely that their becoming aware of it would trigger some community concern and a greater 'sympathy' for the retailer which should be positively used.

6. SHOP STAFF

There are two areas in which shop staff have impact upon retail crime. The first relates to internal theft and the second to preventing customer theft.

The ratio between internal and external thefts in retail areas is open to conjecture. The Victorian victim survey reports an estimated annual loss of \$3.6 million through internal (staff) thefts and a \$2.1 million loss through customer theft, giving a ratio of roughly 60 per cent internal to 40 per cent external. Despite the size of this financial loss it does appear that locally 'thefts by shop staff are taken for granted in the accounting procedures of retail organisations as part of stock shortage' (Clarke, 1978).

This however should not be taken to mean that retailers do nothing when staff are discovered stealing. A major retailer has recently revealed that 450 employees were dismissed last year for stealing from the company. Two interesting statistics follow from this. Firstly only 380 of them were charged - a rate of 84 per cent compared with the rate of about 65 per cent for customer thieves. Secondly, the company has a dishonesty rate amongst its staff of 1 in 140. As there is no reason to believe these employees are any more or less dishonest than in any other company, this indicates a hefty level of internal theft Australia-wide. This constitutes a strong basis for outsiders arguing that retailers should get their own houses in order before turning on customers to explain their unexplained stock losses.

The more positive area concerning staff relates to their role as preventers of (particularly) customer theft. It is generally agreed that more attentive and interested staff will provide an environment less amenable to customer theft, but it must also be remembered that such staff will probably also be better employees anyway. John Simpson, for twenty years a senior retail executive in Australia, believes retail sales could be boosted 10 to 15 per cent 'if the customer were properly treated on the (shop) floor and the information needed about the product were forthcoming' (Weekend Australian, 25 September 1982). If one adds to the value of additional sales made by an enthusiastic salesperson the value of stock protected from theft by them, and the value of stock they now refrain from taking because of high motivation, there is a real argument for positive staff training. As it is many retail employers today seem to show little interest in prevention. A recent correspondent to the Melbourne Age wrote:

We are often told about supermarket pilfering. My experience is that staff in these stores just could not care less. I have told cashiers about children pilfering and have been greeted with shrugs. Trolleys near my home remain uncollected, despite numerous calls and their indirect cost to the consumer.
(The AGE, 1 November 1982)

This last comment is pretty indicative of the gap today between retailers' and customers' views as far as retail crime is concerned. Customers now realise that they do pay more because of the dishonesty of other citizens. But they expect those immediately involved in that dishonesty, retailers, to act positively about it. Each group has to

make some effort in order to make some progress in reducing the costs we all suffer through crimes in the retail area.

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TRENDS IN RETAIL SECURITY - OVERSEAS

R.M. Lawrence

NEW ZEALAND

Seems broadly the same problems as Australia, (although impression that they prefer not to talk about it). For example an attempt was made to re-name the offence of shoplifting 'shop theft' as a means of increasing its seriousness in the eyes of the community. It was not successful. The police lay the charges and large companies adopt firm policies of referring all thefts to the police. The only industry publicity campaigns have been aimed at the theme of fear of being caught. Apparently electronic tagging is booming.

It appears that staff dishonesty is not regarded by the New Zealand retailers as a major concern or else the matter is being dealt with at company level only, not at the association level.

CANADA

Canada with its provinces is similar to Australia in that whilst shoplifting and staff theft are 'theft' in terms of federal criminal code there are variations in the attitude of the police from province to province. Overall, the police generally exhibit cooperation. A survey carried out by the Retail Council of Canada shows considerable inconsistency in sentencing shoplifters and attempts to achieve a high degree of consistency have been rebuffed by provincial Attorneys-General and by Judges' Associations. They subscribe to the philosophy that the courts must treat the criminal rather than the crime. Again the prosecution practice of retailers varies - same problem of costs. Two broad types of industry publicity campaigns against shoplifting have been tried, namely fear of being caught and the cost of customer theft.

The Canadian Council considers that the more effective one is the former.

The Retail Council of Canada which is a federal body has produced guidelines for anti-shoplifting campaigns for local communities. An extensive survey of shrinkage was conducted this year by the Council. It showed that shrinkage in Canada for half the companies reporting was between 0.75 per cent and 1.9 percent of sales. A further quarter reported shrinkage at more than 2 per cent of sales. The survey shows that there is no apparent co-relation between organisation size and shrinkage. Smaller firms reported a wider range of shrinkage than large ones with results skewed towards the lower end of the range.

Larger firms on the other hand reported within a range between 1½ per cent and 3 per cent.

The survey shows that half the respondents incurred an expense of more than 0.1 per cent of sales for security personnel and devices whilst 14 per cent spent more than 0.5 per cent of sales on security. Again one is unable to draw any conclusion regarding the relationship between security expenditure and shrinkage reduction. For example half of those with the greatest expenditure reported shrinkage of more than 2 per cent.

The report points out that as they are probably the ones in the most vulnerable areas it is assumed that they would suffer more without those precautions. Almost every retailer surveyed believed that the most effective means of reducing shrinkage is through increased employee education.

Other actions that ranked high on the priority list were improved paper work and accounting and improved employee screening.

Causes for the shrinkage were interesting with almost equal numbers suggesting that employee theft and shoplifting theft accounted for at least half of the total shrinkage.

One interesting aspect was that a third of the companies used a money award system for employees reporting on both employee and customer theft.

As mentioned employee education was referred to as most important. Some pamphlets were included. One covered smaller stores which do not have loss prevention personnel. The pamphlet is used as a basis for group discussion. It is headed 'You The Security Officer' and starts with 'When you think of yourself as a professional sales person you probably do not often consider that the job also involves your being a professional security officer as well, but it does, etc.'

Another one covered larger stores and was used in conjunction with a video tape presentation and was on the theme 'we declare war on stock shortages'. It was associated with refresher posters on the same theme.

ENGLAND

Large retailers in the United Kingdom have formed an Association for the Prevention of Theft in Shops. This full-time organisation is active in all public areas including the House of Commons. Again comment is made about inconsistencies in sentencing. Whilst the Association for the Prevention of Theft in Shops concentrates upon the law being strengthened there is also a real concentration on juvenile problems. A test campaign in two English towns supported by most retailers showed that prior to adoption of a campaign one third of all shop thefts were committed by school children. The

research showed that after the completion of the project the number of juveniles caught shoplifting dropped by 50 per cent. Schools were involved and supported the activity. It is very similar to some of the work done in Queensland which will be referred to by Mr Macdonald.

Staff education looms again as the most important feature. The estimates are that about half the shrinkage is connected with staff.

UNITED STATES OF AMERICA

The response to our questionnaire indicated that amongst the industry customer theft is called external theft and staff theft is called internal theft. They do point out that the description 'shoplifting' is frequently used by commentators.

In respect of the offence itself, there are fifty pieces of separate legislation dealing with the matter throughout the States. A large number of States have in recent years adopted a specific *Act*, called a *Retail Thefts Act* to deal with all offences against retailers. For example, price ticket switching past checkout. It is stated that the only industry publicity campaigns that have had any impact are those relating to the fear of being caught.

Once again the best preventative measure is stated as increasing staff awareness and again reward programmes are regarded as effective. Many retailers apparently emphasise the advantage of the cash reward system and amounts of up to \$1000 are given to employees who report instances of employee theft in some stores.

There is a strong belief amongst many retailers in the States supporting the use of uniform security staff as a way of emphasising prevention. This refers to the coloured blazer. The note points out that electronic tagging is still increasing in popularity with a growth in sales of 20 per cent to 30 per cent each year. The emphasis seems to be based on prevention, prosecution, fitting room control and the establishment of an *IN-HOUSE SHORTAGE COMMITTEE*.

The 1982 Annual Report regarding shoplifting in supermarkets, drug stores and discount stores showed a noticeable increase in the average dollar theft and the number of shoplifters prosecuted by retailers.

There is so much activity in the States that it is extremely difficult to summarise the scene. For example, a newly formed non-profit organisation called the National Coalition to Prevent Shoplifting has produced a model statute to serve as a guide to strengthen the basic laws dealing with the crime of shoplifting. We have written for a copy of their most recent report which includes the guide.

Estimates of losses seem to range from 1 per cent to 4 per cent with a median just over 2 per cent. It appears that overall it is estimated that about a third of shrinkage is customer theft and about 50 per cent is related to staff theft, the rest being covered by error.

EUROPE

It appears that all Europe is watching the Swedish experiment and I will spend a few minutes referring to that. In Sweden in the 70s, whilst shoplifting was increasing at a rapid rate, there was a climate of public opinion that made it difficult for retailers to take effective action. The view of the mass media and many of the politicians was that retailers largely had themselves to blame for the increase in shoplifting and it was regarded as a very mild sort of an offence. The year of 1977 was bad for Sweden with hefty price rises and a noticeable drop in consumption. In this context the retail trade was able to combine to present a new picture of the costs of shoplifting to the community. A small steering group with three targets was formed -

- (a) To induce the authorities to stiffen the legal view against shoplifting, and
- (b) to build up public opinion against shoplifting, and
- (c) to strengthen the moral courage and will of people in the trade to take firmer action against shoplifters and thereby increase the fear of discovery amongst shoplifters.

This small group was able to get support from the government. In 1980 they commenced a campaign in the schools and this became increasingly popular with teachers and pupils. The project was intended to run for three years directed to two age groups, the 8-10, and the 12-14 year olds. During the three year period from 1980 at least 400,000 pupils will be involved. There is apparently a heavy demand for this educational material. At the end of 1980 a plan for a new action directed towards all the people, that is, 8 million people, was designed. The Swedish view is that the main purpose of the campaign was to give all the people employed in the Swedish retail trade greater courage to tighten up their surveillance and to intervene actively against shoplifting.

The concept was that information material would be prepared whereby identical posters would be displayed in every store in Sweden on one and the same day. This would achieve uniformity and this meant that no one needed to be afraid that their own store would stand out as especially suspicious of customers since all the same display material would be provided. It was designed as an appeal to the customers to observe simple rules to assist the staff to prevent shoplifting. At the same time advertising and brochures were directed at the country's customers to increase their understanding of why the stores had to step up their surveillance. This information to customers had the purpose of raising the moral courage of the store staff.

The campaign began on October 21st, 1981 and the posters appeared in almost every store in Sweden. A recent market survey has shown that

95 per cent of customers are aware of it and 85 per cent consider it justified and properly carried out. In May of this year 90 per cent of the stores in Sweden, (naturally 100 per cent of the large stores), are using the display material. The police have already indicated that the number of shoplifting offences reported rose by 10 per cent during the second half of 1981 and this is considered a good response. There are also statistics from Sweden which show that the element of juvenile shoplifting is now much smaller.

PUBLIC EDUCATION IN RETAIL SECURITY IN AUSTRALIA

K.E. MacDonald

My purpose in this paper is to summarise briefly what has been done to educate school children and adults in the consequences of shop stealing, and what could still be done. It was a former Chairman of the Myer Emporium limited, Mr A.H. Tolley, who was renowned for the saying that 'Each day we set out afresh to create goodwill'. He was, of course, referring to customer service and customer attention. For those of you in retailing, where customer service is critical, will appreciate that it takes only a rough piece of service to a customer to upset the store's reputation, because the customer talks to other people. Bad news travels fast. There is a parallel with the industry's continuing need to educate people against stealing from retail stores. I believe it is only by this continual wearing away at all age groups, particularly those in primary and secondary schools in Australia, that the problem of shop stealing will be reduced to more tolerable levels.

The level of shop stealing is variously estimated to be around one per cent of sales, but whatever the figure, it is unprovable, and serious. To the extent that we can, by whatever means, reduce shop stealing, we can thereby increase net profits and employability within the industry.

It deserves to be mentioned on the first day of this national seminar that, for every dollar of merchandise stolen from a store, approximately \$100 worth of goods have to be sold in order to compensate for the net loss of the \$1 theft. This is simply based on the fact that net profit in the retailing industry is around one cent in the dollar. In some speciality stores it can get as high as three to five cents in the dollar as net profit, but these are exceptions. Clearly then, a dollar stolen requires around one hundred dollars in sales to compensate for that loss before the retailer starts to make any net profit.

The burden of public education falls principally into three groups, namely:

1. Retail industry associations.
2. Retailers themselves.
3. Schools.

The major weight for publicity has and is likely to continue to rest with, the trade associations, such as the Retail Traders' Associations, represented here at the seminar. Each has a long history of public posters, media publicity and other various forms of public education against the crime of shop stealing.

Let me summarise some examples, starting with:

A. QUEENSLAND

Until 1982, the Retailers Association of Queensland has for many years sponsored a radio Anti-shoplifting Campaign in the Christmas school holidays. This has involved well known personalities exhorting children not to shoplift. Associated with the campaign have been promotions such as colouring-in competitions, radio-and-writing competitions, etc.

However, this year, the RAQ Council decided that an on-going, less 'hard sell', and more educational programme was preferable.

Accordingly, since July the RAQ, with the cooperation of the Department of Education and the Federation of Parents and Citizens Associations, has been circularising anti-shoplifting posters to 345 schools in the Brisbane area each month.

These posters have a different message each month, and are posted on the school's notice board or other suitable locations.

The second part of the programme is the showing of the Victorian film, 'The Hidden Cost', adapted for Queensland school use by the Queensland Police Department on their periodic visit to schools. The RAQ is currently awaiting the adapted film from the Victorian Department of Education.

It is hoped that this programme can be extended to other parts of Queensland in 1983.

B. NEW SOUTH WALES

Each year, the RTA of New South Wales has produced, in the public interest, eye-catching posters with a pithy message, pointed towards juveniles and usually expressed in languages and symbols which appeal to them. Examples are:

'My Mum always trusted me until I was caught shoplifting'. 'These days you can pay \$1000 for a can of soup. Shoplifting is a crime, penalty \$1000 or 12 months jail or both.'

'Tips for shoplifters - tell your folks first, otherwise they will die of embarrassment when you are caught'. The picture has a child with a very red face. In 1980, the RTA of New South Wales joined with the New South Wales Crime Prevention Section and used Channel Ten's Eyewitness News Team to drive home the message that "Shoplifting is bad news - take it from two eyewitnesses." Last year their theme was "Shoplifting is dumb", with two sizes of posters illustrating a father saying "Surely there is something we can do", and mother, in tears, saying "Oh Bill... our child caught shop stealing, I can't believe it"!

C. WESTERN AUSTRALIA

Have produced posters and maintain a close interest in preventative measures in conjunction with the police.

D. VICTORIA

The Retail Confectionery and Mixed Business Association in Victoria which represents over 3000 milk bars, produces two sets of notices which are made available to their members free of charge. They are firstly given to a new member on joining, and thereafter as they renew their annual membership. The follow-up notices are mainly to ensure that the signs can be replaced regularly, and thus do not become tatty. They are run off on a photocopying machine, and therefore the cost is negligible. They are foolscap size on white paper, and, apart from the name of the association, they say 'Shoplifting is stealing. Offenders must be handed over to the police'.

The Retail Traders' Association of Victoria, which I represent, some years ago launched an extensive campaign against shop stealing, with black, white and yellow posters stating that 'Shop stealing is a crime, offenders must be handed over to the police'. These posters are still sold throughout the State after some re-printings and are produced in three languages, English, Italian and Greek. A problem with foreign language posters is the risk of racial bias, because people who speak the languages shown can get the impression that it is their race which is more dishonest than those not shown in their native language.

In my view, since the major question is to communicate with customers of all ages, the message should be understood, even if that requires a language other than English. An alternative and less difficult one, is of course to have animated or graphic posters which require no words.

The latest anti-shopstealing poster produced by the Retail Traders' Association of Victoria called 'Shoplifters get Court' reproduces a still from our 40 minute colour video called 'The Hidden Cost', an extract of which I am going to show to you today. The film will be left here for viewing if any of you have the opportunity during this conference. We believe that the value in using a photo from 'The Hidden Cost' is that secondary school students throughout the State who see the colour video recognise more readily the characters in the poster.

These illustrations of publicity by industry associations merely exemplify some of the responsibility shown by the industry on at least a State-wide basis. 'The Hidden Costs' is being used in some other States of Australia, and indeed the Retail Traders' Associations and their associates make a point of exchanging publicity material and freely adapting it to suit the needs of their own State. This summary skirts over some excellent radio campaigns conducted in some States in the past, but these are expensive and of mixed value because students are either at school until the term holidays or out and about, and it is very difficult to catch up with them except at prime time, which is the most expensive time. One State association worked with a television channel in the past, and another association has conducted, in conjunction with the State Education Department, a poster competition for young people with prizes for various age groups. I think this is one of the most direct and effective means of driving home the seriousness and relevance of this crime. Children can readily absorb a simple message and be warned of the consequences of attempting to 'nick' something from Woolies.

RETAILERS

Several larger retailers, particularly with their own in-house printing services, produce effective posters for use within stores, both in the retail section and passages, toilets and fitting rooms. There is scope for a wider exchange of these posters, and I believe this could be embodied in the action list resulting from this seminar.

Most of the hard hitting slogans have been used before but, like customer service, they bear working on every day, every week, in every store.

One of the first slogans I learned in retailing nearly 19 years ago was that 'If it can't be stolen, it won't be sold'. In other words, it would be good to put all merchandise behind locked glass cupboards from a security point of view, but not much merchandise would be sold that way. It is important in retailing that the customer enjoy the tactile and other sensory feelings associated with handling the merchandise, and getting an actual feeling of ownership. All that remains in the selling process is the payment, and that can be cash,

lay-by or credit. It is the fourth way that we are trying to minimise!

The movement towards greater customer self-selection and self-service took off with the opening of the G.J. Coles supermarket at Bulleen, Melbourne, over twenty years ago. In 1960 Myer opened their first regional shopping centre at Chadstone in Melbourne and the move towards discount department stores exploded ten years later with K Mart and Target. Now in the 80s we have the growth of 24 hour a day convenience stores, which are almost entirely on a self-service basis, and operated by only one or two people at a time. You will be discussing the cost benefits of retail security, vis-a-vis profitability, this week but in my view, the best measure lies in the preventive area. Clearly, retailers themselves have a responsibility in terms of the layout of their stores, the positioning of cash registers, the training of staff, the use of security hardware and the management systems being instituted to dampen this continuing problem. I do not believe we will ever eliminate shop-stealing, our objective is to keep the problem as small as possible.

SCHOOLS

The Education Department of Victoria approached the RTAV in September 1981 for our financial support and our cooperation in the loan of retail security specialists, who meet in our council room every month, to produce a video outlining the shoplifting or shop-stealing problem. To their credit, this project was completed in six months, thanks to the cooperation of many people within the Public Service, the retailing industry, the Law Institute, and some other cooperative people, including professional actors and the police. By the middle of 1982, the seventy-two page workbook which is available here for your inspection, was printed and circulated to secondary schools throughout the State. I believe you will agree that the producers have done a good job in breaking relatively new ground, in having this material available to graphically illustrate the subjects of legal studies and consumer education in the middle secondary school area.

Our next task, I suggest, is to become involved at the late primary school stage, namely year six, and I think the earlier reference to poster or drawing competitions has much to commend it. In this regard, we are working with the Victorian Commercial Teachers' Association and the Victorian Ministry of Consumer Affairs in developing appropriate material.

STAFF TRAINING

It is in the area of the training of retail management and their staff where probably the more detailed work has been done, and is continuing to apply. In Victoria again, for example, and New South Wales, seminars are being conducted on retail security involving police, lawyers, retail security experts, and government officials in an effort to stimulate more awareness of the problem and to disseminate preventative measures. Last year in the RTAV, we published a twelve page supplement to our

monthly magazine called 'Is Your Business Secure?' This publication was prepared by the Stores Security Committee of the Retail Traders' Association of Victoria as a guide to retailers for improving store security procedures and practices. It dealt with, amongst other things armed robbery, bomb threats, employee theft, shop-stealing and the role of security consultants.

At least two State RTAs have retained professional security consultants. In the case of Victoria, however, our major thrust these days is by the close coordination achieved through monthly meetings of retail security managers and the material they produce. You will hear reference to this later in the programme too.

The anti-shop-stealing material includes a staff training package with booklets outlining simply a number of well-tried steps in prevention, detection and apprehension of shop-stealers. I recognised the words in these leaflets when I joined the RTAV in the late seventies, from the days when I used the same words, I suspect from the same sources, in the early sixties. So I have no complaint about the words - it is simply a matter of getting them across to staff, and the material is readily available in staff leaflets and supervisor and management leaflets. Regular seminars and workshops are held every year, at least two or three times in several States, to train staff in prevention, detection and apprehension.

In summary, I believe reasonable efforts have been made throughout the nation to use all avenues of the media, wherever an opportunity presents itself or can be taken, to talk to the public about the hidden cost of shop-stealing. We say that stealing from a store is stealing from the community - it is the community that pays.

We will be discussing this week the concept of a loss-control programme by the management of each business. At some stage, we should look at a loss control programme for the industry.

RETAILERS AS VICTIMS OF CRIME

B.R. Brown

INTRODUCTION

In accepting the invitation to join you in this seminar, I present the following material as a basis for discussion and to promote an interchange of relevant information.

It is my opinion that, to enable a greater understanding by the retail industry of the way the courts deal with crime committed against retailers, it is necessary for the industry to examine, amongst other things, the role it plays in relation to causation, detection and prevention of such crime.

This paper does not pretend to be an exhaustive analysis of the total problem but its presentation and our discussion may produce a better understanding of our respective roles.

In your consideration of the role played by the courts, it is appropriate for you to be made aware, albeit at a reasonably basic legal level, of some of the matters which must be considered by the court in dealing with crime against the retail industry.

A practical demonstration of the lack of knowledge by the courts of the extent of such crime may be seen in the fact that the courts do not have, as, of course, ready access to a wide range of properly compiled relevant statistics. This may reveal itself herein and I invite any criticism based on what may be seen to be an apparent lack of appreciation, or misunderstanding, of what may be seen to be basic or fundamental information.

It is said that the retail industry regards itself as the victim of crime in relation to a number of illegal activities. These activities in the main consist of:

1. Stealing, colloquially called -
 - shoplifting -
 - (i) organised or casual
 - (ii) with or without the active assistance of employees.
2. False pretences - for example, changing of price docketts.
3. Improper or unlawful usage of credit cards or plates.

It is further said that the retail industry, as victims of crime, direct considerable criticism at the courts for not affording proper or adequate protection of the rights of the victims.

In this regard, it may be useful to examine the circumstances generally as they relate to proceedings involving the retail industry and persons coming before the court. It may be useful to consider some statistics which are likely to be available to you and for me to relate to you the experiences of myself and some of my colleagues in relation to such criminal proceedings in the magistrates courts. For practical purposes it can be said that almost 99 per cent of all detected crime against retail stores is prosecuted to finality in the magistrates courts.

One of the vital areas for critical examination therefore is the known statistics to determine just what percentage of such crime is detected, what percentage of offenders is detected, what percentage of offenders prosecuted, and the manner in which the prosecutions are resolved. Unfortunately, the courts are not in possession of all of this information.

It is quite clear that there are degrees of victimisation and so one is entitled to look at the conduct of the victims of crime in any consideration of their victimisation. To be more precise the following questions may legitimately be asked:

1. Are the retailers innocent victims of crime?
2. Are the retailers knowing victims of crime?
3. Are the retailers concerned victims of crime?
4. Are the retailers taking any, or sufficient steps to prevent, or minimise, victimisation?

In discussing the relationships between the retail trade and the courts I have permitted some of my comments to reflect not only a legal viewpoint but also the viewpoint of myself as an individual and a consumer. In so doing I express the view that the knowledge and experience gained as a consumer can be of substantial benefit in the court setting, where one is entitled to draw on one's experience of life.

It is trite to say that with the sophistication of the retail industry in its sales promotion and presentation there has been a substantial increase in the opportunity given to a 'customer' to commit crime against a retailer.

Handling of goods by a customer was rarely permitted under the old system of retailing, where a customer was separated by a counter from the goods he wished to inspect or purchase.

This system was still significantly in use during the early and mid 1960s. A customer asked an assistant to display goods for his examination and he examined those items virtually under the supervision

of the shop assistant. Limited opportunity was thus available for persons to steal the property displayed; although thefts did then, as now, occur mainly at the hands of professional criminals.

The advent of self-service retailing, of course, greatly enhanced the opportunity for shop crime. Under this system, a customer is entitled and encouraged to uplift from their fixture, or placement, any item which he desires to examine or purchase, and if he selects for purchase such an item he, in effect, becomes a bailee of the property on behalf of the owner until he pays for this property.

The inspection and selection of goods is a matter for the individual customer, who is entitled to make as long or as short an inspection and appraisal of the article as he wishes. Frequently, in respect of fashion goods, the customer in selecting a major article, for example, a dress, will want to move from floor to floor or department to department to inspect accessory items, and whether or not there exists a store policy or procedure to prevent this experience shows that customers mostly have an unfettered opportunity for free movement within a store. The retailer has an expectation that in the end the customer will pay for the goods finally selected.

This relaxed attitude also presents a substantial opportunity for the dishonest to tamper with price tickets attached to various articles. Whilst some stores have developed a system of codified ticketing for ready identification of the source or department from which goods originated. Many still have a system of use of 'stick on' or adhesive price tickets which experience shows are frequently capable of ready removal and replacement. In addition, central cashiers cannot be expected to have a full knowledge of prices or likely values of stock.

In this way the combination of unattended free movement of customers and the easy removability of price tags gives ready opportunity, if not active encouragement, to the dishonest or potentially dishonest persons examining the merchandise to behave dishonestly.

Of course, some of you may say, quite properly, the owner is entitled to expect honesty in those who go into stores; but the result of experience is that such an expectation is based on an unreal and impractical assessment of public morality. Just as the owner of a motor vehicle, parking it locked or unlocked, is entitled to expect to find his car where he left it upon return, experience shows that that is frequently an unfulfilled expectation. Similarly, a householder cannot expect his house to remain unviolated and forego protective insurance.

The clear message gained from the experience of life is that all owners of property have to protect their property from unauthorised use or removal. The retail industry is not an exception from that requirement.

What is in a name? - In my view, the use of the word 'shoplifting' to describe the stealing of an article from a retail store is highly

inappropriate. It is a softening of the fact that a person who so steals is a thief, and tends to suggest to the community at large that a shop thief is something less than a thief under other circumstances. Community reprobation of the offender is thereby lessened.

Some years ago the Parliament of New South Wales became concerned at the ever-increasing numbers of cases of illegal use not amounting to actual stealing in a legal sense of motor vehicles. In many cases there was no intention to permanently deprive the owner of his vehicle, an essential ingredient in the crime of larceny (that is, stealing), but to 'joyride' for a limited period and then abandon the vehicle with or without deliberate damage or damage occasioned by misuse.

The term 'joyride' apparently reflected a degree of daring and adventure, and, as in the case of 'shoplifting', disguised or glossed over the fact that the unauthorised takers and users of such motor vehicles were, in fact, thieves.

To signify its concern at the seriousness and prevalence of the offence, Parliament enacted Sections 154A and 526A of the *Crimes Act 1900*, as amended, to spell out that such persons so involved in 'joyrides' deemed to be guilty of stealing, thereby stigmatising or branding the illegal users as thieves.

It may be that the participants at this seminar will think that there ought to be a more concerted effort made to get rid of the apparent soft approach to shop crime which is reflected by the use of the word 'shoplifting',

It may also be that the current inappropriate usage of terms such as 'criminal offence' ought to be prevented, so that its usage will be confined to proper circumstances, thereby not detracting in the eyes of the public at large from the seriousness of circumstances amounting to a criminal offence.

This proposition is best illustrated in relation to the State Rail Authority of New South Wales advertising on trains and platforms, etc. that 'fare evasion is a criminal offence'. Whilst fare evaders may be subject to a forfeiture or penalty, the non-payment of which can result in imprisonment in default of payment, and is thereby an offence under a penal statute, fare evasion is not and cannot be, under the present legislation, a criminal offence.

So that here, notwithstanding its probable connotations of dishonesty, it, in its expression, tends to *soften* the public attitude to the concept of criminality.

'Souveniring' from hotels or restaurants is a further example of criminal activity being softened by description.

The Decision to Charge or not to Charge - This is a decision made in an area quite away from the court arena. Indeed, many of the criteria which are to be considered by a court in dealing with an offender are

apparently taken into account by police and store management in coming to this decision, for example, age, state of health, capacity, etc.

This comment is based on figures made available to me by Grace Bros. Pty Ltd, which indicate that, in the period 1 January 1982 to 8 July 1982, 122 persons aged 65 and over were apprehended for 'shoplifting' in that company's stores. An analysis of these figures shows:

1. Of the 122, 54 were male, 68 female.
2. Total value of property recovered from these 122 (at store and/or at home) was \$3,547.40.
3. Of 122, 20 only were charged.
4. Highest value of property recovered was \$1,151.35.
5. Lowest value of property recovered was 82 cents.

It may well be that a successful prosecution could never have been mounted against many of these 122 persons because of the inability to prove a necessary ingredient of the charge, for example in stealing, a guilty mind or intention to steal (*animus furandi*). This may be because of, for example, genuine loss or lapse of memory occasioned by illness or senility.

Certain States in Australia are grappling with the problem of the elderly and incapacitated shop thief and in Queensland a system of counselling so called 'Darby and Joan' offenders rather than charging them has been introduced by the Queensland Police Commissioner.

I understand from speaking to Sergeant Ian Smyth of the New South Wales Police Force that he will be addressing this seminar in respect of the New South Wales approach to shop crime by the elderly.

It is interesting to note that in respect of the elderly persons prosecuted for stealing from retail stores in 1981 the following figures were compiled by the New South Wales Bureau of Crime Statistics.

Of a total of 5287 persons of all ages so charged, 264 were aged 60-64 and 286 were aged 65 and over, that is, 10.4 per cent were aged 60 and over. Of these 550 persons, 27 or 9.8 per cent were found not guilty (reasons not disclosed), and 14 or 5.1 per cent had the charge subsequently withdrawn:

193 of these were dealt with under S.556A of the Crimes Act, no conviction being recorded, with or without recognizance to be of good behaviour.

245 were fined.

56 were placed on recognizance (some in addition to a fine).

3 were imprisoned for up to one month.

538 out of 550 were dealt with as shown - miscellaneous results occurred for the balance.

Perceived Problems about a Decision not to Charge - These may consist in:

1. The need by a retailer to protect himself from action for false imprisonment where, after detention for a period, he decides to release without pressing charges. Is there a need for a formal release or indemnity?
2. Common law offence of compounding a felony. Under certain circumstances it is an offence to be a party to an agreement not to prosecute for a felony where such an agreement is conditional on certain events occurring.
3. Misprision of felony - this consists in the deliberate overlooking, or non-reporting of a felony. Stealing is, of course, a felony.

Court Proceedings - Over recent years there has been a substantial reduction in the actual involvement of police officers in prosecutions for stealing from retail stores.

Previously, the allegation to be made by a shop inspector or assistant was made to the defendant prior to the attendance of the police officer and then again in the presence of the police officer and hearing of the defendant, so that the police officer and shop inspector or assistant could provide corroboration of each other of any confessional statement then made by the defendant.

The trend now is for police officers to purely listen to the allegation as stated by shop personnel in the presence and hearing of the defendant and to ask 'Is that correct?' and act to charge the defendant without any further intervention or investigation on his own part.

He therefore, has little to add to the proceedings and frequently provides no check to the actions or allegations of the shop personnel. So that in practice when the evidence emerges as demonstrated in the following sample sequence problems arise:

Shop Inspector: I saw the defendant select a scarf, look around, and walk quickly out of the store without paying for the item.....

Police Officer: You have heard what the Shop Inspector has said. Is that correct?

Defendant: Yes.'

Now, what the defendant has admitted is that she left the store without paying for the goods. This alone cannot amount to stealing as the defendant must be proven to have had a guilty intention before her actions can amount to stealing.

To succeed on this charge then, the shop inspector has to prove all the facts from which the criminal guilt of the defendant can be properly inferred so that the charge can be proved beyond a reasonable doubt.

It seems to me that the store could give consideration to some changed procedures or different approach:

1. Where a store is staffed by a person other than the apprehender, and who is perhaps senior to that apprehender, the quest for confirmation from the defendant of his actions, or the obtaining of any admission by the defendant of his guilt could occur without police intervention subject to the defendant, before questioning, being cautioned that he need not answer any questions unless he desired to do so and being informed that anything he said may be used in evidence against him.

This procedure is obviously more practicable in respect of larger stores carrying a separate security staff and would overcome restrictions put on the giving of confessional material by reason of S.410 of the *New South Wales Crimes Act, 1900* and discretionary rules based on concepts of fairness.

2. If satisfied as to the correct identity of the person, proceed not by way of arrest but by way of laying an information and the issue of a summons for the criminal offence.
3. In interviewing the defendant, whether with or without police assistance, ensure that the question is asked:

'Why did you leave the store without paying for the goods?'

If the answer is for example, 'I forgot,' then that should be properly weighed before the decision is made to charge.

It must always be remembered that the onus of proving the charge of stealing, or any criminal charge, is on the prosecution and that the defendant comes to court having to prove nothing. So that if the evidence is equivocal the prosecution must fail.

Proper questioning with a view to providing evidence of all necessary ingredients of the charge will, in the long run, prove beneficial because it will reduce the number of unsuccessful prosecutions and probably the number of pleas of not guilty which are entered in respect of shop stealing cases.

It is because of the prosecution's obligation to prove the charge at the criminal standard and not on the balance of probabilities that a store witness can become subject to searching cross-examination, not necessarily for any purpose other than to raise a doubt or equivocation on the evidence. It is not a case of finally comparing the defence version with the prosecution's version to see which is the most likely, because a sufficient doubt raised at the end of the prosecution's case can result in the charge being dismissed at that point without the defendant being called upon to give, or call, any evidence.

Bearing this in mind, one can readily see why attention to detail is important in cases where prosecution evidence is being closely tested. Matters such as exactly how a defendant concealed items or in what hand he carried them or the sequence of events can become of critical importance.

It seems to me that it is wise for those involved in store detection work to make as contemporaneously as possible full and proper notes of all relevant material, for example observations in detail, physical description and dress, conversations, etc. These can prove of real benefit where memory is later being tested and challenged.

It is also appropriate to note that under New South Wales law a person of previous good character charged with any offence can raise in the case that good character, and the court is *bound* to consider the evidence of good character of the defendant along with other evidence in the case on the *issue* of guilt - S.412 Crimes Act. This is a powerful advantage to the defendant, and is another hurdle for the prosecution to overcome.

These factors require the store witnesses then to be fully prepared to give detailed evidence of any relevant matter at the hearing.

The delay in the period between charging and the court hearing is in some cases quite unsatisfactory but is frequently not of the court's making. Unavailability of witnesses, or parties, or solicitors, or the inability of the court itself to fix an early date, all contribute to these delays. This factor confirms the importance of a full and proper record of the incident being made, so that, notwithstanding the passage of time and the dimming of a witness's memory, the available testimony of the witness is not lost, because rules of evidence and procedure allow a witness to refresh his recollection from notes made contemporaneously. These notes, so used, are available to the defence for inspection during the proceedings and care should be taken to ensure fairness and accuracy in their compilation.

A Sampling of Excuses Offered - Some of the excuses offered to the court for stealing offences in retail stores are quite interesting, because some tend to suggest that store procedures or inadequacies contribute to the offence. They, of course, can never justify or excuse the commission of an offence but sometimes they provide explanations of varying degrees of acceptance. Many of these are put to the court in mitigation of the offence on the question of penalty, some being an echoing of the explanation offered at the time of arrest, whilst others are first given at the court hearing. Some examples:

1. 'I couldn't get anyone to serve me. I needed the goods and I got impatient and left without paying.'
2. 'I forgot to pay for it, because after picking it up I went to another department and was delayed there.'
3. 'I was in the store yesterday and bought a dress for \$100. Today I saw it for \$60 and I figure the store cheated (or robbed) me yesterday.'
4. 'Last week I bought - and when I got home it was broken (or rotten) and I had to throw it out.'

Whether or not any of these excuses is true in fact does not reduce the liability of the defendant, but it does explain the matter and can give the court an insight into a defendant's behaviour. Many times, of course, the explanation in the circumstances is entirely unsatisfactory or inappropriate and is rejected out of hand.

Nonetheless, with respect to current merchandising techniques and philosophies one may well feel some sympathy in the case of No.3 and to a lesser extent No.4 above.

Penalties - A frequent complaint is made by the retailing industry as to the leniency afforded to persons charged with stealing or fraud upon retail stores.

In a legal sense the aim of punishment is threefold:

1. To be punitive.
2. To be reformative, and
3. To act as a deterrent to the defendant and to others.

The whole concept and philosophy of punishment and penalty is so far-reaching as to be incapable of any in depth consideration at this seminar. I can do no more than fleetingly record some of the considerations which the court must undertake.

Before turning to those matters, one needs to appreciate that, in most cases of dishonesty or fraud on the retail stores, it is the unsophisticated, amateur, unaided person who is caught. This class of person is not necessarily representative of the persons *involved* in this type of crime.

According to figures given me by Bankcard officials (and to be explained in greater detail elsewhere in this seminar), the percentage of frauds on Bankcard is generally low. Notwithstanding that, only about 20 per cent of the reported fraudulent bankcard users are apprehended, most of the undetected others usually running up several transactions over a few days and ceasing their operation before the matter comes under notice.

In relation to store credit plates, I am informed by an official of Grace Bros. that over a period of a year there was fraudulent use made of Grace Bros credit cards or charge plates totalling \$150,000 loss in stock and that only 26 of the illegal users, whose offences represented only 5 per cent of stock loss, were apprehended.

The others, apparently professionals, or intelligent enough to be alert to the dangers, operated on the stores over only a few days and apparently destroyed the credit card before they could be detected or apprehended.

So that it seems much of the crime on retail stores goes undetected, or without apprehension of the offenders.

Another area of store crime, which only occasionally results in court appearances, arises in cases where an employee cooperates in criminal activity with a customer, for example, the undercharging for items at self-service checkouts. It is probably impossible to estimate just how much of this crime goes undetected, beyond the revelation upon stock-taking of an overall shortage.

A further area is the result of staff or contract cleaners illegally removing property from the store outside business hours. Many other causes of stock loss also exist and many of these remain undetected until stock audit and then the time and method of removal often remain unknown. So that inadequate stock control or accounting procedures can often facilitate the commission of crime on retail stores.

With this background in mind, one may ask just what expectation the retail industry can properly have of the courts in any role of eradicating or reducing the incidence of crime committed upon retail stores.

Assuming that the court ordinarily comes to deal with only those who are not in the category of the worst or most serious of the offenders, (because the latter are not usually detected or apprehended), what advantage would flow to the retail industry if the courts set out to deal harshly with and make examples of the offenders appearing before

them. In practical terms, little it would seem, because the major offenders remain undetected.

Looking at the Grace Bros. credit plate figures, for example, assuming the 26 apprehended offenders were gaoled, could it be suggested that would deter the undetected persons? Indeed, their success may encourage them to strike again at a later time. How many times did the same person operate and commit offences within the unrecovered 95 per cent of stock?

That being said, I now turn to the question of actual penalty in more detail.

The available penalty in New South Wales for shop stealing of property not exceeding \$500 in values is \$1,000 or 12 months gaol, or both.

Section 556A of the *Crimes Act 1900* of New South Wales provides that where any person is charged with an offence which the court thinks is proved but is of the opinion that, having regard to the character, antecedents, age, health, or mental condition of the person charged, or to the trivial nature of the offence, or to the extenuating circumstances under which the offence was committed, or to any other matter which the court thinks is proper, it is inexpedient to inflict any punishment other than a nominal punishment, etc., it may make an order:

- (a) dismissing the charge, or
- (b) discharging the offender conditionally on recognizance with or without sureties to be of good behaviour.

None of the criteria referred to in the section is automatically extinguished either by usage of that or any other criteria and, if a court thought it proper, nothing operates automatically to prevent an offender obtaining a favourable result under S.556A on different occasions where his criminality has been occasioned by different relevant factors within those criteria. In practice, he may not be so fortunate.

As each offender is to be dealt with separately on factors for and against him, is it realistic to expect that, because so many people are apprehended stealing from a retail store, and the offence is so prevalent, an individual offender who falls within the criteria contemplated by Section 556A of the *Crimes Act* cannot obtain the benefits of that section? The answer clearly is 'No' and each case must be dealt with on its merits, as it must be in respect of other offences, for example, where a person is charged with a drink/driving offence.

In relation to the imposition of a fine, several factors must be taken into account. The quantum of fine has to be assessed having regard to the circumstances of the individuals and their ability to pay a fine,

for example, pensioners, the unemployed, low income earners, with or without dependents.

Difficulty arises in the case of an *unemployed housewife* without income or savings, more particularly if through personal or domestic difficulties she has not and will not inform her husband of the offence.

Should a non-offending, law abiding husband be forced to pay a fine imposed on his wife because she has no ability to pay?

Other sentencing options, for example, community service orders and periodic detention are not always appropriate, for example, where mothers of young babies are charged, or where the defendant is mentally ill or psychologically disordered.

Newly arrived *migrant defendants* charged with stealing from retail stores often provide difficulty for a sentencing tribunal. Many from third-world countries living an under-privileged existence for many years suddenly find themselves surrounded by affluence without having any financial capacity to share in it. When they fall to temptation and steal, it is very difficult for the court to deal with them in such a way as to provide a balance of the interests of the retail industry, the defendant and the community at large.

Juvenile Offenders - As a general statement of the law, parents or guardians are *not* liable for crimes committed by juvenile offenders. I do not propose to develop further the subject matter of juvenile crime but to note my experience as a magistrate in the Children's Court in this regard. Children and young persons of all ages up to 18, of both sexes, from broken and stable family environments, from private and public schools, came before the court. There was evidence of wholesale shop stealing by juveniles from particular classes at particular schools. Some did it for 'kicks', others under peer group pressures, others for bravado or 'recognition'. In one of the better private schools one girl used to take 'orders' in advance and provided a shop-stealing service to her colleagues so sophisticated that she was able to meet requirements as to particular brands, size, style and colour. Her activity flourished for some months prior to her apprehension.

When one considers the apparent ease of achievement of this girl's criminal activity, concern must be expressed about the measures taken by retail stores to prevent this and similar offences being committed against them.

The sudden influx of 50 similarly clad school students into a small retail store, with limited staff to cope, where noise and diversionary activity occur, reduces the staff attention which can properly be directed towards protection of property and frequently results in what has the hallmarks of professional thefts of stock.

Can the retail industry devise methods to overcome this type of conduct
How can the courts operate to effectively stamp out this sort of

activity?

Diversions activity has long since been a stock ploy of the professional thief, for example, in many jewellery shop robberies.

'Guilt-ridden' - Offenders, psychologically, psychiatrically or emotionally disturbed, who desire to be caught and punished, also provide difficulty for the courts. Many issues arise, two of which are:

1. Was there any real intention to permanently deprive the owner? Many know they are being observed by shop staff and yet continue so they will be caught. Are they really guilty of stealing?
2. If guilty of stealing, what is the appropriate penalty? Is it a legal or a medical problem?

'Skid-row' Thieves - There is a regular parade before the courts of persons who are alcoholic, out of work or unemployable who, undeterred by the risk of apprehension or fear of imprisonment, seek to satisfy their alcoholic craving by stealing from retail stores. They usually walk directly into those retail stores, which at ground level and near exits display readily saleable items, frequently small electrical items, such as radiators, toasters, irons and the like. If they make good their escape they are apparently able to readily convert these items into drinking money at nearby hotels.

Trade figures may show however such stock losses are insignificant in comparison with increased sales through the prominence of their display.

I now refer to a specific business organisation which is a regular target for shop thieves by reason of its operations, and which, from a consideration of the results of prosecutions against persons caught stealing from it, must seriously question the court's role in relation to shop crime.

The University Co-operative Bookshop - is involved primarily in the sale of textbooks to tertiary education students. Many of these students are from overseas countries and are not in receipt of any student allowance payable by governments within this country and they rely for support on limited income from overseas or casual employment. Often they live frugally, sharing cramped residential accommodation. In any event, most of the students to whom I refer are quite impecunious.

In the stores run by the Co-Op in metropolitan Sydney only, in the period 1 September, 1981 to 31 August 1982, 266 persons were arrested for stealing textbooks from the stores. Of these 266, 4 persons had previously been charged with stealing from the same store.

Of the 266, 31 per cent were placed on good behaviour bonds, 10 per cent were dealt with under S.556A without conviction, and the remaining 59 per cent were fined amounts ranging from \$50 to \$100.

In the previous year, store figures show, of those charged, 60+ per cent were placed on good behaviour bonds and the rest were fined or dealt with under S.556A.

Clearly they presented by reason of appropriate factors a great difficulty for the courts in arriving at a proper penalty. Some of these factors included:

- (a) Possibility of non-admission to professions if convicted of dishonesty.
- (b) Lack of financial ability to pay.

It is not unreasonable to think that there was no real deterrent provided in some cases, because some of these defendants would be leaving this country permanently after graduation. Others suffered no tangible loss either of money or liberty.

One of my colleagues, sitting on consecutive days at Central Court, Sydney, had the experience of four overseas students living together at the one address, appearing before him charged with stealing from the Co-Operative Bookshop. He had given the first two the benefit of Section 556A.

The clear inference, supported by some limited probing by the magistrate, was that the third and fourth students, encouraged by the leniency, or lack of any real penalty incurred by the first and second students, decided they too would go and steal and run the risk of detection and prosecution, expecting at the worst, if caught, to be dealt with leniently.

CONCLUSION

All that has appeared in this paper may seem to suggest that the courts can play no significant part in assisting or protecting retailers as victims of crime. Figures which are available from the New South Wales Bureau of Crime Statistics will show the method of treatment by the courts of offenders against the retail industry. It will be seen that very substantial monetary penalties are frequently imposed and that from time to time persons are deprived of their liberty for substantial periods.

However, notwithstanding the punishment of and the attempted deterring of those who are apprehended for crime against it, the burning question really is whether the retail industry itself must look at its role in determining if and how it can lessen the burden it now carries as victims of criminal activity.

I hope our discussions will prove to be rewarding.

METHODS OF INVESTIGATION AND PREVENTION OF RETAIL CRIME

I. Juergens

The word 'shoplifting' is first heard of in England in the seventeenth century in 1673. The term shoplifting was also officially used at this time. The preamble to the Act of Parliament 10 William III (1698) states, 'The crime of stealing goods privately out of shops and warehouses is commonly called 'shoplifting'. From these references we can confidently state that the term shoplifting dates from the seventeenth century, and by the end of that century the word was well established in the English language.

Contrary to popular supposition, the word was not recently coined to describe a recent phenomenon. The fact that the word has been in existence since the 17th century argues for the existence of the crime from this time onwards at least, although, there is every reason to believe that shoplifting has been in existence as a crime form as long as shops themselves.

King William's Act decreed the death penalty for shoplifting, and it was to be 122 years before the punishment was even reduced to transportation for life. What is clear from this is that shoplifting was feared in the 17th century and this fear had not much diminished by the 19th century.

Years later in the 19th century shoplifting, although differently and less harshly regarded, was still in existence as a crime form, but no longer punished by death. By this time, shoplifting was an art form involving complicated jargon techniques and behaviours. Usually called theft rather than shoplifting, it was widespread and accepted as such. This was the era when everything man-made had a value, and everything that had a value could be stolen for it. In those days handkerchiefs, gloves and shirts were stolen from their surprised owners; it was the time when a man would even rush into a public house in order to steal a beer mug. Anyone enterprising enough to start a shop could reasonably expect that others would be enterprising enough to try and steal from it. Perpetrators were treated as thieves, seen as a sub-set of the wider genus, members of the criminal classes, and they were punished with the same ruthless and indifferent rigidity as any other thieves.

The 19th century shop represented the final stage in a long chain of evolution. Shops had evolved over time, becoming better and more efficient as experience suggested new ways of selling. Early experience showed that market barrows and stalls were more vulnerable than a 'shophouse' diligently overseen by the owner. The shop of the 19th century had evolved as the most efficient way of selling, combined with the least vulnerable layout of goods. The very fact

that shops took the form that they did in the past in England indicates that the owners regarded theft as commonplace rather than extraordinary.

MEANS OF PREVENTING SHOPLIFTING

It now seems possible to suggest that the main determining factors of the amount of shoplifting a shop has are:

- (a) the type of goods being sold;
- (b) sales policy;
- (c) availability of staff; shop geography;
- (d) display features
- (e) use of crime prevention devices.

The type of goods being sold can function to exclude a great deal of shoplifting. Shops which sell only large items, such as carpets or heavy items, such as machines, are less at risk than those which sell small light items. However, they may be more at risk to offences regarding breaking and entering.

Shops which sell goods of the unwrapped, untinned, unbagged kind, such as vegetables or meat, have less of a problem than do those selling pre-packed, wrapped goods. As a butcher once remarked: 'you can't walk down the street with a piece of raw meat in your hand, now can you?' Some shops too can arrange the goods that they are selling so as to make shoplifting very difficult, if not impossible. Record shops can keep their records and cassettes behind the counter, and leave only the sleeves in front for the customers to select from. In such a shop however, empty sleeves can still be stolen.

Shoe shops can put only one of a pair of shoes on display, although it must be pointed out that even occasionally people will steal two odd shoes and go to another shop of the same firm saying 'I must have been given these by mistake, can you pair them?'

The sales policy of the shop is the second principal determinant of the amount of shoplifting that any shop will experience. If a shop has a self-service policy it will sell its goods fast because customers can see them and handle them easily. It will also operate cheaply and quickly because less staff are needed and they will take less time to serve each customer, largely because they are not offering anything in the way of advice, information, service, helpfulness, sympathy or anything other than the facility of taking the customers' money with indifference. Such self-service shops are popular because of their novelty, their range of goods, all of which can be purchased in one place, and the apparent cheapness of some lines. This means that they are crowded and busy as well as having relatively few assistants. Self service shops with fewer assistants to the square metre and bigger and better delights than in other shops are also anonymous because of their amount of trade and there is more space and 'cover'

for the would-be shoplifter to 'stalk' the assistant. It is also legitimate to be seen handling the goods, which would facilitate theft. Shops with such a policy must accept high shoplifting losses, although they usually have no precise idea of what these losses are since they have so many other sorts of losses to contend with, such as short delivery at the door by delivery men, theft by shop assistants and so on.

Shops which have a counter service sales policy have a much slower turnover of goods, and rely much less on impulse buying. They do not sell so fast, and their shop is not consistently filled, but they will usually accept this, since they are usually in lines where people have to come to them sooner or later, and could scarcely be persuaded to buy on impulse anyway.

In counter service shops great reliance is put on 'staff' and on the idea of 'service', meaning kindly, informing interest, and it is accepted that it is this 'service' which results in a sale, rather than the ready proximity of the goods as in the self service shops which enables the customer to take it to the till.

Most goods in these types of retailing are under glass counters, in boxes or display cases, and it is the assistant who brings them to the customer. Clearly in such shops each sale takes longer than in a self-service shop, and more staff will be needed. The very fact that large quantities of staff are available and that they are anxious to help a customer means that shoplifters find counter service unsatisfactory places to work in.

Availability of staff is the third determination of the amount of shoplifting. If shops wish to economise on staff they can expect more shoplifting, but if they can keep a reasonable high density of staff cover and maintain that at all times throughout the day, then much less shoplifting will occur because of staff presence. If at the same time the staff are also known and trusted and vigilant, then the amount of shoplifting, and of course staff theft will be slight. It tends to be the case that in self service shops relatively few staff are available at any given time during the day, and that at some times, for example lunch time, the number available is even more drastically reduced.

The geography of a shop is also important from the shoplifting point of view. If the shop is set back a long way from the road with only one entrance and exit this discourages shoplifters, who prefer a shop fronting onto a busy street with plenty of entrances for a quick, smooth escape. The shop should have good unobstructed vision within it, and tills and counters should be set up with good fields of vision. Those shops which have more than four sides, and many alcoves and nooks as well as substantial supporting pillars and recesses provide 'cover' for the shoplifter which the assistant's eye cannot penetrate. The simplest and most effective design is the square shop with the door at one end and the counter across the other, giving a good clear view of all customers.

There are many display features which will function to increase or reduce the amount of shoplifting that can possibly occur in a shop.

1. Shoplifters will not steal from the top floor of a shop or the back of it so readily as from the ground floor, particularly at the front near the door.
2. From this it follows that 'high risk' items should be kept at the rear of the shop near the office - and
3. that no small items should be kept near the door where a hand can reach in and grab them.
4. Moving the goods around in a shop boosts sales as is well known, since people discover other wanted goods while hunting for what they originally wanted. What is less well known is that moving goods around also helps to foil premeditated shoplifting based upon the shoplifter knowing where the goods are.
5. Low display stands are crucial to reduce shoplifting. If they are low enough they can be seen over by the assistant (who still cannot see people putting objects in their pockets), and they do not interfere with the vision principle I mentioned before. High display stands mean that shoplifters will 'stalk' the assistants to their own advantage, using the piles of goods as 'cover' for their activities.
6. It is preferable to keep nothing which is of very high value on display at all (jewellers have realised this since medieval times.)
7. A counter-service shop should avoid the use of open shelves or displays.
8. Where practical, lockable glass showcases which make a noise when being opened, (so that illicit opening can be heard) are preferable to the use of open shelf displays for more of the smaller, high-value items.

The final determinant of volume is the extent to which crime prevention devices are used. Some of these in common use are:

1. Store detectives. For most stores, detectives are prohibitively expensive, and are frequently disliked by staff because of the implication that they are being checked on too. Detectives are of most value if they can be on the shop-floor for long hours. The touring detective who visits all branches of the firm means low hours of local cover. Sharing schemes where a group of shops club together to share the services of a detective seem more economically feasible, and mean that each shop has more cover hours.

2. Alarms used for showcases and doors and windows at night are more useful as a defence against breaking and entering.
3. Notices; many shops are reluctant to risk insulting their customers by using a notice such as 'Shoplifters will be Prosecuted' although most supermarkets have this type. 'Shoplifting is Stealing' as a notice is perhaps as effective, with its tacit appeal to honesty and hidden implication of prosecution. Notices about the existence of store detectives, such as 'Store Detectives in Operation', are also useful.
4. Mirrors; these can be strip type on walls, pillars or ceilings, or circular type to focus on a corner alcove. Display cases also of course frequently function in the same way that mirrors do.
5. Observation windows; one judiciously placed observation window with a good field of vision can be of special use in single person shops, to enable a shopkeeper doing accounts to scan his shop with a glance from his office. Such windows can be fitted with clear glass or one-way mirrors.
6. Other measures; closed circuit television has been shown to be only a short-term deterrent with a short 'life', since day-long scanning is costly and shoplifters soon learn to ignore the threat it presents. Lockable glass backs to shop windows and wire grills may be of use in some types of shops. With clothes shops, restricting the number of garments that can be taken into the fitting room to two or three is useful, as are communal fitting rooms, which not only prevent a shoplifter from 'wearing clothes out' or concealing them about her person, but are also shown to do away with ticket switching, where the cheap ticket taken from a cheap item replaces the expensive ticket on an expensive item.

DEVELOPING AN ANTI-SHOPLIFTING PROGRAMME

There are three categories of anti-shoplifting devices or activities,

and a good programme is a balance of them all.

1. DETERRENTS do not prevent theft and they do not apprehend thieves. But they do discourage theft. Deterrents include posters, community campaigns, T.V. dummies, mirrors and other obvious, visible indications that your store will not tolerate shoplifting. They serve a useful purpose.
2. PREVENTIVE DEVICES OR PRACTICES literally prevent loss. They include locks on showcases, chains on merchandise, electronic tags, etc. They also include corrals which funnel customers through check-out points, and pick-up counters which limit the amount of merchandise accessible to customers.
3. APPREHENSION ACTIVITIES OR METHODS are designed to catch the thief after the fact. They include plainclothes detectives, observation booths, monitored television and similar devices.

It is important for a retail security executive to recognise these three categories of activity in order to achieve an adequate balance of all three. Excessive concentration on apprehension, for example, may not actually reduce losses as there is often no correlation between apprehension statistics and the size of the shortage.

ANTI-SHOPLIFTING DEVICES

These range from tags to tickets to alarms and provide the basics of any prevention programme. If for want of a nail the war was lost, in modern retailing much merchandise can be lost for want of a staple or a strip of sticky tape to identify sold merchandise, or because of the improper use of hangers on a clothes rack.

SEALING CUSTOMER PACKAGES

Stapling bags shut (often with register receipts affixed to the outside of the bag) is regarded as an effective shoplifting deterrent by many retailers. An open bag is more likely to tempt a customer to shoplift than a bag stapled shut. The receipt on the outside of the bag is obvious proof of payment.

IDENTIFYING SOLD MERCHANDISE IN CARTONS

A distinctive coloured tape or cord pasted or tied around a carton or box (with a register receipt pasted to the carton) testifies that the merchandise was paid for. Some stores use different coloured tapes each day in a random sequence to deter fraudulent use of tapes.

TICKET SWITCHING OR PRICE CHANGING SAFEGUARDS

Distinctive coloured staples can be used for applying price tickets. Any price ticket attached with an ordinary staple is suspect by the cashier. The staple can be of the breakaway type that will break if opened, thus preventing easy ticket replacement.

Hidden tickets in pockets, lining flap or sleeve can be used to guarantee proper selling price of very expensive merchandise.

CLOSED CIRCUIT TELEVISION

In recent years CCTV has come into common use as an anti-shoplifting device. Because it should be considered primarily as a deterrent, customers should be made aware that CCTV is used. Posters, visible cameras and even visible monitors can give customers the impression of heavy coverage.

REFLECTIVE MIRRORS

Convex mirrors allow 'blind spots' or lightly manned areas to be viewed from other parts of the store. The curvature of these mirrors makes a wide range of observation possible. Another advantage is that the shoplifter cannot easily tell by looking at the mirror if someone is watching him. Convex mirrors are more effective for deterring shoplifting than for apprehension.

ALARM ACTIVATORS

An effective anti-shoplifting device consists of an electronic tag or 'wafer' attached to merchandise. If the tag is not removed it will create an audible or visible signal as the merchandise is carried past a checkpoint. The wafer may be secured to merchandise by a rivet that cannot be removed easily without a special tool available to the cashier. Some systems simply apply the tag in the same fashion as a hanging price ticket.

A shoplifter who is not aware of the device will be caught as she passes the checkpoint. A knowledgeable shoplifter is faced with the added burden of disposing of the tag or wafer before attempting to steal the goods.

Where alarm activators are used it is necessary to enclose the department and funnel customers through a checkpoint. It is also preferable to have a guard in the vicinity to react to an alarm. Cost considerations may limit the use of these systems, but they are often extremely effective.

POSTERS AND SIGNS

Appropriate texts for anti-shoplifting posters and signs will naturally vary for each store. Some sample messages -

1. Packages removed from this store may be examined by our guards.
2. Shoplifters are prosecuted.
3. Shoplifting costs you money.
4. This store is equipped with closed circuit television cameras.

ALTERNATING HANGERS

Clothes hangers are usually hung on racks with the open side of the hanger hooks all facing in one direction. Alternating the direction in which the hooks face prevents a shoplifter from taking several garments off the rack in one motion.

SEE-THROUGH SHOPPING BAGS

Shopping bags are the most widely used method of secreting stolen merchandise. Some retailers provide see-through plastic shopping bags to discourage their use by shoplifters.

STORE LAYOUT

The very purpose of display and layout is, of course, to create maximum customer desire. Unfortunately this objective often makes merchandise easily accessible and attractive to shoplifters. Display personnel and selling department executives should consciously keep the vulnerability to shoplifters in mind when designing displays.

SUPPLY ADEQUATE REGISTER COVERAGE

Some shoplifting (and lost sales) takes place because customers get tired of waiting to pay. The ability to open additional registers quickly, using executive help when registers get backed up and express registers can all be helpful. Registers should be located so that a customer never has to walk any great distance to pay. Another cash register technique to discourage shoplifting is to have a register at each door with a sign reminding customers to pay before leaving. A primary anti-shoplifting principle regarding sales register coverage is to do whatever is possible to make paying as easy as possible.

IMPROVE ILLUMINATION

Just as shoplifters like concealing racks, they prefer dimly lit areas. Better lighting is a deterrent.

AVOID DEAD CORNERS

Shoplifters naturally favour quiet, secluded areas well suited for secreting merchandise. Good floor layout should preclude such corners if possible, or they should be used for inexpensive or difficult-to-steal items.

EMPLOYEE TRAINING

Training selling floor personnel in related sales, cashiering and stockkeeping techniques is of prime importance in fighting shoplifting. Without the everyday help of these people - who are the first line of defence - no anti-shoplifting programme will be effective. Conversely, if every selling floor employee could be induced to do everything in his power to combat shoplifting, very little else would be required. As with any other form of training, it is important to remember that once is not enough. Training and re-training on a continuous basis is necessary. The following are some effective anti-shoplifting habits for employees -

1. Approach or recognise customers, a typical shoplifter does not want attention. By simply asking 'May I help you?' an employee may deter a shoplifter.
2. Serve one customer at a time. Keep your attention on the merchandise being shown to one customer at a time, especially when dealing with valuable merchandise. When possible show only one item at a time. In general, keep control of your merchandise.
3. Pay special attention to certain customers:
 - (a) Those carrying open boxes, shopping bags, large purses, bags etc., or wheeling baby carriages or strollers - in general, anyone with a facility for hiding merchandise easily.
 - (b) Those who seem to be more interested in their surroundings than in merchandise.
 - (c) Unescorted juveniles, particularly those travelling in groups.
 - (d) People who gradually move away from a counter while trying on gloves, scarves, jewellery, etc.

- (e) Customers who frequent a store but seldom make purchases.
- (f) Known shoplifters.
- (g) People wearing bulky, loose or out-of season clothing.

DO NOT CONGREGATE

When two or more employees are standing together some portion of the selling floor could be better covered. Further, a group of employees chatting are less observant and less effective than a single person on the alert.

KEEP DISPLAY CASES CLOSED OR LOCKED

Some display cases are supposed to be kept locked, others closed but unlocked. Leaving a case open that should be closed is an invitation to shoplifting.

CLOSELY SUPERVISE FITTING ROOMS

Where fitting rooms are not closely supervised by a checker sales-people should announce to customers the number of garments being left with the customer in the fitting room and should verify the number of garments returned. Fitting rooms should be inspected continuously to remove garments which may have been left there.

REMOVE EMPTY HANGERS FROM RACKS

Shoplifting is made easier if empty hangers are left on racks because another empty hanger will not be conspicuous.

KNOW HOW TO REACH SECURITY QUICKLY

One would hope that your staff would know how to reach you, the people involved in security, and you at management and executive level. They should be well advised of the store procedure as to what should be done in the event of a person being suspected of perhaps removing something from the store without paying for it, and I would encourage that this training be continually an on-going programme by you as administrators and executives.

In conclusion I would also like to make mention that, being in crime prevention, I am acutely aware that 'he who does nothing to prevent crime encourages it', and it is with a lot of regret one looks at the number of break and enters which is occurring in my State, New South Wales.

The people are suddenly becoming more aware of security and the need to protect themselves as well as their property. Just recently (1979) executives of the United Permanent Building Society, approached our Police Department in order to conduct a programme known as 'Neighbour Watch'. They funded it, and this 'Neighbour Watch Programme' is based on Neighbour Watch Programmes operating in other police forces throughout the world. We would like to continue it so that people can be aware of crime and the steps they can take to reduce it.

The Lions Club, a service club known throughout Australia, is currently promoting a programme called 'Speak Up', and they are to be commended for taking a positive step to reduce crime. Wouldn't it be ideal if the Retail Traders' Associations and affiliated bodies were to get together and launch some sort of campaign which is similar to those that are operated overseas on anti-shopstealing. It would have my Section's full support in relation to training of your staff. We have the facilities and the capacity to accommodate at least 200 people in our auditorium. We can run films, we can talk to them. What is so obvious to me as a police officer when dealing with people in retail is that they are not aware of their rights when it comes to apprehending a suspected person. They all mention the magical word 'front door'. Nowhere in the Crimes Act is the word 'front door' written. A lot of retailers seem to take the attitude that we have to wait till they, the suspect, is outside the front door before we can do anything about it.

John Carroll went through the proofs of larceny with you. It is not an easy offence to prove, particularly the intention, and it is again sad to see that a lot of people are unaware of what is necessary to prove the offence of stealing. The Crime Prevention Section in Sydney would be delighted to help any of the stores that are within that State in a training programme, and I would suggest to the Institute and to the Retail Traders that strong consideration be given to launching some sort of public campaign similar to 'Neighbour Watch'. They have had fire prevention week and they are just about to launch anti-litter week. Why can't we consider well the benefits of letting people know that they, 'John Citizen', are paying for the offence of stealing every time they walk in to make a purchase of any kind in retailing.

METHODS OF INVESTIGATION OF RETAIL CRIME

J. Carroll

Firstly, I would like to express my thanks to the Institute of Criminology in Canberra and the Retail Traders Association of N.S.W. for inviting me to attend this seminar. Although the seminar comprises a number of people from the different States in Australia, possibly certain parts of my address may not apply in your States.

The Term 'Shop-Lifting' - The term 'shoplifting' was formulated in the late 17th Century and at that stage was punishable by death and later by transportation. Times have certainly changed. As we know, in the true sense there is no such offence as shoplifting. In New South Wales I have been informed by the Retail Traders Association that for the year 1980/81 approximately 120 million dollars was attributable to internal/external shop thefts. The Association attributes 50 million dollars of that amount to shoplifting offences or, as I say it should be called, 'shop-stealing', because that is exactly what it is.

Proofs of Larceny - Proofs required to substantiate a charge of larceny are:

- (a) That the accused took and carried away;
- (b) The personal goods;
- (c) Of another;
- (d) With the felonious intent;
- (e) To convert them to his own use and to make them permanently his own property;
- (f) Without the consent of the true owner.

The stealing of property from retail stores is more commonly known as shoplifting. In general the offence committed will be that of larceny and the charge preferred under Section 117 of the *Crimes Act 1900*. In other cases the property maybe such that it does not come within the ambit of Section 117, for example dogs and certain other classes of animals and birds. Alternatively, the method employed by the offender to obtain the property may mean that the appropriate charge is one of false pretences rather than larceny. Most shoplifting offences can be dealt with by a magistrate under the provisions of Section 501 or 476 of the *Crimes Act 1900*. To explain those Sections, if the value of the property is under \$500, the matter may proceed under Section 501 for which the maximum penalty is \$1,000 fine or twelve months imprisonment or both. If the value exceeds \$500 but is under \$1,000, it may be dealt with under Section 476 of the *Crimes Act*, which, like Section 501 is a machinery section which

allows the offence to be dealt with at Petty Sessions Court level. If the value is in excess of \$1,000 the matter is dealt with at a District Court. The proofs of larceny are self-explanatory. However, confusion has often arisen over the first proof of larceny, that the accused 'took and carried away'. This particular proof is explained as follows:- There must be a taking and a carrying away. Thus, grasping a thing will be sufficient to constitute a taking, but this alone will not suffice. There must also be a removal of the goods. Although the slightest removal is sufficient, the article must be completely removed from the place where it was, but it need not be moved away any specific distance, yet alone out of the store. I think this is one thing that is very important. It is not necessary for the offender to remove the item and walk out of the store. Relating this to shop-detectives or security officers you must see that your observations at the time will have a great bearing on the police case.

Where a thing is attached, there is a carrying away when it has been completely detached. A couple of examples may help. If D, intending to steal a watch, placed his hand on it, but before he moves it he sees a police officer and takes his hand off it, he has not committed larceny. Another example - a customer in a supermarket store was allowed to leave the store by the manager, carrying goods which he had no intention of paying for, the manager, holding the mistaken belief that he was bound to let her leave before detaining her. It was held by the court among other things, that there was nothing in her conduct which prevented the taking being an unlawful carrying away of the goods by her, although she carried them away with the knowledge of the owner, and accordingly larceny was established. Another example - if D enters a retail store and, on seeing some article, decides to steal it, but gets an innocent agent, for example, a child, an animal etc., to pick it up and carry it away for him, he will still be guilty of larceny.

In the retail store situation there is an implied permission for customers to select, examine and handle and try on goods on display. Therefore, to establish the intent to take and carry away, it is usual to produce evidence that the offender actually removed the goods from the store without paying for them. In other instances the intent of the offender can be shown by overt acts. I will discuss this now, specifically referring to the professional shoplifter, whom the Special Breaking Squad investigate. These overt acts are basically used in a charge of conspiracy, and we can show by overt acts that there was obvious agreement to steal. I feel the following piece of legislation in the *Crimes Act, 1900*, Section 546B could cover the professional shoplifter quite well. It says,

'Any person who, having been convicted of an indictable offence, is found in or near any premises or public place with intent to commit an indictable offence shall be liable on conviction before a Stipendiary Magistrate to imprisonment for six months, or to a fine of \$400.'

In this Section 'premises includes any structure, building, vehicle, vessel, whether decked or undecked, or place, whether built upon or not, and any part thereof'. I would indicate to you that shoplifting is an indictable offence, regardless of value. This piece of legislation is under the *Crimes Amendments Act, 1979*, and could well be used to prosecute professional shoplifters under certain circumstances. Again, the observations of the security officer at the store are of the utmost importance in successfully prosecuting this type of offence. If you, as a security officer, observe a professional shoplifter walk into your store, it is not necessary for you to wait for him to take an article and start moving out of your store. It would be sufficient to successfully prosecute under this Section, if, through your observations of the offender's actions, we can prove to the court 'intent' along with the other necessary ingredients.

The Professional Shoplifter - I suppose one could describe a 'professional shoplifter' as a person who habitually steals for a living. From experience I can say that the professional shoplifters certainly plan what they are going to steal and how they are going to go about it. It is not uncommon for the professional shoplifter to have convictions in most States of Australia and indeed several countries overseas. Numerous professional shoplifters from New South Wales have been arrested for shoplifting overseas and have served various terms of imprisonment in different countries. When a professional shoplifter is arrested in this State it is general practice that his home is searched. However, police rarely have success in finding stolen property at the home of a professional shoplifter. It is obvious they have a readymade market for property they steal.

From my experience it would appear that the professional shoplifter rarely works alone. In many instances the theft of property has occurred whilst the staff have been distracted in some form or other by other members of the team. Whilst I intend to discuss motives for 'shoplifting' I put forward that the professional shoplifters only motive is for financial gain. On being interviewed the professional shoplifter rarely signs evidence of interview and the evidence put to the court is usually of a 'I said', 'He said', nature. That is why the observations of the security officer at the time of the offence are of the utmost importance to the police case. It is a good idea for security officers to record their observations as soon as possible together with any conversation he may have had with the professional shoplifter prior to the arrival of police. These observations and/or conversations should be recorded in something of a permanent nature which may, if necessary, be produced to the court at a later stage. This practice also assists you as security officers in court to actually refer to your notes thus not having to give evidence from memory. As we all know it could be some considerable time before the matter is finally dealt with at a court.

Possible Motives for Shoplifting - There are various motives for shoplifting. In the book titled 'Shoplifting - Controlling a Major Crime' (Author D.P. Walsh) - it is suggested that shoplifting could be caused through stress or fatigue or depression. Also, through possible

personality disorder. But the author stipulates that no such explanation would do more than describe a handful of cases. Further, it would certainly not be a main precipitating factor for all those who shoplift.

The author suggests that there is some evidence to show that some types of physical illness can cause a clouding of consciousness and confusion sufficient to cause various sorts of rule-breaking. This physical illness may, under certain circumstances, lead to crime where the person because of the illness is unable to distinguish right from wrong. This illness could be temporary or permanent. Again, it was stipulated that the numbers of people involved must be slight. The author states:

'Possibly more significant physical causes of shoplifting, apart from these special cases, are senility and pregnancy. Shoplifting occurs with the senile as a result of memory failure and general confusion, whereas with pregnant women it may occur because of absent-mindedness, emotionally, and a sense of not having full capabilities due to hormonal changes'.

Other motives suggested by the author are: 'The Poverty Motive', 'Youthfulness as a Pressure' - where in explanation for the offence when apprehended the young person tells you that he was 'dared' by his mates to do it. 'Greed as a Motive'. On this motive, from experience, I can say that it is certainly amazing the amount of people who are apprehended for shoplifting who have more than enough money on them to pay for the items that have been stolen. Also it is not uncommon for the shoplifter to steal some items and go through the checkout and pay for other items. On this point an explanation that is quite often given by the offender is simply 'I forgot - you can see I paid for the other items. I just forgot about these'.

As you can appreciate, it is your observations at the time which can assist to show that the offender did intend to steal the property, because, without the proof of 'intent to steal' established, a prosecution for the offence of larceny would certainly fail. With regard to the professional shoplifter the author states:

'It is said that the numbers of professionals is high and increasing. It is true that well organised habitual shoplifters will steal more than occasional shoplifters'.

One might well question the author on the latter part of that statement, that well organised habitual shoplifters will steal more than occasional shoplifters. They may well steal more often, but in monetary value I feel the occasional shoplifters total would by far outweigh that of the professional, although I do not think there is any way that either theory could be positively proved, the main reason being that numerous

offenders both professional and occasional are not apprehended.

The author also states:

'Professionals must rely heavily upon anonymity'.

I agree with him in this respect. However, knowing most of the security officers in the major retail stores in the metropolitan area of Sydney, I would be surprised if they would not know a vast number of professional shoplifters by sight. One of the reasons for this is because of the close liaison between the Retail Traders Association and the New South Wales Police Force.

Explanations given by Offenders - Over the years various reasons have been given by offenders as to why they stole. Some of these reasons include:

- (a) A customer waiting for a lengthy period of time to get served became fed-up and walked out of the store with the property.
- (b) A customer purchasing an item for \$60 and seeing the same item in the same store a day later for \$40, decided to steal an item to make up the difference.
- (c) A customer purchased an item from a store, took it home, and the item would not function properly. The customer returned to the store to obtain a refund but did not keep the receipt and the store would not refund his money - so the customer stole a similar item to that which he had originally purchased from the store.

These are just some examples of reasons given by shoplifters in explanation for the offence. The point that I am making is that it is not just the professional shoplifter who steals from retail stores. As previously mentioned we know that his motive is purely for financial gain.

Possible Prevention - Again referring to the book 'Shoplifting - a Major Crime', it is put forward by the author that a potential shoplifter must first ask himself the following questions when deciding to steal from one store or another:

- 'Is this a shop which contains things I want'.
- 'Shall I take these things without paying'.
- 'What articles shall I take'.
- 'Can these things be taken easily'.
- 'Are the goods on display and accessible'.

'Can the goods be easily concealed'.

'Will anyone be able to see the goods being concealed'.

'Once the theft has occurred (or while it is occurring) can shop assistants be evaded'.

'Is there more than one escape route.'

If each of these questions can be answered satisfactorily from the thief's point of view, then stealing will occur, and it may or may not be detected.

I put these points to you as possible means of preventing the offence of shoplifting from occurring in your particular store.

Statistics - New South Wales Police statistics reveal for the year 1981 that a total of 13,337 offences involving larceny from retail stores (all sources) were reported or became known. Eight thousand five hundred and seven of these offences were cleared by charge, and 353 by other means involving a total number of 9,278 persons. 'Other means' could include by summons etc. I cannot see anything wrong in some cases proceeding by summons but it does have it's obvious disadvantages. The following is a break-up of males of the total number of 9,278 persons.

<u>Under 14 years</u>	<u>14 years</u>	<u>15 years</u>	<u>16 years</u>	<u>17 years</u>	<u>18 years</u>
439	276	223	182	180	163
<u>19 years</u>	<u>20 years</u>	<u>21 years</u>	<u>22 years</u>	<u>23 years</u>	<u>24 years</u>
112	95	81	80	78	78
<u>Over 24 years</u>	<u>Total number of males was 4,124.</u>				
2,137					

The following is a break-up of females of the total number of 9,278 persons.

<u>Under 14 years</u>	<u>14 years</u>	<u>15 years</u>	<u>16 years</u>	<u>17 years</u>	<u>18 years</u>
318	239	230	161	172	165
<u>19 years</u>	<u>20 years</u>	<u>21 years</u>	<u>22 years</u>	<u>23 years</u>	<u>24 years</u>
161	134	121	127	154	132
<u>Over 24 years</u>	<u>Total number of females was 5,154.</u>				
3,040					

Identification of Stolen Property - One of the biggest problems we have as police officers is to identify stolen property once it has been located. In many instances the thief is unable to or will not divulge where he stole property from. This results in the property in due course being sold at auction. This of course is of no help to the retail stores in recouping losses caused through shoplifting. Some of the stores are now recording serial numbers of electrical items such as videos, colour T.V. etc. This is a step in the right direction, making it easier for the police to investigate crime and, of course, is most favourable to the respective retail store when property is returned to them by police. When you look at it, it makes sound stocktaking sense to record serial numbers. We previously discussed that the problem of shoplifting in New South Wales is estimated to cost 120 million dollars per annum, of which 50 million dollars is attributed to external shop-stealing. Well, what of the other 70 million dollars? I suggest a big majority of it has to be internal theft which could be more effectively controlled through proper stocktaking methods.

Methods of Investigation (New South Wales) - The method of investigating the offence of shoplifting in New South Wales is basically 'on-the-spot' detection, either by trained security staff employed by retail stores or by members of the police force. In rare instances it is by information supplied to either of the above sources by members of the public. Up until approximately seven years ago the shoplifting offences were handled by detectives. However, since that time the basic run of shoplifting offences have been taken over by the uniformed branch of the Service. If the offence is more involved than basic shoplifting, assistance is usually sought from detectives, who may only assist, or, depending on the nature of the investigation, may in certain circumstances take it over completely. As far as the 'professional shoplifter' is concerned, this type of offender is usually investigated by a detective. The Special Breaking Squad, where I am attached, from time to time mount what are known as 'operations' on this type of offender. I can indicate that in the past these 'operations' have met with success resulting in arrests and convictions for this type of offender. However, without discussing the economic situation, I am sure that you can appreciate that these 'operations' are costly and require the appropriate number of experienced detectives to carry them out successfully. As a result of discussions with the members of the Retail Traders' Association in Sydney on the subject of 'professional shoplifters', an early warning system was implemented. The system basically works by all of the various security officers employed at the participating retail stores forming a shoplifting information circle. Each participant communicates with the next two participants in the circle should any information come to light regarding the activities of these professional shoplifters which could be of interest to other retailers including any details of the arrests of known shoplifters. As a result the information is passed around in due course to all those who are involved in the 'circle'. This

information is also passed on to myself as 'Liaison' Officer. It has a twofold purpose:

- (a) It alerts the other members of the circle to be on their guard in case the professional leaves the store he is in and goes to another and,
- (b) The information is passed onto police for further investigation. As we have previously discussed, depending on your observations of the 'professional shoplifter' at the time he is seen in your store, we may have sufficient evidence to prefer a charge under Section 546B of the *Crimes Act 1900* against that person.

Identification of Suspects - To assist with the identification of 'professional shoplifters' the Special Breaking Squad has prepared identification photos of 300 males and 120 females whom we consider to be the most active professional shoplifters in New South Wales. They are similar photos to those maintained at the Modus Operandi Section with the exception that these particular photos measure approximately 10" x 8", which is more than twice the size of the normal police special photograph. These books will be made available to assist in the identification of suspects who have been seen either by yourselves or any other witness to steal from retail stores.

Conclusion - In conclusion, I suggest to you that the attitude of the general public to shoplifting is really one of indifference. The general opinion of the public seems to be that if 50 million dollars was lost by the retailers last year through shoplifting, they will only lift prices to cover the loss. It is really a carefree attitude, and I think that, if we are going to succeed in controlling the offence of shoplifting, positive action has to be taken now with a view to changing the public image of the actual term 'shoplifting'. There is no doubt that there are many thoughts from various sources on how this could possibly be achieved.

An intense on-going media coverage directed to the general public may be one way of achieving this goal.

Finally, referring to stock loss and internal theft etc., to which 70 million dollars was attributed for 1981 in New South Wales, I suggest that this could possibly be successfully curtailed by more stringent stock control, recording of serial numbers of the more expensive electrical items - cameras etc., and also by staff training programmes.

EXTORTION ON RETAILERS

J. Spatcher

At four minutes past 11 on the 4th April 1979, 10 sticks of gelignite were detonated by a simple clock timing device in the menswear department of one of our stores. This was the first indication that we had of an extortion attempt against us. In the three and a half years since then, the press has been full of stories about bombs in supermarkets, poisoned pickles, acid in eye drops and cyanide in Tylenol. What can we look forward to? I suppose we must now consider the taking of hostages, kidnappings and any physical activity that will cause maximum damage or inconvenience. Unfortunately, happenings in other countries, and I think especially of the Northern Ireland problem at this time, receive extensive media coverage, and the macabre way in which the horror and suffering that can be caused by man's hand always seems to be stressed must be the source of ghoulish inspiration to those who have a mind to try extortion. What can we do? The only answer is to follow the boy scout motto - be prepared

Management must give a great deal of time and thought in developing an understanding of what might arise and then plan, in depth, to counter any eventuality. Our Company was fortunate in one aspect, in that, having received a number of bomb threats over the years prior to the incident, we had established very comprehensive emergency procedures, and these were invaluable in minimising the inevitable confusion which accompanies serious situations and which could have had a most detrimental effect on our business. My following comments are, therefore, based not only on a great deal of careful thought, but unfortunately, on hard experience.

In the pre-planning stage, I believe the first decision to be made is who, within the company, will assume operational control of all activities associated with any threat situation. It will need to be a very senior person with the authority to make executive decisions without constantly having to refer to higher levels of management. This person will also need a team of expert advisers on hand to give him and the police immediate information on the services and facilities within the organisation. Some of the people you might like to consider are:

Engineer	-	how quickly can power, gas, oil and water be isolated from a particular area of the particular building? For those who operate in older buildings I can assure you it can be a daunting task to trace the various runs, and yet, in a threat situation, the undetected pipe can lead to very serious consequences.
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- Computer Operator - For what period can power be taken from computers and terminals before they lose their programmes, and will isolation of particular areas affect the stable power supplies that are necessary? What would be the ramification of power fluctuations?
- Personnel - How quickly can you assess, from your personnel records, details of employees who have left your employment over recent years and their reasons for leaving? The police may need this type of information as a matter of urgency to check leads.

Thought must be given to the location of this team. You must give consideration to the possibility that any potential extortionist may have an accomplice or an associate within the company. Therefore, restriction of access and information to those who need to know is important. If physically possible it is desirable to have those telephones on which subsequent calls may be received isolated from the normal business activities, in an area which can become the communications/control centre.

What about any evacuation message? Is it clear, concise and drafted in such terms as to avoid panic? Also, how is the message to be delivered and by whom? Our Company view is that evacuation, under these circumstances, should be divorced from the normal fire drill, if only for the simple reason that fire drills normally call for all windows and doors to be closed, whereas the opposite applies if there is a threat of an explosion.

When looking at evacuation procedures some factors which have to be taken into account are:

- . the possibility that a complete evacuation could not be made in the time scale
- . the location of any device might or might not be known
- . the possibility of more than one device.

Much thought will be needed before this situation should arise to ensure that you do not cause concentrations of customers and staff. When planning evacuation routes you should avoid china and glassware departments wherever possible, or any areas with extensive plate glass, high glass or mirrors, remembering that concentrations of people in these areas, at the moment of detonation, could result in devastating injuries. Need I say that, with the ever changing layouts of retail stores, evacuation plans and procedures need to be revised regularly.

Your plan should ensure that all persons receive the notification of evacuation, especially remembering those who work in hiding holes which are so beloved by retailers. What about the periods of late night trading and absences through rostering and holidays? Can you be assured that your plan accounts for every person? Do you employ deaf people in your data processing or other areas? Where are your staff to assemble if they evacuate the store and do all the staff know of the points? Obviously this would be covered in your present fire-drill procedures, as would the provisions for the security of money from cash desks and registers.

Special thought must also be given to company records, for it could be that your extortionist may find your company computer and your records to be very rewarding targets. Have you a catastrophe plan? Could you resurrect your debtor's ledger and how long would it take? What about insurance? Do you have insurance cover for the loss of profit caused by a deliberate act by an extortionist and a policy for the non-recovery of any extortion money?

Whatever threat is made, it is most important that it, and any relevant information, is recorded carefully. This was an area in which we were not well prepared, and what we now have is a report form at each incoming PABX which must be completed immediately after the threat has been reported. The information needed is:

- . establish just what the threat is.

If it is a bomb:

- . where is it, either by exact location or by some notable feature, such as decoration or furnishing of the area?
- . what does it look like?
- . when will it explode?
- . what sort of bomb is it, and how is it set to go off?
- . what type of explosive?
- . when was the bomb placed in position?
- . where did the caller learn to make a bomb?
(This question, if answered, may help to establish how genuine the call may be).

If it is another type of threat:

- . when and where will it happen?
- . is it likely to cause death or injury to customers or staff?

If it is an extortion threat?

- . obtain full details.

If it is a written threat:

- . avoid any further handling of either the letter or envelope

We must always be aware of the use of letter bombs, and your mail room staff should have an understanding of how letter bombs may be made and the telltale signs.

I will now come to some of the points which we found during the course of our emergency which were extremely important but were not particularly easy to anticipate; most arose out of either necessity or discussions with the police.

First is the problem of communication with the extortionist. Obviously written materials give time for due consideration but the telephone conversation is far more difficult. Our experience was that, if at all possible, the senior executive of the company should not talk directly to the extortionist, especially in a smaller company like ours, where the extortionist would know that the senior executive probably has the power to make far-reaching decisions without prior consultation with the board. It is our belief that the senior executive should be conveniently 'absent', and even if this first call is received at that level, all further calls should either be taken by a member of staff or a police officer acting as an employee of the company. However, no matter which way the game is played, it is important that briefs are available to ensure that, if possible, the conversation may be channelled into a definite pattern to obtain important information and to give time to enable the Telecom Security Organisation to work effectively. It is also important that throughout the incident a diary of events be kept, not only for historical purposes but as a means of crosschecking information received and given, by whom, and at what time.

In the expectation of an extortion threat it is of value to anticipate the sum of money that will be demanded. This is important for two reasons. It enables the serial number of the notes to be recorded, and also allows the police time to make their 'special arrangements'. Our own experience of trying to record the numbers of small denomination notes showed that by far the best method was to lay the notes in piles on a large table and take a series of photographs using fine-grain film. A few deft hands can remove the top notes from the piles in a very short space of time for successive shots. The films can then be handed to the police for development and transcription at leisure. The results of our exercise were excellent.

You must consider that the extortionist's plans could be to take the money while it is in transit or while it is in course of assembly. Security at this time is of paramount importance and can take the form of distance surveillance and covert movement.

Obviously part of the extortionist's plan is to cause concern, and a management slip in handling the precautions taken can easily play into the extortionist's hands. It is too easy for management to fulfil the extortionist's desire by creating an atmosphere of unease and concern by having people rushing hither and thither and overtly searching high and low. What is needed is calm, quiet efficiency. Our policy was to allow our stores to operate normally under their management and to appoint senior persons to administer the safety and search aspects - people who could be relied upon in an emergency to act calmly and efficiently, and who had sufficient knowledge to enable them to pre-think problems. We also divorced our normal security staff from this action and allowed them to continue their normal duties and observations, for their trained eyes, we felt, were better utilized in this way. We also attempted to engender an air of confidence and stability in our staff, with executives wherever possible continuing their routine visits so that they were seen by the staff to be acting in a normal manner.

If it becomes necessary to conduct a search of the building the information on how it should be conducted is given in the excellent booklets which are provided by the police departments. Our belief was that searches should be conducted only by our own staff because:

- . they know the buildings and would immediately become aware of something that does not belong
- . they do not cause as much concern to staff and customers as would police or uniformed officers.

Being a departmental retail store, the question of instituting restricted entry into our stores with bag checks was considered very seriously, and our decision was that the bag checks would certainly cause customers concern without achieving security, for a determined criminal could easily conceal about his or her person the materials to construct an explosive device. We felt that discreet observation by staff would be more effective. Experience showed that these observers were very alert.

We also undertook complete store examinations before they were opened and immediately after closing. An interesting side issue was the amazing quantity of misplaced stock and 'things' that we found in the strangest of places. We also raised the hanging height of our fixtures so that a clear space existed between the merchandise and the floor. Any unauthorised object was then readily visible to members of staff. The bomb at our store was placed in low hanging garments.

We also found the need to institute a system of random surveillance during the quiet hours with inspections of waste bins (Hilton bombing), flower pots, window ledges, fire doors, etc.

Finally I must stress the immediate involvement of the police and the Telecom or Australia Post security organisations. The expertise displayed by the W.A. Police and Telecom Security during our problem has given our Company an insight into just how professional these organisations are.

In 20 minutes I can not hope to cover every aspect of the thought that has to be given to this subject. No doubt you have all taken steps in these areas. Just discussing them, I believe, generates ideas and leads to better preparation for something which we all hope and pray will never happen.

CREDIT CARD FRAUD

M. McNamara

This afternoon we will be discussing Credit Card Fraud and what can be done to prevent it.

There are many different types of credit cards, but those in use in Australia today, which are of particular interest to the retail industry, fall into three main categories:

- . The retail store credit card. This card is issued by the major retailers for acceptance in their own stores.
- . The bank card. This card is issued by banks and may be used to obtain cash advances and for the purchase of goods and services. The best known of these is the Bankcard which can be used throughout Australia and New Zealand. Mastercard and Visa bank cards are issued by banks throughout the world and are accepted by merchants in Australia and in most countries.
- . The travel and entertainment (T & E) card. This type of card is issued by organisations such as American Express and Diners Club and is accepted mainly by merchants in the travel and entertainment industry.

I do not know how many of you possess a credit card, or how many of you have been involved in the prevention of credit card fraud, but it is probably fair to say that we have varying degrees of knowledge as to just what a credit card is and it would, therefore, be appropriate to establish a common foundation by defining the term credit card.

I could give you a formal definition and say that a credit card is a negotiable instrument, through which three different parties enter into an agreement for the sale of goods and/or services, which the buyer will pay for later at a stipulated rate of interest. However, in simpler terms we can define a credit card as money, plastic money. Let me give you an example of what I mean.

Suppose you have \$100 in Australian currency. With it you could buy \$100 worth of goods or services. If you lose it, you have lost exactly \$100. It is a one-time loss; a predictable loss.

Now, on the other hand, suppose you have a credit card. It is worth about \$1 - the cost of manufacture and processing. If you lose it or it is stolen the resultant loss might be \$1; \$10; \$100; \$1,000; \$5,000 or possibly \$10,000. You do not know and you would not know what the loss will be for a period of time. It is not a predictable loss.

CREDIT CARD FRAUD

Credit cards frequently fall into the hands of thieves - both amateur opportunists and professionals - who use them to obtain goods and services from merchants. Thieves obtain cards from cardholders who lose them, leave them in the gloveboxes of motor vehicles and in unattended clothing and handbags.

Thieves also steal credit cards from within the postal system and from cardholders' mail boxes.

Because credit card systems have been designed to provide cardholders with a service of convenience, credit cards are readily negotiable. Thieves find them relatively easy to use, and consequently the card issuer finds fraud perpetrated by stolen cards difficult to prevent.

CREDIT CARD FRAUD - PREVENTION

To reduce the incidence of credit card fraud, the card issuer should ensure that controls are in existence which have been designed to:

- . Prevent the theft of credit cards.
- . Prevent the use of stolen credit cards that is, at the point of sale.
- . Determine, as soon as possible, that credit card fraud has occurred.
- . Initiate action immediately to prevent further fraudulent usage.
- . Initiate, without delay, investigation of the fraud and, wherever possible, prosecution of the offenders.

Let us now look at just what controls are required in each of these areas.

Preventing the theft of Credit Cards

- . During Manufacture and Processing - Fraud prevention commences at the point of manufacture of the credit card, and adequate security controls should be in existence from the point in time when the card name and logo are printed on the core plastic sheet through all stages of manufacture, storage in the manufacturer's plant, during transportation to the issuer's premises and through the various embossing, matching and inserting processes until such time as the cards are mailed to cardholders.

Whilst Cards are in Transit to Cardholder

- . Credit cards are very often stolen prior to reaching the cardholder, either whilst within the postal system or from the cardholder's mail box. Such cards are referred to in the industry as 'never received' cards. They are invariably used fraudulently and because there is no variation between the thief's signature on the sales voucher and his signature on the stolen card, it is difficult to detect fraud at the point of sale.

There are, however, ways of reducing the risk but a business decision has to be made as to whether the cost involved in reducing the risk is justified. That is, whether the fraud loss being sustained as a result of the theft of cards from the mail justifies the expenditure involved in introducing theft preventative measures.

Here are some techniques for preventing theft of cards from the mail:

- . Use plain unmarked envelopes when mailing credit cards to cardholders.
- . Change the return address endorsement on the envelop from time to time.
- . Use certified or registered mail (this is quite expensive in Australia).
- . Do not use the mail - hand deliver.
- . Have the customer collect the card.

From Cardholders

Because cardholders are very often careless with their credit cards they need to be reminded of the need:

- . To take care of their cards and not leave them in unattended motor vehicles, clothing, handbags etc; and
- . To immediately report details of cards which are lost or stolen so that action can be taken to prevent fraudulent usage.

This can be done by including an appropriately worded pamphlet in the cardholder's statement.

Preventing the use of Stolen Credit Cards

There are a number of things which can be done to prevent stolen cards being used:

- . Listing of Lost/Stolen Cards on Authorisation File and in Warning Bulletins - The authorisation system, which requires the sales assistant to telephone a central point and obtain authorisation in respect of all transactions over a certain dollar value (the merchant's floor limit) provides a means of preventing fraud and the possibility of recovering credit cards which are known to be lost or stolen.

Where a credit card is reported lost or stolen action should be taken immediately to list it in:

- . The issuer's authorisation file (negative list) so that, in the event an attempt is made to use the card for an above the floor limit transaction, efforts can be made to recover it.
- . The issuer's warning bulletin (list of lost/stolen cards) against which every credit card transaction is checked irrespective of the value of the transaction, so that efforts can be made to recover the card if an attempt is made to use it.
- . Use of Pre-Mailer - The mailing of a letter to a cardholder prior to the despatch of his credit card is a security measure designed to bring to light the theft of cards from the mail. The pre-mailer informs the cardholder that his card will be sent on a certain date and asks that the cardholder contact the issuer in the event the card is not received. Action can then be taken by the issuer to prevent fraudulent usage.
- . Use of Post-Mailer - The post-mailer is similar to the pre-mailer; the only difference is that the post-mailer is despatched after the card has been mailed. It informs the cardholder that his card has been mailed and asks that the cardholder contact the issuer if the card has not been received.
- . Variation of Floor Limits - The floor limit assigned to a merchant by a card issuer is a control factor designed to enable the card issuer to control both fraud and credit losses.

The sales assistant is required to telephone a central point, either within the store or at the card issuer's premises, and obtain authorisation for credit card transactions above the floor limit. This enables action to be taken by the card issuer to recover cards which have been reported lost or stolen or which have been revoked by the issuer. Optimum use can be made of the system by reducing the floor limit from time to time, either selectively (in certain departments) or across the entire store for a short period - say a week or a fortnight. This will enable the recovery of stolen and revoked cards which are being used by thieves for 'below the floor limit' transactions.

- . Education of Sales Staff on Use of Correct Procedures for Handling Credit Card Transactions - Sales staff need to be educated on the procedures to be followed when processing a credit card transaction. It is essential that they:

- . Check the validity dates on the card (where such are applicable).
- . Check the warning bulletin.
- . Ring for authorisation if the transaction is above the floor limit.
- . Compare the signature on the sales voucher with the signature on the credit card and ensure there is no substantial variation.
- . Call for authorisation where the signature of the customer does not match the signature on the credit card.

These procedures enable the issuer to prevent fraudulent activity on cardholder accounts in respect of which cards have been reported lost or stolen.

However, neither the authorisation system (except in the case of excessive transactions) nor the warning bulletin system assist with the recovery of lost or stolen cards which have not been reported as such, and in these cases the issuer has to rely on his sales staff to draw to the attention of his authorisation centre suspicious behaviour by a card presenter which may indicate that an attempt is being made to use a stolen card.

Although some credit card thieves are excellent actors, many are not so adept. And experience has shown that, during a fraudulent credit card transaction, the thief is under a certain amount of tension which often produces behaviour that an observant sales assistant can recognise as being suspicious. It is, therefore, worthwhile educating sales assistants on security and on the sorts of things that would indicate that a person presenting a credit card may not be the genuine cardholder.

The sales assistant should be trained to note the following points:

- . Is the credit card current?
- . Is it damaged in any way?
- . Is the presenter nervous?
- . Is he/she in a hurry?
- . Is the presenter alone?
- . Was the signature on the sales voucher completed quickly and confidently - very few people can forge a signature properly freehand, that is without tracing.

Sales assistants should be trained also to treat with suspicion:

- . The customer who makes indiscriminate purchases without regard to size, style, colour or price.
- . The customer who asks about the floor limit on credit purchases, or who makes several individual purchases that approach but never pass the floor limit.
- . The customer who is unnecessarily chatty or who delays a selection repeatedly until the retailer is upset.
- . The customer who hurries staff at closing time.

- . The customer who purchases a large item, such as a television set, and insists on taking it with him instead of having it delivered.
- . Persons buying footwear without fitting, or other garments without trying them on.
- . The customer who refuses alterations to clothing even though the alterations are included in the selling price.
- . The purchase of quite expensive items by persons who by their appearance, dress and manner would be unlikely to normally purchase such items.
- . Customers making repeated purchases of similar merchandise on the same day or on successive days.
- . Persons who are recognised as having been in the store previously using a credit card bearing a different name.
- . Customers who when asked to produce secondary identification claim they have none.

Whilst counselling sales assistants on these matters it should be made clear that the mere presence of one or more of these danger signals should not be interpreted as implying that a fraudulent transaction is occurring. But where a sales assistant suspects the customer may not be the genuine cardholder he/she should make an authorisation call.

In most cases, if the card being presented is stolen, the person presenting it will flee from the store while the sales assistant is on the telephone.

At times it will not become apparent to the sales assistant until the card presenter has left the store that the circumstances of the transaction were out of the ordinary and suspicious. The sales assistant should be encouraged, even at this point, to ring for authorisation, as he may bring to light an unreported lost or stolen card so that action can be taken to prevent its further fraudulent use.

When making an authorisation call the sales assistant should always take the card with him to the telephone. He should not place it where it can be snatched back by the presenter. The assistant should also see that

the goods purchased are not placed where they can be taken by the card presenter whilst the authorisation call is being made.

The staff member in the authorisation centre to whom a call of this nature is referred should be mature, well trained and able to handle the matter in such a way as to ensure that a stolen credit card is recovered, but, where the person presenting the card is in fact the genuine cardholder, the latter is not made to feel embarrassed or like a criminal.

- . Payment of Rewards to Sales Staff - Some staff members respond willingly to requests for assistance in this area but many are hard to motivate. One way of obtaining the necessary assistance from them is to offer a reward for the recovery of stolen cards in circumstances where the sales assistant does more than simply follow the laid down instructions, that is checks the warning bulletin and calls for authorisation where the transaction is above the floor limit.

FRAUD DETECTION

Where a lost or stolen credit card is used fraudulently it is important that the fraud be detected as soon as possible so that action can be taken to prevent further fraudulent use.

To do this a system of exception reporting is necessary which is capable of identifying and publishing details of:

- . Lost or stolen cards which have been used fraudulently.
- . Cards which have been used excessively, say, more than four times in the one day.

In the latter case the cardholder should be contacted with a view to determining whether he is in fact using his card. In many instances, the cardholder is unaware, until contacted by the issuer, that his credit card is missing.

PREVENTING FURTHER FRAUDULENT USAGE

Immediately fraud is detected action should be taken to prevent further fraudulent use of the stolen card by listing it in the authorisation file and in the warning bulletin. A warning bulletin system is essential; besides enabling the recovery of stolen cards, it causes fraudulent usage to cease.

INVESTIGATION OF FRAUD AND PROSECUTION OF OFFENDERS

Another important element in fraud prevention is a firm prosecution policy which can be clearly seen to be in existence and which will act as a deterrent to would-be offenders and especially to professional criminals.

Criminals who engage in credit card fraud need to be made aware of the fact that the card issuer is not willing to accept losses sustained due to fraud as part of his operating costs. The way to do this is to ensure that credit card fraud is reported to the police, that every assistance is given to the investigating police officers and that, wherever possible, the offender is prosecuted. If this practice is not adopted and thieves become aware of the fact that a card issuer has not adopted a strong prosecution policy, the issuer can expect to receive attention from professional criminals who know how credit card systems work and who are able to organise the perpetration of fraud by other thieves with the result that the issuer will be exposed to heavy losses.

CONCLUSION

Credit card fraud will always be with us. This is because the credit card is a negotiable instrument, it is frequently exposed to theft and is readily accepted by merchants.

There are, however, controls available which enable the card issuer to reduce the incidence of card theft and fraudulent usage. And whilst some controls are costly (use of registered mail) and would not be justified, except in areas where fraud has become a real problem, the majority of those controls we have discussed today can be implemented relatively inexpensively and I commend them to you.

CUSTOMER THEFT AND STAFF DISHONESTY

D. Kerlake

I am very pleased to be given the opportunity today to review with you the attitude that our company has taken towards shop-stealing and staff dishonesty.

There is no doubt our moral standards are declining rapidly in this country evidenced by an increasing number of people who are prepared to break the law. This has been due to many varied social factors and, in addition today, we are experiencing extra problems associated with a serious economical downturn which has increased unemployment and caused serious hardship for many people in our society. These social changes and difficulties are reflected by an increasing crime-rate generally and the retail industry is no exception.

The increase in customer theft and staff dishonesty in G.J.Coles Coy Limited is, no doubt, no different to the increase being experienced by all major retailers in Australia. The severity of the situation has shown that retail companies have the alternatives of either becoming more security conscious and more competent in their approach to this serious loss factor or they risk the possibility of becoming a non-profitable organisation.

A good example indicating the seriousness of the situation is that it has been estimated one out of every three small business bankruptcies in the United States of America can be directly related to customer and employee dishonesty. The impact of this problem that we are all experiencing is readily seen in our 'unknown loss factor'. Our company achieved sales of four billion dollars during the past trading year. Of this total sales figure we estimate we could have lost 1 per cent through customer theft and staff dishonesty, and therefore we are talking in terms of 40 million dollars for the year - a weekly figure of \$800,000 stolen by our staff and customers.

Naturally an accurate break-up of these huge estimated losses is not available, but we do keep statistics on the relatively small percentage of losses where staff or customers are caught in the act and apprehended. These figures reveal that retail theft is committed regularly by both sexes, all ages and throughout all levels of staff and all sections of society.

In regard to customer theft our shopstealing apprehensions have increased at an alarming rate over the past two years. Between July 1979 and June 1980 a total of 21,771 customers were apprehended for dishonesty. Between July 1981 and June 1982 we had 26,297 apprehensions. We therefore experienced an increase in apprehensions of 21 per cent in two years.

JULY 1979 TO JUNE 1980

<u>Adults</u>	<u>Juveniles</u>	<u>Total</u>	<u>Charged</u>
12,345	9,426	21,771	14,788

JULY 1981 TO JUNE 1982

<u>Adults</u>	<u>Juveniles</u>	<u>Total</u>	<u>Charged</u>
13,332	12,965	26,297	17,804

It is interesting that during this period the number of adults apprehended increased by eight per cent whilst the number of juveniles increased by 37 per cent.

Whereas in the past we were of the opinion that our company was not a target for professional shop-stealers, due to the fact that our ranges did not include especially expensive items, we now have no doubt that we too are the victims of these criminals. We have experienced situations where professional shop-stealers have been apprehended with stolen stock from our stores worth in excess of two thousand dollars.

We are well aware that stock is being stolen from our stores, distribution centres and in transit both to and from our distribution centres. We are aware that stolen merchandise is being returned for cash refunds and that the switching of price tickets from one item to another is rife, etc., etc., so the question is, 'what are we doing about it?' Our company's attitude is that it is of particular importance that we have a firm policy towards customer shop-stealing, this policy being that any person apprehended stealing from our stores will be handed over to the police.

We do attempt to deter petty shop-stealing by ensuring that the would-be thief is approached by our staff to enquire if they need assistance, particularly juveniles. However, if necessary, we have no hesitation in apprehending the culprit in the correct manner and contacting the police as a normal routine.

We know that staff awareness is vital to the control of shop-stealing in our company. Regular discussions are held with all members of staff to highlight the problem. Showing potential shop-stealers that our staff are alert is one of the most effective deterrents. But this in itself is insufficient to tackle the problem.

To be effective all sections of the community need to be alerted to the devastating effects of this crime of shop-stealing to change the prevalent attitudes of, 'I want it', 'I need it more than they do', 'They will not miss it', 'They can afford it'. I sometimes doubt whether many people in our society have heard of the 7th commandment 'thou shalt not steal', although I am quite sure everyone is well aware of the fact that to take something belonging to someone else is against the law and the wrong thing to do.

It is quite evident from the 37 per cent increase in juvenile apprehensions over the past two years that action should be taken in schools to educate students to consequences of shop-stealing. This type of action has been taken in some States of the Commonwealth. In Victoria recently a video tape and comprehensive workbook was made available through the Education Department for use in secondary schools. We have been informed that the demand for and reaction to this educational material have been quite outstanding.

The general public should be educated as to the effects of shop-stealing on the economy. A stronger line should be taken by the courts against shop-stealers and all retailers should have a unified policy on reporting shop-stealing offenders to the police.

Now I want to move for a moment to staff dishonesty. Again the statistics I give you detail only those we apprehend and therefore represent a small percentage of those who are stealing.

The number of apprehensions of dishonest staff in our company has risen even more dramatically over the past two years. Between July 1979 and June 1980 a total of 334 employees were apprehended in comparison to 534 employees between July 1981 and June 1982. These figures represent an increase of 66 per cent over the past two years. Of the employees apprehended our figures show that 55 per cent were apprehended for stock-related theft. Included in this category were:

- . Concealing stock and removing same through the front door of the stores;
- . Removing stock through the receiving doors during trading hours,
- . Removing stock through the receiving doors outside trading hours, that is by cleaners or night-fill staff, shop-stealing in other divisions of our company, obtaining cash refunds on stolen stock, stealing stock by using inter-store transfer forms and consuming stock.

Twenty three per cent were apprehended for cash-related theft. Included in this category were straight thefts of cash from the register, (not recording sales on the cash register and then stealing cash), falsifying refund forms and stealing cash, thefts of cash during clearance from the register or in the cash office, falsifying

cash records to steal cash and signing for hours not worked.

Twenty two per cent were apprehended for conspiring with others to defraud the company.

Included in this category were staff who undercharged friends or relatives for goods purchased and staff who under-priced goods for friends or relatives.

In an attempt to reduce the incidence of staff dishonesty our company's policy is for background checks to be completed on all staff. We ensure that our employees are fully aware of what action will take place if they are caught stealing. We make it quite clear that we treat staff dishonesty in the same manner as we do customer shop-stealing. Police are informed.

We have produced a film entitled 'The Ten Dollar Story' which is geared specifically towards employees, who, given the right circumstances, might be tempted to steal. The film illustrates a typical staff-theft situation and the eventual consequences of a magistrate court hearing. This in itself is a very effective training aid.

Our experience proves that shop-stealing and employee theft are *both* major problems.

Estimates of the relative loss factor by experts throughout the world vary considerably, but all recognise that employee theft is at least as serious as shopstealing. A well-known phrase in retailing is 'more goes off behind the counter than in front'. Recent estimates in the United States of America indicate that retail staff are stealing more than twice as much as shop-stealers.

Our own statistics reveal only the value of goods or cash on which we rely to make the apprehensions. This evidence is used in subsequent court proceedings but does not reflect the total value stolen by those apprehended. Nevertheless we can make a comparison, and this shows that on average each employee apprehended is charged with stealing more than \$200, whilst an average shop-stealer is charged with stealing about \$10.

We acknowledge the fact that retail security problems will increase in the future, not only with customer theft of stock and staff dishonesty, but with customer theft of cash from the registers and armed robberies. We have experienced over the last 12 months a large increase in these more dramatic types of crime. Each week we average more than one snatch and grab, one armed hold-up, five break and entries.

Our security department conducts regular checks in our outlets to ensure company security policies and procedures are being strictly maintained. We feel that the regular reviews of these procedures, together with a positive security attitude by store management provide the best attack on these avenues of theft.

Finally I would like to suggest that, following this seminar, which has certainly been most timely and well worthwhile, it could be desirable to agree to launch a united drive to stop the rot.

I consider we should all pull together - the retailers, the schools, the police and the courts - with a 'get tough' policy to combat this serious, cancerous social problem.

PROCEDURES FOR DEALING WITH EMPLOYEE DISHONESTY

J.W. Rice

I would like to introduce this presentation by quantifying the effect of employee theft in the retail industry.

I would like to, but I can not.

One of the major problems faced by loss prevention or security management in the retail industry is to accurately quantify the ratio of total theft to the shrinkage figure, and to apportion this theft factor to those responsible - customers, employees, suppliers etc.

Without this knowledge it is difficult for loss prevention or security resources to be effectively utilised to obtain maximum return on the resources investment.

There are as many estimates of these theft ratios as there are consultants and authors on the subject. The consensus of opinion would indicate that employees are responsible for a higher loss through theft than customers.

To cite one example. Dr John Clark, Professor of Sociology at the University of Minnesota has compiled a comprehensive study of employee theft in the U.S.A.¹

The study questioned more than 10,000 employees, including executives, in the retail, hospital and manufacturing industries. Of these, 35 per cent admitted to one or more forms of dishonest behaviour.

If we accept that employees steal more than customers, it would be reasonable to expect a proportional allocation of resources, both external and internal, to deal with these major areas of theft.

However until recent times retail security has been mainly confined to the protection of property, merchandise and cash from dishonest acts by persons other than employees, with anti-shop-stealing activities taking up the majority of security manpower and monetary budget allocations.

Customer theft has virtually monopolised academic research into retail theft, and been the main thrust of Retail Traders' Association security activity with the introduction of staff training and management awareness programmes, audio/visual education and promotional aids, media campaigns etc.

1. Quoted by Brian Evans, Corporate Loss Prevention Manager, The Hudsons' Bay Co Ltd., Canada, in a presentation to the 8th World Conference of Retailers, Toronto Canada, April, 1982.

I am not questioning this approach. I agree with the need to continue efforts to control customer theft. What I do find difficult to reconcile is the fact that we expect employees to play a major role in the reduction of customer theft, yet little has been done at an industry level to gain the understanding, acceptance and commitment by employees to be honest in their own work environment.

Surely, if honesty at work becomes the acceptable behaviour amongst employees, then this attitude will have a positive effect on employee reaction to customer theft.

For a theft to be committed, two elements must be present; motivation and opportunity. Some motivations such as need and greed extend beyond the workplace and cannot be strongly influenced by any action of the employer.

Other theft motivators are directly work-orientated, for example theft for revenge, theft to restore that believed owed or earned, workmate peer-group pressure or just theft for excitement - to relieve the monotony of a boring work routine.

In many cases the causes are self evident:

- . conflict between management and staff
- . poor management example of honest behaviour
- . employer, thus employee, apathy to losses
- . poor employee relations.

Dr Clark made some interesting observations on those most likely to steal:

Sixty six per cent were aged between 16 to 25 years.

Although males made up 33 per cent of the employees questioned they were involved in 50 per cent of reported deviance. When married the theft rate dropped considerably.

Employees most involved were those with the least commitment: no career pattern; no longevity of service; those in whom the employer had not demonstrated a long term interest either because they were part time or the employee lacked certain qualities.

He concluded that dissatisfied employees are most likely to be involved in deviant behaviour, and that the employees who reported the lowest level of theft are those that reported the least opportunity to steal

due to the high level of:

Primary Deterrence	-	peer group pressure
Secondary Deterrence	-	management/loss prevention

These work-orientated theft motivators can be influenced. Good employee relations, participation in decision making processes, recognition and reward for good performance and job task rotation are fundamental to eliminating employee dissatisfaction which is the basis of creating an honest work environment.

What other action is required to achieve this honest work environment and a change in employee attitudes towards dishonesty?

The first requirement is a strong loss-prevention policy statement on what the employer wants to achieve, an honest work environment and the elimination of employee dishonesty.

In broad terms the policy would need to include:

That the employer is committed to the elimination of employee dishonesty.

That the employer will at all times be completely honest in dealings with customers, suppliers and employees.

That the employer does not differentiate between executive or staff dishonesty. Dishonesty at any level is unacceptable.

A statement on the employers' attitude to the prosecution of dishonest employees.

The second requirement is a stated objective that clearly defines why the employer is committed to the policy, and would include reduction of loss, profitability and thus security of employment and share of benefits. This is vital if employees are to understand why they are required to conform to certain standards of behaviour and discipline and why the employer expects this from them.

The final requirement is for detailed and logical procedures which clearly set out how the employer seeks to attain the objective, and thus the policy to be met, and what job tasks and security requirements all employees are expected to perform as their contribution to the elimination of dishonesty from the workplace.

Procedures for controlling employee dishonesty fall broadly into four categories:

- . procedures required to develop and maintain an honest work environment, specifically in the areas of employee selection, induction and training.

- . Procedures designed to limit the opportunity to steal, or to deter theft by increasing the probability of detection.
- . Procedures specifically directed at the detection of dishonesty and the identity of dishonest employees.
- . Procedures necessary to ensure that employees detected or suspected of dishonesty are treated in a fair and legally acceptable manner whilst under investigation by the employer.

The first procedural requirement is the selection process, that is to ensure as far as practicable that new employees, at all levels, constitute a low security risk and will not have a corrupting influence in the work environment. This can be achieved by requiring an applicant to answer specific questions in respect to criminal convictions, financial standing, reasons for leaving previous employment, medical history and attitude to compliance with personal loss-prevention requirements - bag, locker, vehicle inspections etc.

These questions can be asked, but how far can the employer go to validate the answers? The applicant can be asked to consent to the employer making any reference checks necessary to support the details contained in the application, but what checking can be legally and ethically performed?

Previous employment background checking is a standard procedure but does not always produce the required information and depends on the level at which the enquiries are conducted and the honesty of the responding employer. Most security people here today would have experienced the situation where their enquiries have disclosed the true reason for an applicant's separation from a company, when the official response gave no indication of dishonesty.

I fail to understand this attitude. There is no jeopardy in disclosing a statement of fact, so is it to cover up inefficiency or embarrassment or a genuine or misguided concern for the future of the ex-employee, or perhaps to allow the person to obtain suitable employment so that restitution of their loss can be guaranteed.

Financial and credit checking resources are available and are widely used in the business world. It would not seem unreasonable for an employer to want to know if an applicant for a position of trust or responsibility can handle their own financial affairs before being entrusted with the employer's.

Another worthwhile reference check and pre-employment requisite is medical condition and workers compensation claim history. I mention this only because of the sudden and dramatic increase in workers

compensation insurance claims and the fact that false claims are another form of employee dishonesty.

The vexing question is that of previous criminal history. Again it is not unreasonable for an employer to want to know whether an applicant for a position of trust has a history of dishonesty or, to a lesser degree, a history of other anti-social behaviour such as drunkenness, drug offences, assaults or sex offences.

Many government instrumentalities and licensing authorities have access to police records, but the same information is not readily available to the private sector.

In some States employers can, on application to the Chief Commissioner, obtain criminal history checks on applicants for nominated positions. Naturally the written consent of the applicant must first be obtained

In Western Australia an individual can, on payment of a fee, obtain a certificate setting out his or her criminal history. Many organisations make the production of this certificate a pre-requisite for employment, thus putting the onus on the applicant to establish credibility, rather than the employer attempting to obtain the same information by whatever legal, or sometimes illegal, methods are available.

The whole question of the legality, availability, use and effect of information required to support applications for employment will undoubtedly be affected by changes to freedom of information and privacy provisions and legislation.

If employee dishonesty and the resultant losses are to be controlled and retail businesses remain viable, there needs to be a careful consideration by legislators, law enforcement bodies, employer groups, unions and individuals as to what personal information is relevant, and how it may be obtained and used, so that the rights and requirements of both employer and employee are protected.

A final point on the selection process, that of proof of age and qualifications, including driving licence where applicable. A basic requirement perhaps but how often is it followed? Juniors receiving adult wages, unlicensed persons driving company vehicles, employees performing and being paid for tasks for which they are not qualified, are all forms of dishonesty, and the losses, apart from salaries or wages, could be substantial.

The next step in the honest environment process is the induction of the new employee.

The induction procedure should include broad reference to the loss prevention/security policy and requirements of the employer together with the expected disciplinary action if a breach is committed. The new employee should sign a declaration that they have read and

understood these requirements, so there can be no misunderstanding at a later stage.

All job functions should be detailed in writing, not just the duties and responsibilities, but also the specific loss prevention/security aspects of that function and the reason for it.

As an employee progresses past the training stage they should be acquainted with a wider knowledge, but not necessarily specific details, of the controls and measures used to detect dishonesty.

By this gradual familiarisation with and exposure to loss prevention/security procedures and requirements the employee will hopefully be persuaded that dishonesty is inappropriate, there is a strong probability of detection, and severe disciplinary measures including police prosecution will be taken. With this knowledge the reasons not to steal may become stronger than the reasons to steal, and the honest work environment becomes a reality.

The induction and training procedures must cover all new employees and not just permanent full-time staff. With extended trading hours, retail stores employ many part time and casual staff, often at the busiest trading times, and paradoxically when management and supervisory control is often the weakest. The employer must show the same care and commitment to these employees if they expect a commitment of honesty in return.

The next group of procedures are those designed to limit or deter theft. Obviously these will vary, depending on the type and style of retailer, but there are fundamental principles that can be applied to cover most circumstances.

The most effective method of designing procedures to limit or deter theft is to think, and where necessary act, like a thief. Each function or operating procedure should be analysed and tested to establish how or where the opportunity to steal exists. Then the appropriate method to limit or deter the theft should be identified, tested and implemented.

All operating procedures need to be analysed and the functions of all personnel, including loss-prevention or security, carefully studied to assess the particular opportunities to steal. There is an old but true adage that a person's opportunity to steal varies directly with the amount of trust placed in him, a fact that is verified so often when senior and trusted employees are detected for dishonesty and the total loss is found to be substantial.

Procedures or controls to limit or deter theft are a combination of a number of loss-prevention activities:

Physical Security Controls - The most effective method of limiting the opportunity to steal is to physically protect merchandise or cash from direct access by employees.

This includes the use of lockable storerooms, containers, delivery vehicles etc. The alternative, though less effective method, is the use of security seals. In either situation strict key or seal issue and recording controls must be maintained.

Another physical security control is to remove from employees any articles that can be used to conceal merchandise, and to hold these articles under strict supervision until the employee leaves the premises. This includes in-house purchases and any outside purchase brought into the premises during meal breaks.

Entry and exit to the premises should be limited to supervised doors by either locking or fitting audible and internally monitored alarms to those perimeter doors not required for normal use. Essential doors should be supervised by security personnel, or, if this is not practicable, by C.C.T.V.

Employees should not be permitted to park their vehicles adjacent to the building, especially in the vicinity of the loading dock. Where possible a separate, secure car park should be provided.

Key holders to the premises should not have possession of keys or combinations to safes or vaults, and vice-versa. To cover emergencies the combination can be lodged under seal at a bank or central office.

All in-store use tools, equipment or merchandise should be clearly identified by engraving, stamping or other permanent means to avoid ownership dispute at a later stage.

In larger premises the use of colour coded identification badges to limit access to non-essential areas should be considered.

Physical Presence Controls- The presence of another employee acting as a watch dog is a simple but effective method to limit or deter theft.

There should always be two persons present when the premises are opened or closed. For normal opening/closing routines they would both be employees whose duties should be rotated to reduce the chance of collusion. For after hours callouts the key holder should be accompanied by a second key holder, security patrolman or police officer before entering the premises.

There should be supervision by security staff or management of the employee entry/exit point, particularly before and after trading hours. All employees including management should be required to use designated entry/exit points only.

Where employees are required to work alone in isolated situations either within the main premises or in off-site reserves, they should be supervised either continuously or by random visits.

Authorisation Controls - These are another form of supervision required to cover those situations where the risk of dishonesty is highest.

Before an in-house purchase is completed the merchandise should be checked against the register docket, the amount of discount verified, and the parcel check-sealed to prevent re-opening.

If this is not possible, then random docket-to-content checks of employee in-house purchases should be conducted. Similar docket-to-parcel checks should be conducted on employee purchases on lay-by.

The voiding of register transactions is a popular form of dishonesty and can only be controlled if all voids require authorisation at the time of occurrence whilst the customer and the merchandise are still present. Register details rolls should then be checked and unauthorised voids investigated.

All employee refunds should be verified and authorised, again whilst the employee and the returned merchandise are present, and the original register docket produced.

All markdowns for soiled and damaged merchandise, or for any other reason, should be actioned by a nominated senior person, then verified and authorised by a member of management.

Conversion of merchandise for in-store use should be authorised and the details recorded for future reference.

Operational Audits and Inspections - The use of regular and random audits or inspections are vital to ensure that procedures are being followed, and that employees are made aware that their performance and most importantly their honesty is being monitored.

The most contentious of these requirements is the inspection of employees' bags, lockers and, where applicable, motor vehicles. The ideal situation is where the requirement is made a condition of employment, and the employee consents to any such inspection, in writing, at the time of employment, However the employee has the right to withdraw this consent at any time.

At present there seems to be general agreement between employers and the relevant unions that inspections may take place if the employer or a representative nominated by the employee is present whilst the inspection is carried out, and the rights and dignity of the employee are not abused.

Other effective audits or inspections are:

- . Random spot-balancing of registers and cash floats.
- . Inspection of rubbish disposal containers.

- . Register checking of departments, offices and storerooms for merchandise that does not belong to that particular area.
- . Spot checks of deliveries immediately after receipt and before processing.
- . Checking of all alarm monitoring reports.
- . Verification of refund docket names and addresses by letter or telephone.

Many of these preceding controls result in the detection of dishonesty, for whilst they are visible and known to happen there are always those employees who are prepared to take the risk and steal.

There are a number of other procedures that are specifically directed at detecting acts of dishonesty and the identity of offenders.

Many instances of employee dishonesty are detected as the result of information from other employees, employees' parents, or customers.

In the case of information from other employees there should be a known method of communication of this information to the right source, not necessarily face to face, and there must be complete confidence that the identity of the informer will be protected.

The most effective method of detection is through undercover investigations, using specialist contract personnel or other outside agencies, but the results can be disastrous unless the confidentiality and the proper lines of communication and control are maintained. For this reason this type of investigation should only be used for specific and serious reasons and not just to see what might be happening on a random basis.

Again, if utilised properly, the use of honesty shopping staff will uncover dishonest checkout or register operators. I believe there are two types of undercover 'shopping' activities, honesty shopping and sales audit shopping, and the two should not be confused. Sales audit shopping is to determine whether the operating staff are performing their function correctly, checking their dress, demeanour and accuracy. Honesty shopping on the other hand is to detect dishonesty and nothing else, and should only be used where there is strong suspicion or information in respect of specific employees.

Surveillance, either by security personnel or electronic equipment, is another effective method of detecting dishonesty. During trading hours the surveillance of loading docks, isolated areas, off-site warehouses and the following of company transport vehicles can all be productive. So can out of hours surveillance of opening and closing procedures, the actions of cleaners or night fill staff, or awaiting the return of employees to collect secreted merchandise from around the premises.

Undercover investigations, honesty shopping and surveillance can only be fully cost-effective if it is used where specific or strong suspicion exists. This can be obtained only by information from people or from a careful analysis of all data available and the identification of irregularities or patterns that require further investigation.

The final group of procedures I would like to comment on are those required to cover the situation where an employee is under investigation, by the employer, for committing or being suspected of dishonesty.

It is in this area of employer relations that serious disputes between employees and employers, through their unions, occur.

The difficulties in drawing up specific procedures or rules for these requirements are immense.

The circumstances of each investigation into an act of dishonesty are different, and clear cut procedures cannot be written to cover all situations. In many instances the offence and the identity of the offender are obvious and the matter can simply be reported to the police for further action. In other circumstances the employer needs to make detailed investigations involving the interview of a number of employees to establish that an offence has been committed and the identity of the offender. The problems here are the extent to which the investigation may be taken and at what point the police should be involved even if admission has not been obtained.

In many situations the person conducting the investigation will be an experienced ex-police officer whose training and experience will usually ensure that the investigation and interview will be carried out in a legal, fair and courteous manner. The danger here is that old habits die hard and the investigator may take proceedings to the full written confession or record of interview stage instead of leaving this requirement to the police. At the other end of the scale the investigation may have to be conducted by a junior member of management, whose inexperience, coupled with the desire to get the right result for his superiors, will lead to a serious employee relations dispute.

The legal situation needs clarification if any concise procedures or rules are to be established.

The specific questions that need to be addressed are:

The implications of an employer or his security personnel being 'persons in authority' in relation to any statements made to an employee in an attempt to gain confessional evidence.

Whether there is a need for security personnel or management to abide by the Judges Rules when interviewing employees detected for or suspected of dishonesty, and, if there is, in what circumstances.

The right, or otherwise, of an employee to have a witness present during such interviews.

At what stage or in what circumstances is an employee being interviewed considered to be in custody, and when would the employer be in jeopardy for false imprisonment.

In New South Wales there are a set of 'Recommended Guidelines Concerning Security Procedures Touching Employees In The Retail Industry' which include requirements for a caution to be given and for the right to have a witness present. There are no similar guidelines or rules in effect in any other State, but there has been some discussion, and it would seem that further developments in this area are inevitable.

Before this happens, there will need to be a careful consideration of all aspects and ramifications of such procedures or guidelines, so that, not only are the rights of the individual employee protected, but also the needs of the employer to protect his property are recognised and not made more difficult to achieve.

This will involve the close co-operation of employers and unions in conjunction with legal advisors and police departments to ensure that areas of responsibility are clearly established and that any procedures adopted are legally and ethically acceptable to all concerned.

I would like to conclude this presentation with a quote from Saul D. Astor, a security consultant and author:

'Let's keep thieves out of our company and out of our lives. Thieves destroy our faith in each other. They make us fearful of each other. They threaten our livelihoods, our savings, and our futures. Let's not be deceived by them. Let's learn to recognise them and drive them out of our lives.'

SAFER MONEY HANDLING

K.F. Gleeson

The day after I had been asked to speak at this seminar on the subject of safer money handling I heard on the radio that an independent supermarket manager and a member of staff were relieved of \$3,000 in cash that they were carrying as they left the store on Friday evening by an armed assailant. The first thought that occurred to me was obviously they thought more of making money than protecting it, and were of the opinion that it would never happen to them, but we all know that it is going to happen to somebody - so why not them, especially with their attitude to security.

The company I work for has certainly had its fair share of armed hold-ups carried out by some very dangerous and vicious criminals. In 1978 in New South Wales two stores were robbed resulting in a large loss of cash. One of the office girls was physically assaulted by the gunman who wanted to get his point across, and for weeks after these girls were a bundle of nerves. A short while later the person who carried out the robberies was shot dead by police in a shoot-out after an attempted hold-up. One of the office girls who had been very distressed felt relief for the first time knowing that the person responsible was dead and would not be returning.

Nobody wishes another dead, but then nobody should have to live in fear either.

With robberies and armed hold-ups ever increasing, companies and employers are going to have to give more thought to protecting their property and their employees.

Because of the nature of their work with which they are employed, that is to handle sums of cash, employees could become targets for would-be criminals, especially if the company's attitude to security is lax.

The criminal who carries out the types of hold-ups on retail stores, milk bars and service stations, etc. certainly prefer the easy pickings and shy clear of premises which obviously have taken precautions in regard to their cash handling.

In retailing, and I am talking more specifically in relation to large chain store operations and department stores, the three most vulnerable areas that are at risk are:

1. The cash registers.
2. The cash office.
3. Removal of cash from the premises to the bank.

Firstly, cash register control is most important and companies should have procedures laid down in their company manual for such control.

In our own operation, at commencement of her duty, a checkout operator will obtain her register drawer from the cash office. The drawer will contain a float of a certain amount of cash which the checker will count to make sure it is correct. After a period of trading a senior person will estimate the approximate takings the registers may hold in cash. I am talking more in regard to supermarkets now, but these guidelines could certainly be adapted to most types of retail stores, large or small.

There is a cash limit as to what a drawer can hold before being cleared. This of course reduces the amount of money that a person can snatch from a single drawer at any one given time.

Recently in Melbourne a male person on six occasions over a period of a week snatched money from register drawers by either having the drawer opened on the pretext of being a customer or by simply pushing the checker aside as she completed a transaction. The amounts taken ranged from \$43 to \$210, totalling \$733. We were not the only supermarket chain that he was concentrating on. In fact there were two others that were also hit on numerous occasions. So, by maintaining a cash limit on the register drawers, we can minimise the amounts stolen in this manner.

Cash pick-ups from registers must be made at frequent irregular intervals during the day. At all times two senior responsible employees must be involved in the pick-up operation. One employee should always be a male. Where possible the two employees should remain together during the pick-up procedure.

Always commence the cash pick-up from the register furthest from the office.

Depending on the size of the store and the number of registers it may have, never clear all the registers at one time. It is better to split the pick-ups and again reduce the amount of cash that can be stolen.

The means by which stores clear their registers are numerous. Some use paper bags, cotton bags, expanding files, brief cases, canvas bags and so on, none of which would deter the criminal. Two years ago, the company I work for used one of the abovementioned systems and suffered the consequences. On two occasions, while the registers were being cleared, a male person approached the staff with a sawn-off shot-gun and threatened them and demanded the cash. On being given the money he was able to make his escape with the least amount of trouble, practically drawing no attention to himself whatsoever. Both these crimes were carried out by the same person and were drug related.

As mentioned, by limiting the number of registers cleared at one time, we are able to minimise our loss.

At the time these two robberies were carried out I had in use in six of our other stores cash pick-up trolleys which I designed and had manufactured to prevent exactly this type of theft.

The cash pick-up trolley has a light tubular steel frame on four wheels. In the top half of the trolley sits a metal cash tin with a posting slit in the lid. Inside of the lid is a divider, so that when the money which has been placed in small canvas bags is posted it prevents anybody from attempting to put his or her hand in to snatch the bags.

The trolley is then wheeled to the cash office. The key to unlock the lid is held by the office girl and not by the persons involved in the pick-up.

The cash pick-up trolleys have now been placed in all our stores throughout Australia. Since their introduction, there has been no further attempt to rob us during a pick-up. I am not saying it won't happen, but whereas before the robber had only to grab a bag and run he would now have to manoeuvre the trolley through the sales area and out of the store, and it would then have to be lifted into a vehicle - the whole time drawing attention to himself.

The cost of a cash pick-up trolley is minimal compared with the deterrent factor it offers.

Our stores also operate what we call a change drawer. The change drawer is situated at the front of the store and controlled by the front end service controller. This enables the service controller to provide change for the checkouts without having to make continual trips to the cash office throughout the day which would increase the danger at the cash office having to open either doors or sliding windows.

A checkout operator is responsible for the money in her register at all times and should take all precautions necessary to safeguard it. Again it comes back to training and making sure that all staff know:

1. Never to turn their backs on an open register drawer.
2. Whenever the register drawer is left unattended, the power should be turned off and the drawer locked into place.

Checkers, when doing their training, should also be instructed in the activities that some so-called customers will undertake to confuse them to make a monetary gain. These types of people are commonly referred to as 'short change artists'.

In order for a short change artist to be effective he or she must either confuse the checker during a cash transaction or claim he or she was short-changed on an order. The checker should be instructed that, if at any time during a cash transaction they feel the customer

is trying to confuse them, they should stop, close off the drawer and call management. If a customer reports to a checker that they have been short-changed, the checker should never just give the customer the money. The checker should call for management's help and allow the manager to handle the situation.

If a manager receives a call concerning the above, he should either audit the till and if found to be over refund the money to the customer, or take the customer's telephone number and inform the customer that, after the audit has been performed in the evening and if the register is found to be over, the customer will be contacted.

There are several ploys a short change artist can use and these people are artists as they are very skilful in confusing staff.

The most common one used is where a customer will approach a checker with a ten dollar note and buy something for under a dollar. The customer will hand the checker the ten dollar note, who will then start to give the customer back the change, coins first. As soon as the customer receives the coins, the customer will turn and go to walk off. The checker will call the customer back saying 'you've forgotten the rest of your change'. The customer will then look confused as she is handed her nine dollars.

Now, when the customer has the nine dollars in her hand, she will say 'look, I'm sorry but I didn't mean to give you a ten dollar note, I really didn't want to break it. Can I please have it back and I'll give you a five and five ones for it?'

The object is to get the ten dollar note back - so the customer will ask for it. The checker gives the customer the ten dollar note and then the customer hands the checker the nine dollars she is holding and will ask the checker to count it to make sure it is right. The checker then counts the nine dollars and tells the customer that it is one dollar short. The customer will have another dollar note available.

Now the customer has eleven dollars and the checker has nine. The checker will again ask for one dollar and the customer will say - 'I'll tell you what, you've got nine and I have eleven more. Eleven and nine make twenty' - so the customer then hands the eleven dollars to the checker and the checker hands the customer a twenty dollar bill and the customer turns and leaves.

If all that sounds confusing, that is exactly what it is meant to do!!

A short change artist will make sure they pick the right sales assistant - usually they are the younger and more friendly ones. Generally, the friendlier she is, the more gullible she is. This sort of theft can be curtailed if policy is followed and staff receive the appropriate training necessary to make them aware of the pitfalls that could occur in relation to their job function.

In most cases the most vulnerable area in the store would be the cash office, due to the fact that this is where the largest concentration of cash is most likely to be held.

The location of the cash office is most important and considerable thought should be given to where it should be placed. You can not lay down strict guidelines in this area, as it depends on the building structure, type of operation of the store concerned and availability of space. In some cases it might be advantageous to have the cash office in the open, viewed by the public. In other cases more suitable to have it out of sight. The main points to consider in deciding where to place the cash office are:

1. The distance the money has to be carried from the pick-up point.
2. Not to place the office near either the front or back entrances or fire doors which would offer means of escape for robbers.
3. Also, thought must be given as to whether the floor will take the weight of a safe which it is intended to use.
4. The cash office should not be overlooked from another building, but, if this is unavoidable, then windows should be blacked out. When a new building is being erected it is advisable that the architects, when drawing the plans, consult with a truly professional security advisor as to the placement of the cash office so that it serves the requirements of the store's operation and provides the maximum protection.

The door to the cash office should be constructed of solid timber and fitted with suitable automatic locking devices. It should also be fitted with either an observation window or spy lens. It is also suggested that the door contain a slot with a hinged door which would enable register drawers to be passed in and out without the main door being opened.

When a company moves into old existing premises steps should be taken to upgrade the cash office. Where it once may have provided adequate security, it does not mean to say that it is still satisfactory.

Again, because of the high risk factor, professional advice should be obtained whenever making the decisions relating to placement or upgrading of cash offices.

On one occasion last year staff at one of our older stores were held up by three armed men late at night. Entry to the cash office on this occasion was gained by first having to go through the operations office, the door of which was locked. The first the two office girls knew about anything being wrong was when one of the bandits physically

smashed his way into the operations room and demanded the office door be opened. When the terrified girl opened the cash office she was made to lie face down on the floor on top of the broken glass.

The structure of the cash office in this case certainly was not such as to withstand the force and violence used by the three very determined criminals. So it is important that companies in older premises upgrade the security of the cash office to prevent this type of forced entry.

When making a decision to purchase a safe consideration must be given to the type of safe that would best suit the requirement for the use that is intended, and secondly to ensuring that the safe chosen has the appropriate grading for the amount of cash it is expected to hold.

To counter the professional criminal's constant borrowing from modern technology to update his skills, safe manufacturers are having to continually try to keep one step ahead. Too often we hear of cases where, because of cost saving, smaller companies and business are buying secondhand safes - some as old as eighty years which offer practically no protection whatsoever. The persons who buy this type of secondhand safe are only fooling themselves and could have saved the money they spent on the safe by simply using a filing cabinet, because that is about all the protection some of the safes would offer. When buying a safe it is advisable to deal with a reputable safe company who can offer the expertise to assist in making the decision as to the type of safe one should purchase.

In the operation of our company, each store has two safes. The first is a large safe which is referred to as the working safe. It is used for the day-to-day operations of the store. The safe was manufactured to our specifications.

After the safe has been opened by the store manager in the morning, (this safe incidently has a combination lock), the office girl is then responsible for the safe and its contents. The safe, when not in use, is kept locked at all times.

Because it would be impractical to call the store manager each time the safe is required to be opened, the safe is also fitted with a key lock as well as the combination lock. The girls are instructed that the safe keys are to be kept on their person at all times.

The second safe is what is referred to as a two-key safe. The two-key safe is one manufactured to provide maximum security for large sums of cash on premises and to remove the personal and cash risk in transporting the money to banks.

The two-key safes are operated by two of the larger armoured-car cash-carrying companies in Australia.

The safes are fitted with two doors. The first door, which is combination controlled, allows access to the slot through which cash

takings are deposited and also to the second inner door. The combination to the outer door is held only by the client. The second door is controlled by two keys, both of which are necessary to open the door. One of the keys is held by the client and the second key is held by the armoured-car company who produce the key at collection time. The only time the safe can be opened is in the presence of armed security officers.

The actual clearance time is kept to a minimum by placing the money, prior to posting, in plastic envelopes. This allows the cash to be removed and off the premises in the minimum of time. After the cash office receives the money from the registers it is counted without delay and deposited in the two-key safe. This minimises the amount of money available in the event of a hold-up.

Recently in Victoria during an armed hold-up all one robber kept saying was 'We want the heavy stuff', 'We want the heavy stuff'. We can assume only that what he was referring to was what was in the two-key safe. A significant benefit in using the two-key safe is that the security company providing the safe carries the insurance for the contents against armed hold-up of burglary.

A large number of successful hold-ups occur off the premises whilst money is being transported to and from banks. This exposes store personnel to considerable risk, but making use of an armoured-car company reduces the personal threat to employees.

Again it is important that companies have policies in regard to all facets of the cash office operation. Some of our policies are:

1. For each outside person that is admitted into a cash office there has to be one employee. For example, if two armoured-car escorts enter the cash office, there must be two staff members.
2. All monies coming into the store, for example - change, etc., must be counted before being signed for and then placed in the safe.
3. The number of persons knowing the safe combination should be kept to an absolute minimum.

With a company as large as ours there are always continual management changes for one reason or another, and it is important that when these changes occur the safe combination is changed, not only for security reasons but, if for some reason or another the police have to be called over money missing, the first thing they want to know is how many people know the combination. If your answer is half a dozen or so, they are not very pleased.

The cash office must be restricted to as few authorized employees as practical.

In the event of an armed hold-up the safety of the employees and customers is paramount. No resistance in any form should be offered.

The employees involved in the hold-up should attempt to retain their composure and remember as many of the characteristics of the armed person or persons as possible. As soon as the robbers have left the store the employee must notify management of what has happened.

All characteristics should then be written down and a complete report given to police upon request. Under no circumstances should an employee discuss the physical description of the thief with any other employee or customer until the report has been discussed with the police.

If possible, the manner and direction of the armed robbers escape should be noted, including car registration number, etc.

LOSS PREVENTION THROUGH MANAGEMENT INVOLVEMENT

R.J. Brown

INTRODUCTION

I would like to say at the outset of this session that it seems to me the security/loss prevention profession is probably one of the only areas in today's commercial market you can say is in a prime growth industry. It is not the most progressive climate at the moment for businesses and retailers; however, internationally, the security/loss prevention business is growing dramatically, particularly in the United States. Development, here in Australia, is only beginning. I believe we should be looking forward. Legislative and academic systems do not move quickly. However, we should be preparing to prevent future problems from occurring rather than waiting until we are confronted with issues we have not anticipated. There is a need for professionalism and controls throughout the security industry, for example, W.A. and V.S.I. proposals.

In most larger retail and industrial concerns, to cope with this broad spectrum of security/loss prevention there is a security manager or some person who has been allocated the responsibility of security or loss prevention. Smaller retailers and businesses are not in the position where they can afford to employ someone specifically for this purpose.

Therefore the community plays an important role in providing concepts of security that can be of use both to the people who do not have direct access to advice and also to other professionals or to other business people to provide them with an additional point of view. This role is in the hands of the police, research groups and organisations, associations such as the Retail Traders' Association, but needs to be developed further.

There is a loss problem inherent in business. We all suffer from shrinkage in all of its devious forms, criminal and other. I am sure that many people in business either do not know, will not believe or are not able to assess the level of loss and simply accept a shrinkage factor as a cost of running the business. This acceptance is inevitable when the vast majority of people affected have nothing firm to reach out to for positive direction.

Stock protection, loss prevention, physical security of premises, protection against armed robbery, bomb threats, protection of people - whether they be staff or customers, security of transport, security of warehouses, are to name but a few of the areas requiring research and on-going attention by groups such as is gathered here today.

Let us briefly look at some of the support systems retailers can obtain on the commercial security market. I must add that one must be wary of the use of these support systems as they are mostly provided by salesmen who are mainly concerned with making profits for their

employers. However, I will briefly mention the types of equipment that I consider to be of value in a retail environment.

Signs - Simple, eye-grabbing signs warning against stealing, I believe, are effective; signs in the areas of high cost merchandise, for example 'This area is monitored by closed circuit TV', or, 'This area is monitored by electronic security'.

Closed Circuit TV - The use of small mini-systems with a monitor located in departments is a deterrent, a benefit to staff and relatively inexpensive.

Locked showcases and locked reserves are essential.

The use of convex mirrors - in some areas they tend to detract from the decor. However, they can be an effective deterrent and they can be a staff aid in a low staff area - again, not expensive.

The use of electronic loop alarms with pressure pads or adhesive pads are useful in some areas such as video cassette recorders, radios, TVs, items which are difficult to attach with chains.

Electronic article surveillance which is developing further in Australia now - two years ago there were perhaps two major companies on the market. Now where there are five or six. It is an extremely expensive but effective deterrent. I must say that it has an inherent problem of customer complaint. I believe it is designed ideally for a boutique situation.

I believe in the use of uniformed staff in public areas during special periods, such as school holidays in the toy department, not in any aggressive or offensive way, but in an overt prevention, deterrent way where they make themselves obvious and show people that you are aware of the risk that is involved in the area and that you are prepared to do something about it.

Properly trained uniformed staff can be an asset to a retail environment by providing advice and service to customers and an overt security presence.

All these measures are useless unless staff understand exactly why we have such equipment and how to use them and what the meaning of loss is. The transmission of this knowledge is a requirement of management.

An interesting counter-argument to these statements regarding the use of equipment has been raised by criminal psychologists; that the use of these measures is in fact encouraging people to beat the system and thus adds to the problem rather than reducing it.

A factor common to the research reports I have read which should be stated is that smaller businesses tend to have a lower shrinkage factor than larger ones. Here, again, a comment directed at management.

Shrinkage, in addition to shoplifting, includes of course theft from whatever means, whether it be from transport, backdoor, internal - it includes loss damage, error, incorrect markdowns, unrecorded markdowns and all of the many other reasons that we are aware of which create inventory shortages between 0.5 per cent and 6.0 per cent. Here, we are discussing retail crime constituting 60 per cent of shrinkage (for the sake of discussion).

Whatever the real figure is, in today's financial climate prevention of loss by theft or shrinkage is one sure way of generating some gross and nett profit that previously was not there. Market share is extremely competitive, and a secure business will be better able to ride the storms of the next few economic years.

We can also be assured that if a business is presently open to attack and has a low level of protection against any type of loss, if it is recognised as an easy mark, its popularity in that area will grow; it certainly will not decline.

LOSS PREVENTION - BENEFITS, PAST, FUTURE

Historically, retail security has been principally based on the concept of attacking the shoplifting threat. Companies employ a security manager who has established a small force of store detectives, and the majority of their time is spent walking the selling areas in their respective business houses looking for shoplifters.

I do not decry this aspect of retail security; my own staff around Victoria and Tasmania in a twelve month period ending September 1982 detected 2,881 shoplifters and recovered \$223,532 worth of stock.

To my mind it is an essential role and the community should be aware that retailers are taking action against shoplifters. Shoplifting is in fact a major social problem, and I believe it is a major crime problem although some scribes and academics do not seem to subscribe to that belief.

In considering the advantages of store detectives two questions should be asked. Firstly, is such an operation cost-effective; and secondly is an anti-shoplifting team of store detectives adequate security in a retail environment. My answer to both of these questions is, 'No'.

If we took the issue no further than that our action would possibly be that of a number of companies who have made the choice to reduce their known expense budgets by closing down their security departments or reducing them to a token force which is possibly even less effective than the one they previously had.

My suggestion to you is that a much deeper concept of retail security needs to be developed by company management at the most senior level in order to achieve maximum benefit at a sensible cost and realistically related to community standards.

Before developing this theme further, I would like to quote to you four laws of loss prevention which were derived by Saul Astor, Author and Consultant in the area of Loss Prevention Controls and Concepts.

Astor's first law of loss prevention is that 'shortages inevitably arise to the level of their budget'.

Executives budget for the rise. Instead of budgeting for loss-prevention they budget for shortages and they get what they budget for.

Astor's second law states, '... in loss prevention the improbable being ignored becomes probable'.

In our professions we so often have seen the frequency with which companies suffer shortages through recognised avenues of loss. How often have we heard the comment, 'I would never have believed that ... not good old John', the person you have known for twenty years and has never, ever been the subject of any suspicion whatsoever.

Astor's third law is that 'a person's opportunity to steal varies directly with his apparent trustworthiness'.

And the fourth is that, 'effective loss prevention is always preceded by extensive losses'.

Those four laws, cynical but true statements, are in my opinion a base that has to be realistically adopted if loss prevention and security is to be successfully developed. I also believe they paraphrase a historical criticism of management attitudes to loss and security.

Far too often the responsibility for security is delegated down to a middle level manager, personnel officer or similar as a secondary task.

Accordingly, that is what it becomes - a secondary priority. The manager or person responsible deals with the function in that way and the company sees it in that light.

Reports, recommendations and requests are considered and dealt with in the first instance at a level which probably requires further referral for decision-making.

Confidentiality is at a greater risk the further down the management scale the reporting function is located.

Accuracy of information to senior management is subject to distortion and perhaps suppression, dependent upon the channels through which it needs to travel.

My experience is, in discussion with security managers who do report down the management ladder, they do in fact suffer from these problems and the inevitable frustration that accompanies them.

This, in turn, results in a negative attitude, lack of trust by security, the 'us and them' syndrome and a reduction in effectiveness.

At the same time, senior management does not really know and understand the security function. Accordingly, they cannot utilise the function to its maximum capability. Management needs to be trained and developed to see the benefits of loss prevention; security and loss prevention personnel need to be trained in management understanding and applications of management and training techniques towards loss prevention.

Words such as 'accountability' and 'responsibility' need to be used and made to work. Emphasis on training and advice, small as it is, has been directed at new staff, junior staff but what about the managers. The impact has been on what people do and what they should not do, not on what they should do and why.

If the chief executive, whether he be the managing director or the general manager, decides on a commitment to security/loss prevention as a major company policy, he should also accept direct responsibility and have the functionals reporting direct to him.

The security/loss prevention role should be seen as apolitical, not part of any particular department or function, and should be free to move throughout the company and deal directly with functional heads and all other levels, maintaining a strict accountability for methods to the chief executive.

I do not suggest that the security/loss prevention function has 'chief executive' explicit or implied authority in matters or areas other than security; merely the right to access all departments at a senior level and the ability to report on problems or security issues directly to people who can make decisions and who have the ultimate accountability for the functioning of the company.

This same principle applies, I believe, to internal audit which should be a separate function but which must work closely with security to monitor, supervise, revise internal controls and provide functional heads with advice and direction where it is required.

I have heard figures quoted to say that shrinkage is 25 per cent shoplifting, 25 per cent backdoor losses and 50 per cent internal loss. I have yet to see these figures substantiated by factual evidence or accurate survey from anywhere in the world.

They are continually quoted however. These percentages, I believe, differ with the type of environment, for example department stores, I believe, would suffer a higher level of shoplifting than, say, K-Mart.

I myself have been guilty of using these percentages even in this presentation as a rule-of-thumb analysis of where problems lie, but the further I have become involved in retail security and loss prevention I am inclined to believe that to use such figures is a

trap and can narrow one's perspective in planning to prevent loss overall. My point here is that I believe it is dangerous to bandy statistics around. The overall problem needs to be tackled as one.

Companies who have accurate systems and figures who can identify a shrinkage factor and where it is occurring know what percentage of turnover they have to tackle and in which departments they need to concentrate.

Those who do not have such facilities must assume that they are within the range I have mentioned - between 0.5 per cent and 6.0 per cent and the less attention they pay to security and controls the higher that percentage will be. They must take action in all directions and not where they 'think' their problem exists.

If you have a committed chief executive and senior management group supported and advised by appropriate expertise the company has established the basis of a good housekeeping committee, the nucleus of a risk assessment and risk management function.

ATTITUDES

Let us talk about attitudes for a minute.

Internal losses are generally considered by all of the experts whom I have ever heard or read to be the largest area of shrinkage. The potential for error, wastage, damage, loss, markdowns, incorrect paperwork - the human element - Murphy's law. I am sure that all of you present have heard of Murphy who coined the saying 'If anything can go wrong, it will'. His is the sort of principle we have to believe in and plan against. I might add Brown's law - that Murphy was an optimist.

I will refrain from discussing the aspects of shrinkage just mentioned apart from, again stressing, there is a need for management accountability and commitment. What must be faced is the distasteful fact that retailers suffer from internal criminal activities of all kinds.

There is no reason why we should not - employees, managers are all people, shoplifters are people, those who commit crimes are people - the fact that they are people does not mitigate the offences they commit. Procedures for dealing with these offences may be altered and amended but the offences do not change. They are criminal offences.

Some brief examples of the internal risks which are prevalent are:

- . discounting for friends or relatives;
- . special deals;
- . swapping between departments;
- . abuse of discount privileges;
- . cash thefts from registers;
- . stock thefts;
- . equipment thefts;
- . deliberate damage to stock to obtain markdowns in prices;
- . as many methods as the human mind can formulate.

There is a social attitude towards shoplifting or what is called 'petty' theft, which is virtually one of acceptance. It is not hard for people to rationalise a bargain purchase of stolen goods, kick-backs, an error in their favour, forgetting to pay for something and walking out, padding their expense accounts, and so on. Shoplifting and theft from employers is not hard to justify in a lot of people's minds.

Employee theft can be rationalised quite easily - the company can afford it, the employee didn't get paid overtime last week, he did not get the Christmas bonus he expected, considered he deserved a raise and did not get it, the company would not miss it.

With this sort of rationalisation existing in the minds of a fair percentage of the population it is very difficult in some cases to justify the action of apprehending and placing these people before the courts.

There are some very strong influences in the community talking of decriminalising shoplifting. There needs to be some serious examinations and meditations in this area.

Public and private rationalising has been the case in many instances, and I am sure you are all aware of them, where people have detected internal problems, internal thefts, and for the sake of the business, for the sake of reputation, for the sake of personal pride, whatever it may have been, they have been given a golden handshake, patted on the back and then passed onto the next employer who will suffer perhaps the same problem.

In many cases employers are proud of their selection ability. If an employee steals and fails, they do not like to have it publicised.

The reflection is on them and not on the offender.

We take a person into our family, teach him to work a cash register and put him into a virtual 'Alladin's cave' and then expect that the human element will not take over.

We lead people into temptation - it is not the thief, it is the retailer's fault.

I realise there has been investigation and discussion by criminologists the world over into these aspects of theft. There is agreement and there is disagreement. As social change takes place, we, as people in business and executives responsible for the security of our business and for loss prevention, will need to assess and adjust with it. I hope there is discussion on these issues by qualified experts at this conference and afterwards.

I think as people and management responsible for security and loss prevention we have to be aware of changes in community attitudes; we have to be aware that some of the blame might be reflected back on the business houses, on the people who openly display merchandise in inviting ways so that people are, in fact, being invited to steal.

It was in fact recently stated in a news analysis of a shoplifting problem - 'If you can not steal it, you can not sell it'.

For the purpose of my discussion paper there must be an aim for a climate of honesty to exist. In our society I wonder if this is realistic, but everything I have said and put to you so far I have found over my twenty years in dealing with law breakers. Apart from the small percentage of professionals, the vast majority of people prefer to be honest once they learn and understand where the border of honesty is - internally and externally, in private and public management.

Inevitably, the answer by people detected for the first time committing an offence centres around:

- (a) they did not know why;
- (b) it was easy the first time and they kept doing it;
- (c) they did not need to steal, they could afford to pay for the goods; and
- (d) they did not know that the luck they had been getting was against the law.

Average, everyday people who slipped up. Police statistics indicate that the majority of these people who are first offenders do not reappear again.

The damage they have caused prior to being caught is rarely mentioned. The effects of that damage is forgotten.

OBJECTIVES

I would like to put to you eight management objectives to be met to achieve a cost-effective security blanket. I must stress that they are NOT FAIL SAFE. The objectives are:

1. Management must accept an accountability to supervise and control their operations better.
2. There must be an awareness, at all levels of the company of the effects of loss on the annual results and the future development and growth of the business.
3. There must be a mutual commitment by security, internal audit and people at all levels of the company to work together constructively to reduce loss, achievable by honest communication and training.
4. These human elements must be supported by efficient and cost-effective systems, equipment and insurance assessed against potential risks with proper education as to their use.
5. Create staff involvement and awareness.
6. Develop training and professionalism in the security/loss prevention function itself. Teach personnel the other side of the business - selling, managing - and develop mutual understanding.
7. Concentrate on maximum effort through the management stream on internal controls, strict policies and strict accountability for performance to ensure that stock controls and records are being maintained as they should be.
8. Develop a constructive and thorough internal audit to monitor the internal controls.

Onto this can be built the security gimmickery. I do not use the term in a derogatory way but, as I stated earlier, electronic article surveillance systems, closed circuit TVs, signs, locks, secure show-cases are only as good as the staff who have to work with them.

If staff do not understand the systems, how to use them, why to use them, and accept them, you might as well not have them.

I have talked of commitment, training, awareness at all levels of the business which are essential constituents of the security/loss prevention function.

The selling staff must be trained and developed by their managers to believe in loss prevention and protection of their stock.

The internal risk can be reduced by systems controls, management and disciplines.

I must say that the best single anti-theft device known is an aware, conscientious and observant shop assistant who approaches her customers. This asset can only be achieved if management believes in that person and encourages and develops him or her.

Shoplifters and thieves generally do not like attention. As I have raised the issue of slack systems and management, so it applies on the selling floor too.

Where service, supervision and management levels are low, risk is high.

LOSS PREVENTION - A CORPORATE VIEWPOINT

V.J. Techritz

'The primary responsibility for doing something about the present levels of occupational accidents and disease lies with those who create the risks and who work with them' - Robens Report, United Kingdom 1972.

A good report in that it levels responsibilities both on the master and the servant. Reference to Smith's 'Law of Master and Servant' expands this dicta:

'The master is also under a duty of seeing that conditions of the work where he employs his servant are reasonably suitable and safe for the purpose for which the work is used' (page 157, 7th edition).

- . Meaning the employer has a primary responsibility
- . On the other hand 'it is the duty of the servant to exercise reasonable care in doing his work, and failure to exercise such a care will be negligence on his part' (page 162, 7th edition).

Today one of the main concerns of management is to maintain a satisfactory level of profits or return on invested capital.

In the present environment the days of high profits appear to be over for most companies and service costs to the community are forcing our taxes up to unprecedented levels.

Insurance premiums are dramatically increasing along with ever greater 'social' legislations initiated by governments with socialist doctrine.

Awards governing terms and conditions of employment now interpret sick leave not as a privilege extended by employers to those of their workforce stricken by some illness but as a right to be taken when ill or not. Two to three days without a doctor's certificate, ten days sick leave per year.

Award sick leave provisions backed up by sections of the medical profession, who must interpret award sick leave visitations as an income producing function and not as a benefit for those genuinely ill, incur an ever increasing burden on business costs.

During 1970 the University of Queensland published a research paper which in part talked of 'The Great Australian Sickness', not strikes and stoppages but the 'Sickie'.

Data collected suggested that during the early part of the decade 'sickies' accounted for man-days lost in a proportion of three to one to stoppages due to industrial action.

A quick reference to the Australian Bureau of Statistics indicate that for the year 1981 industrial man-days lost due to strikes and stoppages amounted to 4,192 for an estimated wages loss of \$221,779,000.

Obviously the sum of money that could be attributed to the 'sickie' both then and now is enormous.

It is an indictment on ourselves that we have tolerated these enormous losses for so long. I am sure many chief accountants would not have a clue as to the extent of incurred loss or preventable loss in the business under their control.

Many of these losses go entirely unrecognized and are built into budgets because of inefficient practices which have been allowed to build up over a period of time. As they are acceptable budget expenditures, it is very unusual for such losses to be picked up by audit perusals.

There are signs today that 'safety', 'work injuries', call it what you may, are emerging in the spot-light of political and union campaigns.

The Leader of the Federal Opposition, Mr Hayden, said -

'In Victoria in 1981, there was introduced a Bill 'The Industrial Safety and Health and Welfare Bill 1981' - and the Williams Report in New South Wales recommended changes that will effect the manufacturers and suppliers of goods'.

With the change of Government in Victoria it will now undoubtedly expand the Bill if it has not done so already to embrace recommendations made by the Trades and Labour Council.

The New South Wales Government recently announced formation of a tripartite committee to draft occupational health and safety legislation based on the Williams Report.

These proposed Bills will impose a clear duty of care on the manufacturer, supplier, designer, and installer of equipment and substances to protect those who may be asked to operate them or work in close proximity to them. Additionally, these Bills stipulate the requirements for operation of safety committees which include representatives of management and unions.

The unions through the Trades and Labour Councils of New South Wales and Victoria have established occupational health and welfare units. To date, units in different States seem to have concentrated on different aspects of safety and health - Victoria on toxicology,

New South Wales on 'effect of occupational stress'.

The more militant or left wing unions are very active in the area of occupational health and safety. For instance the A.M.W.S.U. has two full-time research officers concentrating in this area.

Similarly the Builders' Labourers Federation for some time has had a 'site safety officer' on most major building projects. Sometimes these officers' motives may be questionable as to who is the site stirrer against who is the site safety officer, but nevertheless the union certainly has a concern for the safety of its members.

By contrast the Miscellaneous Workers' Union has on a number of occasions called in an independent consultant to evaluate and advise on specific problem areas.

The Trade Union Training Authority (T.U.T.A.) runs ongoing training courses and seminars on occupational health and safety. All courses and seminars are closed, and are aimed at educating delegates, stewards and/or organisers. These courses are of particular importance when considered with the regulations relating to safety committees.

Over the years companies have developed traditional ways of managing business, of managing risk, of cost control, and loss prevention.

Unfortunately these traditional ways and methods are not coping with the requirements of today's workforce. Modern technology has moved ahead in leaps and bounds but in many companies the way we manage our people has stood still in all but the most enlightened companies.

Traditionally, from a corporate view point, we continue to look at very small percentage of loss areas in our business, ignoring the fact whether or not there is a common denominator to our losses.

Until robots take over the work of humans to my mind people are the common denominator in business gain or business loss.

Companies are made up of people whose actions or lack of actions often dictate profit or loss. A primary mistake in many instances is not ensuring that we have the very best people to suit our needs.

Good people selection and placement is vital to the future of any business. It is the basic element which contributes to the success or otherwise of the enterprise.

It makes good sense that we should not stint in those areas in order to select only the best possible people.

Surely this must be the first step towards any loss minimization.

Turning towards my own company, Woolworths, some three years ago our level of safety performance had plateaued after a major thrust for improvement during the mid 1970s.

As a first step the company commissioned a loss control consultant, F.E. Davis, to conduct an audit report.

The scope of the Report:

'To survey and report on the company's accident prevention programme and recommend further developments which would reduce the risk through accidents, and which would enable Woolworths Limited to consider the feasibility of applying for self insurance cover in workers compensation in those States which allow self cover'.

The scope of the survey was confined to all aspects of employee and customer safety, fire prevention and control, and employee absenteeism.

The result was surprising in many ways. Probably the most important finding was that:

'Safety and loss control must be shown to be a vitally important part of the company's operations, and not just an appendage to normal operations.....'

Other areas needing attention were:

- . Reporting procedures
- . Better accident investigation
- . Establishment of safety committees
- . A programme to eradicate hazards
- . Staff to play a more active part in any safety programme
- . The public liability claim could be substantially reduced.

The programme got under way during 1980. A new theorem developed in:

'The belief that a new enlightened system will necessarily stir an organisation to action is one of mankind's oldest illusions (apologies to Andrew Hacker 'The End Of An American Era').

A further quote from Machiavelli on innovators:

'It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new system. For the initiator has the enmity of all who would profit by the preservation of the old institutions and merely lukewarm defenders in those who would gain by the new ones'.

This has a corollary, 'Friends may come and go but enemies accumulate.'

Now some two years past the Davis Report there operates in our company today a system which, provided it is properly serviced by manpower with the necessary skills and expertise along with budgetary backing, will continue to improve the overall company performance in the areas of safety, health and welfare losses which in turn must make it a better place for our employees to work.

From a corporate view point a suitable objective or goal could be thus defined:

'To bring about the necessary awareness, motivation and capability to achieve the objective, cost-effectiveness, in the shortest possible time but also on a permanent basis by means of educating and training personnel in proven techniques suitable or adapted for the operation concerned'.

Such a goal is a suitable starting point for any organisation embarking upon a programme of improving loss-control performance.

TRAINING SECURITY STAFF

R. Venz

Are the methods of the present adequate to meet the needs of training security officers for the eighties?

Before responding to this query there are a number of basic questions which are likely to arise before we attempt to consider the future:

- . Do we need to train and/or develop our officers?
- . What are the alternatives to this undertaking?
- . Why should we train?
- . Whose responsibility is it to look after training?
- . How should we organise it?
- . How do we do it?

Traditionally, our training objectives have focused on developing 'thief catchers'. Our personnel are trained to look after only the shop-stealing side of our business. Regrettably in many instances this narrow approach overlooks individual differences and excludes many additional skills and abilities possessed by our security personnel. In a sense 'potential' like the jungle remains undeveloped and it is reasonable to argue that this deficiency is created largely by our failure to answer basic questions such as those just posed.

An important pre-requisite to the success of our training objectives is the recruitment, selection and induction of our security personnel.

Without exception in Queensland we opt for an external programme of recruitment. The choice of media usually falls to a major daily - The Courier Mail. The advertisement tends to be simple and is written up from a profile of the sort of person we seek to recruit. Written applications are an essential requirement.

For example let us consider:

(See page 126)

PERSONAL PROFILE1. Personal Data

- (a) Age 30-45 years
- (b) Home circumstances Preferably married
Spouse possesses secure job
No pre-school children
Geographic relevance

2. Physical

Good health
No evidence of arthritic or
varicose tendencies
Good visual acuity/No colour
blindness

3. Education

- (a) Essential Secondary - High or Public School
(Base Junior Certificate in
Education or Grade 10)
- (b) Desirable Secondary - Senior Public or Grade
12. Sub-Tertiary qualifications
in Communications etc.

4. Mental Requirements

Intelligent (I.S.D. Above Av. IQ
(112-115)
Clear and fast thinking
Analytical
Investigatory
Open - minded

5. Character Traits

- Integrity
Tending Toward Extraversion
(outgoing)
Will to Work - Self Starter
Ability to get on with all types
of people
- (a) Appearance Presentable, acceptable to most
people
Neat and unobtrusive in dress.

Advertising usually pulls between 35 and 100 responses, many of whom choose to overlook the 'inbuilt' criteria.

Applications are then sorted and graded and a short list of ten established. Interviews are then conducted and personnel appointed.

On appointment a programme and schedule of induction is drawn up. The first two days are seen as an introduction to the Company. This

responsibility is shared by the Security Manager and his Supervisor.

The new security officer is then acquainted in detail with the requirements of her job (that is, training) so that proficiency is reached in the shortest possible time.

In our experience it takes eight weeks (part-time) that is 24 hours per week to prepare the new appointee for her role. This preparation commences with her being rostered with each of the experienced security officers working the metropolitan area.

The theoretical training is regarded as the formal training and it consists of a Security Officers' Manual, the content of which includes such topics as:

- . The security officer
- . The work of a security officer
- . Dress
- . Dealing with the offender
- . Working with the staff
- . Police involvement
- . Offenders detected cards
- . Thefts and frauds defined
- . Attempted offences
- . Other offences
- . Evidence
- . Statements
- . Court procedure
- . Staff theft
- . Accomplices

She is also provided with a reading package. This consists of various notes and seminar material of importance to her job and relevant to sections of the Criminal Code of Queensland.

The practical training is regarded as providing the essential base skills of the job. The new appointee acquires skills in -

- . Detection, Apprehending and Interrogation of Offenders
- . Preparation of Statements
- . Court Appearances and Presentation

- . In-Company Procedures - Concealment Tests
 - Refund Audits
 - House Parcel Checks
 - Staff Talks
 - Fitting Room Training
 - Colour Code Procedure
 - Security Help Call

This training is designed to promote confidence in the new appointee, both in her own ability to perform the job and in the Company in general.

In order to reinforce this new learning the security officer-in-training is asked to make her first actual apprehension. This usually occurs about half way through training. At the conclusion of her programme of training she then takes her place on the regional roster.

For the next four months her service is regarded as probationary. This is a time for reassurance, performance assessment and a growing sense of achievement. In our experience (and we have been unsuccessful on only one occasion in eight years) the employee is soon performing in a manner that pleases management.

Why train?

Why train at all? Why not limit recruitment to experienced personnel from within the industry?

There are many good reasons why we should train. For me those which have the greatest impact are:

- . Growing educational standards within society (the community)
- . Rapid technological change - work process
 - security protection
- . Need to maintain the organisational flexibility
- . Individual's mobility - 'The World is a Small Place'
- . Need to appreciate attitudinal changes within society
- . Counselling - Juvenile Offenders : Prevention
- . Preparation and development of officers for the future
- . Develops a standard approach - Procedures: Investigations: Surveillance

The principal objective of training and development programmes is improvement in organisational performance and you and I have a vested interest in the outcome of such activities. No reminder is needed of the penalties associated with jobs not so well done by poorly trained security personnel. Nor can we afford to lock ourselves in the present and allow concentration on current needs to blind us to future requirements.

The continuing education of our personnel should never be resented when it intrudes on our work time, for we are charged with or ought to be charged with the determination of training needs, designing training courses, implementing training and development and keeping abreast of change as we move through the 'eighties'.

The centralisation of training with the participation of line management is favoured as the most appropriate way for my organisation to fulfil the responsibilities outlined above.

Some advantages are:

- . It develops the use of standard work procedures
- . It enables participants to be taken out of their work environment
- . It enables 'cross-fertilization' to take place among prevailing ideas - a variety of experience
- . It enables the infusion of the specialist into course programmes:
 Legal : Psychological : Financial : Law Enforcement
 etc
- . It reduces course time
- . It lends itself to 'cost-effectiveness'.

Into this centralised environment we try to integrate three concepts which are distinct and separate yet paradoxically part of the whole. They are needs for remedial, refresher and development training. Remedial training is undertaken as a result of assessment and is designed to strengthen personal weaknesses. Examples may include statement preparation and evidence presentation.

Refresher training is undertaken to update security personnel with specific information, policy and procedures and skills not regularly used. This often includes changes to the criminal code and company policy.

Developmental training aims at imparting skills, attitudes or knowledge if security personnel are to contribute further to company goals as well as their own personal growth.

We provided earlier in this talk a number of headlines identifying areas where practical training is focused. It will be helpful if

we now elaborate on those aspects of company procedures.

Concealment Tests Of Security Officers - Security officers prepare stock in deceptive ways by concealing additional items in it or with it in order to make checkout operators aware of shop-stealing techniques and methods. Normally the operators are given a time frame in which to identify the additional merchandise or highlight any discrepancies.

Details of the operator's results are recorded in a test's register. The tests are usually carried out on a monthly basis.

Refund Audits - Audits are carried out to establish the presence of fraud in the company's refund procedure. Refund dockets above \$20 are checked, and, in cases where no docket is produced and the customer's name, address, postcode etc. keep appearing, a special monitor of hand writing is instituted, and often reveals several aliases which indicate fraud, and an officer complaint is lodged with the police department for investigation.

House Parcel Checks (Staff) - The security officer in the company of a member of management undertake a check of all staff purchases. These are checked to see they have an appropriate seal, content agrees with the cash register docket and appropriate discount has been given.

Staff Talks - Security officers are rostered to give talks to all staff. These talks are designed to educate staff in the ways and methods of 'shop-stealers'. During the talk practical demonstrations highlight how offences are committed. The best ways in which to assist in a successful apprehension of the offender are then discussed.

Fitting Room Training - Special classes are conducted for personnel who 'man' store fitting rooms. The object of this training is to ensure the understanding of the 'token system' and reinforce the importance of this system, bearing in mind that fitting rooms are a recognised haven for the active shop-stealer.

Colour Code Procedure - This is a non-verbal method of communication between security officer and register operators. Briefly the system uses colours which are interpreted as:

- . stop and search shopping bag thoroughly
- . apprehension imminent
- . obtain code and price check

Security Help Call - A special call is placed across the P.A. system to indicate that male assistance is urgently required at the front of the store to assist with a suspected difficult apprehension.

In order to illustrate the philosophy that has just been talked about we have provided two handouts. These are booklets provided at training and development seminars held in the region. What we have endeavoured

to do in each case is to provide a planned balance - an integration of technical expertise, behavioural science, practical application, and to some lesser extent to impart professionalism. You will notice, in particular, the participation by the security officers in the seminar activities. Nothing now remains but to return to the question which introduced this paper, 'Are the methods of the present adequate to meet the needs of training security officers for the eighties?'

The answer to this question deserves serious consideration. And I would refer again to those reasons outlined earlier and expand on just one or two of them.

(a) Technological Change - Are we familiar with the technological change which is occurring or likely to occur in Australia? Is there some aspect that ought now be included in training programmes? For example - Point-of-Sale Terminals: Scanners: VDU's.

Are we familiar with relevant overseas experience and studies of technological change? Have we sought to examine or assess those mechanisms already introduced elsewhere?

Have company security policies been reviewed in the light of recently introduced new technology or planned introduction of new technology?

(b) Counselling - Counselling has been demonstrated to reduce inter-personal problems - absenteeism, accidents, labour turnover and the like.

Is there a role for the security officer to undertake with the juvenile offender? Or any offender for that matter?

If so, should we be providing the sort of training that makes their involvement effective rather than damaging, judgmental, cold and non-understanding.

The answer to our question rests with you but it is hoped these few thoughts will generate some further discussion at some later date.

CAUTIONING ELDERLY OFFENDERS

N.T. Creevey

HISTORY OF INTRODUCTION OF SYSTEM OF CAUTIONING ELDERLY OFFENDERS

Following the publication of a short article in the English Police Review of 14 November 1980, entitled 'Elderly Offenders', our Department corresponded with the Chief Constable of Police of the Hampshire Constabulary, Winchester, England and obtained a copy of that Force's Standing Orders relating to the cautioning of offenders over the age of 65 years.

The Hampshire Police introduced this new policy in November 1980 after research showed that most crimes committed in the force area by older people were for petty theft, usually from shops and stalls.

Revised procedures were drawn up after consultations with senior police officers throughout the force to enable the official police cautioning of older first offenders on the day the offence was detected.

The previous system involved unavoidable delays before a formal decision was made, and these system-induced delays lasted several weeks.

BASIS OF SYSTEM IN QUEENSLAND

- (a) The policy is a simple one. It allows police officers to deal with these minor offenders quickly and with the minimum of clerical and court work.
- (b) The procedure is aimed at assisting a small number of people who in their senior years commit what will probably be their only wrong-doing after having lived an otherwise blameless life.
- (c) Most importantly, the burden of uncertainty and anxiety is lifted from the shoulders of elderly offenders while awaiting for the outcome of their mistakes.
- (d) Consideration is given to the wishes of the owners from whom the property has been stolen and necessary consultations made with them by the police.
- (e) Police detecting aged offenders in these circumstances will continue to care for their welfare if stress on them is apparent.

- (f) Care has been taken to ensure that any caution administered is by a senior member of the force.
- (g) Although the machinery of The Criminal Code in Queensland provides for minor offences in extenuating circumstances to be dealt with without registering a conviction, the system of cautioning is in the interests of justice and the well-being of geriatric offenders.

MAIN POINTS OF THE SCHEME

Persons who are sixty-five years of age or over who commit minor criminal offences, such as petty theft, may be verbally cautioned for those offences.

The following criteria will apply -

- (a) The offender must -
 - (i) be 65 years of age or older;
 - (ii) admit the offence;
 - (iii) have no criminal record for dishonesty and no substantial record for other offences.
- (b) The property stolen should be in a fit condition to be returned to the complainant, or alternatively, the administering of a caution must be conditional that he first pays for the item taken.
- (c) There must be sufficient admissible evidence available to prove a prima facie case.
- (d) A commissioned officer will decide from the facts placed before him whether a caution will be administered or whether the offender will be prosecuted. The decision to caution is to be made on the merits of the case and the offender's antecedents, and there is to be no bargaining with the offender or complainant.
- (e) Should a complainant wish to have an offender prosecuted rather than cautioned his views will be taken into consideration, but this will not mean an automatic compliance with his views. A caution may be deferred and the matter given further consideration.
- (f) Where a commissioned officer cannot personally administer the caution he may delegate this task to a responsible officer.

(g) Cautioning -

- (i) will take place as soon as possible, preferably on the same day that the offence is detected;
- (ii) is to be considered by a commissioned officer;
- (iii) may be carried out on more than one occasion in respect of the same offender, if warranted;
- (iv) is to be counted as a 'clear up' of crime for statistical purposes. A Criminal Offence Report is to be furnished for this purpose.

STATISTICS

For the four month period 1 March 1982 to 30 June 1982, 58 elderly persons were cautioned for offences of shop stealing and petty theft. The total number of offenders dealt with for the same period for overall shop-stealing was 2,528.

Elderly offenders cautioned for shop stealing represents 2 per cent of all persons dealt with.

Persons over the age of 65 years were responsible for 3 per cent of all shop-stealing offences cleared.

CONCLUSION

Information to hand in England suggests that few will ever reoffend after being cautioned under this type of system.

Previous to the introduction of this system, many retailers dealt with elderly offenders themselves, and this resulted in offences not coming to police notice and no doubt a number of persons took advantage of the retailer's leniency.

The new procedures hopefully will lead to the majority of shop stealing offences by elderly persons being brought to police notice. This will also highlight persistent offenders so that appropriate action can be taken against them.

The Department felt that there was a need for a more compassionate approach by police officers in this area. The class of offenders these guidelines are aimed at are those who have been tempted to steal items of small value and who have been caught and faced a shattering experience in court and of carrying the stigma of a criminal conviction to their graves.

ADDENDUM

The Crown Solicitor advised in May 1981 that cautioning of elderly offenders had merit, providing that the use of the caution did not modify or change in any way the manner in which police is exercised.

Such discretion will depend on the circumstances.

He further advised that there would be some advantage in cautioning elderly offenders who it is felt are unlikely to repeat offences.

Following the advice of the Crown Solicitor it appeared that the discretion of the police not to prosecute in favour of a caution was legally in order.

The Minister for Local Government, Main Roads and Police, the Hon. R.J.Hinze, MLA, has given his approval for the scheme to operate.

CAUTIONING OF JUVENILE OFFENDERSINTRODUCTION

The Queensland Police Force was the first law enforcement agency in Australia to introduce, some years ago, a cautioning system for minor juvenile offenders.

Police officers operate on the principle that first offenders are dealt with by a police caution. However, depending on the circumstances of each particular case, cautions need not be limited to first offenders only.

The system to caution persons under seventeen years of age is aligned to the age when a person is deemed to be an adult.

MAIN POINTS OF SYSTEM

- (a) The decision to caution a young offender as distinct from court action is the responsibility of the appointed officer in charge of each police station or establishment. In Brisbane the officer in charge of the Juvenile Aid Bureau may also decide if a juvenile offender is to be cautioned.
- (b) The cautioning process with juveniles involves more than a mere reprimand, and its true purpose is achieved when a caution is accompanied by effective counselling not only of the juveniles but frequently of the parents as well.

- (c) The offending juvenile is required to attend an office of the Bureau accompanied by at least one parent.
- (d) An attempt is made to identify any problem which might exist either on a personal basis or within the family setting.
- (e) Advice is offered and where it is obvious that some further help is necessary a referral to an appropriate agency is made.
- (f) In some instances it is found that a 'follow-up' by the police officer is sufficient to rectify the problem or to provide the support which is necessary for a juvenile or a family. Frequently the initiative for the maintenance of the 'contact' is taken by the juvenile simply by calling in at an office from time to time, and this sort of contact is encouraged.
- (g) A number of juveniles are brought to notice simply as behaviour problems. These juveniles have not offended in a legalistic sense, but the assistance of the Juvenile Aid Bureau are sought by parents in providing some assistance where there have been problems in the home, even of a minor nature. This type of conduct is encouraged, and in the period 1 March 1982 to 30 June 1982 100 juveniles were spoken to.

STATISTICS

The extent to which the policy is implemented can be gauged from the results of a study undertaken in relation to the working of the Juvenile Aid Bureau for the four month period 1 March 1982 to 30 June 1982 -

- (a) 2165 juveniles came to the notice of personnel attached to the Bureau, (589 females and 1576 males) and of that number 1608 (74.3 per cent) were cautioned.
- (b) Stealing was the most frequently occurring offence involving juveniles (48.5 per cent or 1049), and at least 95 per cent of these offences can be classified as 'shop-stealing'.
- (c) The significant age groupings for all juveniles coming to notice were -

(i) 11 years	-	161 (7.4 per cent)
(ii) 12 years	-	207 (9.6 per cent)
(iii) 13 years	-	428(19.8 per cent)
(iv) 14 years	-	485(22.4 per cent)
(v) 15 years	-	441(20.4 per cent)
(vi) 16 years	-	289(13.3 per cent)

CONCLUSION

The cautioning of juvenile offenders has proved an outstanding success in that more than 80 per cent of children cautioned never come to police notice again.

ADDENDUM

The procedure of cautioning juvenile offenders evolved following information gleaned by the then Commissioner of Police, the late Mr F.E. Bischof, following an official overseas trip in the early 1960s' The Liverpool Police Department in England had been successfully cautioning juvenile offenders since 1949, and other police forces in England followed suit.

Our present Commissioner of Police was personally involved in the commencement of a squad in 1963 designed specifically to deal with and assist juvenile offenders.

There are no specific criteria laid down for law enforcement authorities to observe in the exercise of a discretion not to prosecute. However, police have successfully cautioned juvenile offenders for the past 20 years.

(Refer [1968] 1 All. E.R.P. 763 *R. v Metropolitan Police Commissioner*
Ex parte *Blackburn*)

In his book 'The Decision to Prosecute' Mr A.F. Wilcox, former Chief Constable of Hertfordshire, lists twenty reasons for not prosecuting although prima facie evidence of guilt is available. Mr Wilcox takes care to explain that these 'reasons' are but factors which he says should be weighed in order to arrive at the ultimate decision.

He offers the opinion that the practice of cautioning juvenile offenders is certainly approved.

[NOTE: For your information

In *R v Metropolitan Police Commissioner*, Lord Denning said 'A question may be raised as to the machinery by which he could be compelled to do his duty. On principle, it seems to me that once a duty exists, there should be a means of enforcing it. This duty can be enforced, I think, either by action at the suit of the Attorney-General: or by the prerogative order of mandamus.'

This is probably the correct position in law.]

SECURITY IN WAREHOUSES

S. Robson

I am honoured to have been invited to deliver my paper for this conference on the subject of security in warehouses.

But first, so that you all will have some idea of what my experience is, I would like to take a moment to tell you about my company operations.

My experience in warehouse security covers some twenty years, during which period I have had the opportunity of being invited into over two hundred different types of warehouses.

We operate in three main areas by providing security advisory services to organisations which are interested in reducing and minimising corporate stock losses.

- Stage 1 - Evaluate the extent of the losses and identify the causes.
- Stage 2 - Confirm the losses - by obtaining evidence as to the extent of employee involvement.
- Stage 3 - Develop and implement procedures which will provide immediate and long term results.

TYPES OF WAREHOUSES EXAMINED

These include: food, liquor, automotive parts, pharmaceuticals, clothing, car manufacturer's parts warehouse, various types of manufacturers, retailers warehouses.

The cost value of the goods held in the warehouses ranged from a few hundred thousand dollars in the smaller companies to many millions of dollars in the larger ones which, in addition, have interstate distribution.

These companies had some form of basic security control which included:

- . Warehouse alarm systems.
- . Perimeter security - gate controller which records all vehicle movement to and from the warehouse.
- . Security officer.

All the warehouses had a common problem - stock losses, caused by internal theft. But with the exception of only one company most did not have any idea of the total cost of what they were losing on an annual basis.

Most of them had inventory control programmes in some form. Our conservative estimates of the losses ranged from \$50,000 per annum upwards to 2.5 million dollars for some of the larger companies. Our original estimates were later confirmed by annual stocktakes.

These losses did not simply develop overnight. In most cases wide scale theft had been occurring for many years.

Managements failed to heed the warning signs:

- . Unexplained stock variations.
- . Unexplained gross profit variations.

Needless to say some of these organisations are no longer in business. The illegal profit drain caused by employee theft and compounded by bad management were the cause of their failures.

EXTENT OF EMPLOYEE INVOLVEMENT

It is not uncommon for undercover investigators to detect 20 per cent, 30 per cent, or even 40 per cent of warehouse employees simply taking the company's stock home.

Other more enterprising employees form groups on a more organised basis with the assistance of selected warehouse employees - loaders, checkers and drivers - and establish their own illegal markets for the stolen merchandise.

A merchandise loss is compounded by the company's cost in confirming it. Perhaps a greater loss is management's confirmation of its inability to protect its assets. Few people, it seems, want their image to show the clay pedestal. Nobody wants to admit to a mistake, which is of course quite contrary to all theories of learning and progress.

Mistakes are necessary in order to move from one state to the next, awareness of mistakes introduces new knowledge.

CREATING DISHONEST SITUATIONS

Far too many managements today create dishonest situations and temptations for employees to steal. Many companies are fearful of implementing security control programmes because of the possible adverse effect on employee morale.

It is my opinion that generally employees wish to work in a secure organisation, and if that requires them to conform to the company's security policies and procedures very few will object. In fact I believe the average employee today almost expects to find some form of company security procedures which he or she is obliged to comply with. I refer to a simple matter of the right of the employer to inspect small handbags when employees are leaving the work premises. If these simple controls do not exist within the company employees will form the opinion that the organisation does not care about protecting its assets.

CONFLICT OF WAREHOUSE MANAGEMENT AND SECURITY MANAGEMENT

So often warehouse management and security management (if a security department exists in the company) are in conflict as to their responsibilities.

Quite often management do not fully understand the function of the security department. Far too often the management's concept of security is very dissimilar to what should be included in the security department's responsibilities.

As I speak to this group today I know that this may not be the case with many people here who are involved in security management. But nevertheless it does occur with considerable regularity. So often we see security people leave organisations because the management are not prepared to institute controls that have been recommended.

PIPELINES TO PROFIT

A typical warehouse has a number of pipelines where losses can occur, and if the security department is to be effective it is important that they have the authority to monitor the flow of all merchandise in and out of the warehouse. This also means that the security department is controlling quality assurance of all stock assembled, checked and despatched.

A NEW FUNCTION

Programmes which we developed for warehouse security and loss prevention control not only take into account the physical and logical security requirements of the warehouse but also include establishing a monitoring facility whereby the security department is responsible for total quality assurance. This procedure is carried out by the merchandise auditors. They report directly to the security and loss prevention manager, not to the warehouse manager.

This is just one technique in the concept of loss prevention control. This approach may be somewhat abnormal to the average warehouse manager but this method does obtain results in reducing losses. Managements today will be turning more to the security executives for ways and means to reduce and minimise theft. These executives will need to be able to promise the solutions. None of us are able to know all the answers to reducing inventory losses but we should at least know where to seek these answers.

STEPS TO TAKE TO REDUCE WAREHOUSE LOSSES

1. Develop the total security programme concept for the management. Ensure you cover all risk areas and develop counter measures for loss reduction.
2. Sell the benefit of the programme and at the same time estimate the total costs of establishing the programme, together with a forecast of benefits.
3. Ensure that all information concerning stock shortages is conveyed to the security department for action.
4. If management is unwilling to accept the suggestion that stock losses are occurring, prove it to them the best way you know how.
5. Ensure your security loss prevention programme is directed towards prevention of loss rather than catching employees stealing.





