

WHILE READING THIS BOOK, YOU WILL  
NOTICE WHERE IT WAS BEING PROOF  
READ AND EDITED FOR PUBLISHING.

# Honesty Controls:

- THIS WAS  
CHARLES NORDBY'S  
UPDATED VERSION  
TO HIS "HONESTY  
CONTROLS" BOOK  
THAT HE PUBLISHED  
IN 1972.
- SHOPKEEPERS
  - EMPLOYEES
  - VENDORS

Profit Savers Manual by Charles C. Nordby

P.O. Box 60301  
Sacramento 95860

TABLE OF CONTENTS

<u>Subject</u>	<u>Page(s)</u>
Interview With Mr. Nordby . . . . .	1 - 22
Part I: Security Expenditure vs. Increased Profits . . . . .	23 - 24
Part II: Employee Check Sheets . . . . .	25 - 42
-- A Test For <u>Your</u> Store's Security . . . . .	43 - 44
Part III: Shoplifters . . . . .	45 - 70
-- Yearly Chart of Accumulated Savings . . . . .	70a, 70b
Part IV: Employee Theft . . . . .	71 - 90
-- Checkstand Procedures . . . . .	91 - 92
-- Store Policies For Employees . . . . .	93 - 94
-- Statement of Compliance . . . . .	95
Part V: Vendor Theft . . . . .	96 - 116
-- Rules on Store Transfers . . . . .	117
-- Receiving Procedures . . . . .	118 - 120
Part VI: Janitors . . . . .	121 - 124
Part VII: Retail Security . . . . .	125 - 142
-- Security Agent's Daily Report . . . . .	143
-- Shoplifting Form . . . . .	144 - 145
Part VIII: Failure to Record . . . . .	146 - 147
-- Vendor Invoices . . . . .	148 - 150
-- Example of a Form Letter to Suppliers . . . . .	151
Concluding Questions & Answers . . . . .	152 - 155
Honesty Control Options . . . . .	156



→ clear  
if possible

INTERVIEW

WITH

MR. NORDBY

Mr. Charles C. Nordby has been in retail security since 1945. During his career, he has accrued a monumentous record of over 7,000 shoplifting arrests, all ending in convictions. Included in the apprehensions were hundreds of employee thieves, dishonest suppliers, and salesmen. Presently, he has designed a one way window, which not only enables the best viewing, but through his experiences, he believes it is the best deterrent available.

He has conducted numerous security seminars for the Retail Grocers Association, which has had a tremendous impact to market owners in recovering hundreds of thousands of dollars in restitution. His training program for security agents has produced the best in the profession.

He has assisted firms with as few as 2 stores to firms with as many as 50 stores to reach their maximum profits.

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Mr. Nordby's work and reputation is respected by the grocery industry and is renowned as one of the top agents in the business. Although memberships and recognition is limited in his field, he has been a past member of the Northern California Retail Security Agents Association, and also recognized by trade magazines and newspapers as a more than competent security agent.

Q. Mr. Nordby, what do you consider to be the most pressing problem that retailers with display merchandise have in common?

A. Because I am a security agent, my answer may seem biased. And perhaps it is, but I believe that shoplifting is the most pressing problem for retailers. Shoplifting is like cancer; cancer eats away at your body until death is the end result. Shoplifting eats away at your profits until bankruptcy is the end result. (The Profit Savers Security Manual is designed to help thousands of supermarket owners reclaim their profits, whether they are a single-store business, or a nationwide chain.) During the past 30 years, I have observed and read about thousands of supermarkets which have gone bankrupt. I have visited hundreds of markets, knowing it was only a matter of time until they would be bankrupt, or sold. I recall one particular chain store, which was once a large profitable operation, but they began to sell store after store to account for their losses. This firm trimmed their expenses by firing the security director and doing without security, which, in my opinion, was the beginning of the end.

Theft has been the number one reason why this once large supermarket chain had increased their prices to the highest in the industry. The quickest way to bankruptcy today is to raise prices to the

extent that customers will only shop at your market in an emergency. It becomes a bread and milk store. Also, when failure to receive the turnover in produce and meat occurs, serious trouble follows.

Q. What do high prices at a supermarket suggest to you?

A. It suggests to me that little or nothing is being done either in external and/or internal theft. In today's market world, more than ever before, the supermarket industry faces an entirely different approach to operating at a profit. It is common for certain groups of people to scheme to shoplift at stores where there are no security agents. These stores don't have deterrents; they operate with a very minimum labor force. Consequently, they are ripping off the public with high prices. They never seem to apprehend any shoplifters, yet, take the risk of staying open 24 hours a day, with as few as two employees on duty after 10 p.m. Markets which are forced to increase their hours of operation to keep volume up, will have increasing problems. I firmly believe that my program can save most markets with sales of one million plus from going bankrupt.

The beautiful thing about my program is that it can revitalize a run-down market and turn it into a healthy operation within one year. My definition of a healthy market is a clean store with good volume, competitive prices, fresh meat and produce attractively displayed, courteous help providing good service, and competent management able to perform sound business procedures and controls to assure a net profit of two percent <sup>in</sup> after taxes.

Q. What are the controllable losses, and what is the overall average cost to actuate these controls? *statistic*

A. Shoplifting, employee theft, janitorial theft, and mismanagement are costing many market owners three to four percent of sales. The Profit Savers Program would indicate an amount of increased profit. Once the store experiences a healthy rise in gross margins in all departments, it discovers a competitive advantage over other firms that are experiencing an increase in theft. You return some of the extra profits to your honest customers in the form of lower everyday shelf prices, and hotter weekly specials. This will increase your volume, which in turn, will reduce your cost of doing business. Then, one can afford to offer the very best service and have a two percent net on the bottom line.

Q. There are many chains and independents that have security programs in force. In your opinion, why are these systems ineffective?

A. Many firms use inexperienced security people who have no understanding of fundamental retail operations. Consequently, they haven't experienced the results which I have described. This makes it difficult to convince the industry that there is a solution to the constantly growing problem. My security manual, following this interview, will provide one with the information necessary to insure that firms will experience the results described.

I've read recently, that some large supermarket chains are implementing novel five-year programs to reverse their dwindling profits. Using my proven method, they would see the desired results in one year. Under their program, there is a chance that there will still be diminishing profits five years from now. I am including some of my experiences to help firms with their theft problems. I couldn't begin to give you the details on the thousands of thefts which I have discovered in supermarkets. But by listing some in the

different areas of retail security, one can reach his own conclusion on just how costly internal and external theft is.

Many market owners have security for a two-week period during the Christmas holiday, and allow theft to go uncontrolled for the next fifty weeks. I have spent more than thirty years behind one-way glasses observing shoplifters and other types of thieves and I assure you that trying to apprehend all of the thieves isn't the solution to the problem. Money appropriated for security and spent wisely will show returns of ten to fifteen dollars for each dollar spent.

I have compiled a program and tested it with four supermarket firms who had been in business for a total of one hundred and twenty years. All four firms reached their highest profit in their business history at the end of one year of using our system. The last firm to use my system had sales of over 200 million dollars annually. They had increases of one to two percent in liquor, meat, and produce gross margins. Some of the drug outlets had gains of six to seven percent in gross margins.

One store hadn't shown a profit in eighteen years of existence. It had been losing 40 to 50 thousand dollars yearly. It was in the black one year after applying our program. This program will work for any size market, whether it does one million or ten million dollars a year volume.

Q. You have been referring to your program quite often. Can you elaborate somewhat?

A. Gladly. My program consists of the following: appropriating one-tenth of one percent of gross sales for a continuous security program. Please check the chart at the end of this interview for

your size market and you will find what your security budget should be and also what you can expect in increased profits. Market owners wouldn't think of opening a store without having fire and holdup insurance, yet, very few will ever collect on this insurance. If you invest in a proven security program, you will collect every day that your store is open for business. The chart shows that a market doing fifty thousand weekly volume or two and a half million dollars a year should spend twenty-five hundred dollars yearly for security. This will show an increase in profits of twenty-five thousand dollars the first year, and thirty-seven thousand five hundred dollars each year thereafter. This means that during the next ten years, your market will have three hundred sixty-two thousand five hundred dollars more profit if you <sup>implement such</sup> ~~use~~ the Profit Saver Program. Since this program consists more of deterring thieves than apprehending them, there is an initial investment for security windows. I designed this one-way window to provide the best viewing window available, which would allow the best deterrent against shoplifting, employee theft, and vendor theft.

Security agents from all areas of Northern California and Nevada have informed me that they have never observed so many shoplifters change their mind after spotting the windows. They didn't want to gamble on whether or not there was a security agent on duty.

Having a security agent walking the floor is not one-fifth as effective as having a man behind the windows one or two days weekly. Thieves know when your floor walker is absent, but they don't know when the agent behind the window is not there. Most shoplifters have a fear of being caught, especially the professionals; and they will go elsewhere to steal after security makes a few arrests of



add about  
training agents

non-believers. The word soon spreads around the community that there are security agents behind the windows. We encourage the news media to run articles on the prosecution and sentencing of shoplifters apprehended at markets. After a short period of time, hours of security can be reduced; but carry on a continuous program so that employees, vendors, and shoplifters will never know if the security agent is behind the windows or not.

After installing the windows, the security agent will perform the duties outlined in the agent's daily report sheet. I don't believe that any security agent in the world can match my accomplishments in retail security. I have apprehended more than seven thousand shoplifters without a single false arrest suit. I have detected hundreds of dishonest employees and have never been guilty of falsely accusing one. Dishonest suppliers, drivers, and salesmen have been uncovered by the hundreds, thus helping markets retrieve hundreds of thousands of dollars in restitution.

Q. Your book "Honesty Controls Manual" mentions vendors as a possible honesty problem. Would you explain this threat and how you can control it?

A. The Trouble Shooter -- I have found that all too often business arrangements with vendors are taken for granted at the home office. There are certain controls necessary to insure that your firm is receiving all monies that are due. (Choose an individual in management to act as a trouble shooter.) This person's duties will include the following: (1) Receiving weekly price lists from suppliers other than those you are currently doing business with, comparing their costs to the cost you are paying for

Give a rough idea of how  
the rest of it will read for  
review

comparable merchandise. (2) Reviewing monthly statements from suppliers who allow discounts and offer other special rebates to insure that your firm is receiving them. (3) Reviewing invoices from suppliers who have a red flag in their file. This indicates that there have been irregularities concerning their billings in the past. (4) Reviewing monthly competitive retail price lists to insure your firm is keeping up with price hikes. (5) Spot checking store payroll for abuses in overtime. (6) Spot checking employee paychecks weekly to insure that employees are not being overpaid. (7) Comparing your present wholesale grocer's price list with another wholesaler to determine whether deals are being reflected for the same periods of time, and also, for any large discrepancies in costs on certain items. (8) Checking personnel files to be sure that the employee evaluation reports are being completed by managers and supervisors on schedule. (9) Spot checking individual store's phone bills for abuses. (10) Spot checking employee expense accounts for abuses. This trouble shooter can save your firm tens of thousands of dollars yearly by following these procedures. He must be a sharp individual who understands the supermarket business. Dishonest buyers and suppliers will soon learn that your firm has controls that will expose their dishonest acts.

Notice to Suppliers -- Notify all suppliers that it is against your firm's policy for their salesmen to offer free gratuities of any nature to your employees. When a driver-salesman offers your employees a bag of potato chips, a loaf of bread, a six-pack of coke, or whatever, immediately notify his company of

this violation. Notify the suppliers of the rules and procedures that your firm has installed for vendors. Also, that all charge tags must be white, and all credit tags colored. Call in your suppliers one by one and ask them if you are getting the very lowest prices on the merchandise you are purchasing from them. This is your insurance that you are getting the maximum discounts available. After they give you an answer, show them your supplier's compliance form and ask them to sign it. Refer to the form in the Profit Savers Manual. When your buyers become married to one firm, it generally ends up with your stores paying more for their merchandise. I have been able to prove this point dozens of times to the sharpest grocers in the business. You may think you have the very best deal available, but I can assure you that it isn't always true. You may be receiving 3% discount on bread when your competitor down the street is receiving 7-1/2%. You may be receiving 2% discount from your lunch meat supplier, when others are receiving 5%. You may be paying 2¢ spreads on large, extra large, and jumbo eggs when your competitor is paying a 1¢ spread. You may be really surprised at the percentages you are making on your health and beauty aids and household products. I recently showed a large firm that they were actually grossing about 6% less than they were led to believe. If you are being serviced by a candy vendor, there is a very good chance you are not making the percentage you agreed upon. This is why I urge owners to have weekly price lists sent to them by other suppliers. When Buyers, Store Supervisors, and Managers continue to demand free merchandise from the vendors, the markets end up by paying for it in the form of higher prices, short weight,

and other dishonest acts. This type of situation is generally known by other employees at store levels, and in many instances, it is the main reason why employees start to steal. They see the manager leaving with boxes and bags full of merchandise without paying and they resent it. I have seen instances where it undermined the morale of every employee in the store.

Q. I have noted in your book that too often managers are not managing, and supervisors are not supervising. Can you comment on that?

A. Mismanagement often plays a significant role in the market's low gross margin. Many times top management sits back with a confident feeling that everything is running smoothly and that the next inventory will bring the desired results. The reason that it doesn't always turn out this way is that in many instances the supervisors aren't supervising and the managers aren't managing. I have repeatedly observed the supervisors enter a store, and after locating the manager, they shoot the bull for fifteen or twenty minutes, open their briefcases, deliver the price changes and next week's ad specials, and then leave.

If they had walked the floor, they ~~would~~ <sup>might</sup> have discovered <sup>the following</sup> absence of milk, the price changes hadn't been done for the last month, that different vendors were mispricing their products, that the produce was poorly displayed and out of several items, that the meat was mispriced and too dark to be in the case, and the chicken case was unsupplied. Also, ~~the~~ <sup>the</sup> floor and restrooms were filthy, the back doors were open and unattended, that the weekly load was still sitting in the back room, that liquor and cigarettes hadn't

been put in the liquor room, that the lunchroom contained open jars of food which were being consumed free by employees, and that several two dollar girlie magazines were laying on the floor. The supervisors were also negligent in seeing that their employees were not taking 10-minute breaks, nor lunches of 1-1/2 to 2 hours in length. The supervisors were further overlooking the fact that the employees frequently were not wearing their name tags, even though they had been instructed to do so. They did not check to see that they needed another warehouse to hold the spoils, that 25 to 30% of their merchandise wasn't priced, that prices were illegible on hundreds of items, that bonus buys were still in effect two to three weeks after expiration, and that management was using the safe for their own personal use, and had IOU's and postdated checks in it. Furthermore, there weren't enough carts for the customers, the checkstands were filthy, the employees hadn't had a price test in years, vendors and employee policies weren't being adhered to, employees weren't courteous, customers weren't receiving proper service, cash shortages were being made up by using other money, and management wasn't sending premiums and allowance checks to the home office. Also, the market had too much help in the morning and not enough in the evening, that the inventory crews weren't counting correctly, that the market counts the warehouse inventory, and the inventory firms accept their figures without spot checking, that the morale in the store was low due to management's unfair practices, and that the manager isn't managing.

During the past 30 years, I have been aware of many employees being promoted simply because they were good stock clerks.

X The lack of training prevented these hard working clerks from being prepared for their new positions. Many men and women continue to be the best stock clerks in the market after being elevated to manager. *It varied this by an action can not agree do have many typical problems.*

Some firms transfer their key personnel every year or so, which I have come to the conclusion, is a good program. It creates a competitive desire within the individuals to do better at their newly assigned store than that which the previous employees had. It also breaks up any cliques that may have been formed. As in the case of the receiving clerks, it is especially healthy not to let them become too friendly with the vendor.

Q. Can you give us some specific examples of employees failing to follow through which can contribute to low net profit?

A. Yes, I can. The last receiving clerk that my security agents and I apprehended had just placed a pallet of coffee into a vendor's truck. This coffee was valued at \$3,700 and the receiving clerk admitted that he was making up gambling losses.

While working in a market one day, I discovered a bundle of price changes in a broom closet. They were dated back as far as 6 months ago. I checked some of these price changes with the current prices on the merchandise on the shelf and discovered these price changes had never been implemented. I called the owner to the store. He checked the price changes and also discovered they had never initiated these price changes. This owner called in extra help. They did nothing but price changes for 2 days.

There was absolutely no way that my security program was going to show good results in this store if they weren't keeping up with

these current price changes. In this particular instance, the manager had delegated this job to the assistant manager to see that these price changes were taken care of. The assistant manager was an employee who had been the previous manager, but had been demoted and kept on as an assistant manager. Evidently, he didn't want to see the new manager come in with good gross margins, so this was his reprisal against the company.

Dozens of times, I have worked in markets where, if I looked at the prices on the top cans and then pulled a bottom can out of the display, I would discover that they not only had not done their price changing, but that they hadn't rotated their merchandise. If their policy is to rotate out old prices and put the new prices on the bottom--this isn't taking place--and when this occurs throughout the whole selling area, it costs the firm untold profits. Many times, I walked into a store on Tuesday, as an example, when their ad would expire that evening. It is not uncommon to see the deli person filling the deli case with hundred of pounds of cheese which has all been discounted 10¢ per package on this week's ad.

In one instance last year, I entered a store where they had just stocked 1,400 pounds of different types of cheese in the random weights section and it had all been priced at the sale price, which was going off in a few hours that evening. I went back to the store the next week and the following week and they were still pricing and displaying the cheese at the sale price of two weeks previous.

I have observed the potato chip man servicing his rack the day before his ad was to go off. The next week I checked their prices

and discovered they still had last week's sale price on them. In some instances, I watched this continue for 3 and 4 weeks, where if management never corrects them, they continue to use the sale price to give them the advantage over their competitors.

I have examined dozens of markets early in the morning when they receive their general merchandise orders, which is mostly delivered on pallets. I have watched the men unload these pallets, put them on the floor, and never spot check any of the sections, not even the cigarettes or the coffee. The drivers stand as long as an hour with these men having coffee, doughnuts, and danish pastry while exchanging stories. It always occurs to me that these very same drivers, knowing that none of the order is ever going to be counted, can rip off 20, 30, or 40 cases of merchandise without the threat of being caught.

In many markets that I have worked for, managers have no idea of what is going on at the checkstand or with the day's receipts. In many instances, employees are delegated to make up the previous day's bank, but all too often, I have uncovered large thefts merely because management wasn't checking daily or wasn't reviewing over-rings, large paid-outs, etc.

While perusing the over-rings, paid-outs, refunds, and bottle returns at a market, I discovered that none of the employees were initialing these over-rings. At no time did they call management to have them okayed. None of the large ones contained the customer's name and address. Everyone took it for granted that these policies were being adhered to, which in many cases, they were not. It is not uncommon for a checker to wait until closing time to ask the



assistant manager to sign 6, 7, or 8 large over-rings or refunds at one time. They claim they do not want to bother the person while they are on the store floor, which encourages them to steal.

Many firms supply their employees with free coffee and sugar these days, but I wonder how many of them realize how much other merchandise they are supplying free. Time after time, I have walked through the produce departments and have seen open jars of mayonnaise, mustard, pickles, and in some instances, packages of lunch meat with no cash register receipt. In the lunchroom, one will sometimes see as many as 12 or 14 opened items that are being consumed without any cash register receipts to show that payment was made.

So often, I will see expensive magazines and books scattered around in the lunchroom. Sometimes, they will add up to \$15 and \$20. If you look at the dates, you will see that they are current dates, ones now being sold on your newsstands--and almost always, these magazines and books haven't been paid for.

Even though store policy dictates that employees may not receive free gratuities from suppliers, all too often, this is overlooked by management at store level. Many times, I have warned managers that they were disobeying store policy by accepting free gifts and gratuities for their own personal use, but they would disregard my warning and continue with these violations.

I recently stopped two employees outside a store who had a four-wheel dolly loaded with cases of merchandise. I asked them to show their receipt for this merchandise. They stated that it had been given to them by vendors and authorized by the manager. The merchandise was going to be used for their party that night.

In one large firm, I uncovered the fact that specialty orders written by salesmen and left with the store to be delivered at a special sales price were actually coming in at the regular price. One time I found that every item which was on sale that week, supposedly bought at a special sale price, had come in at the regular price from the supplier. I discovered this supplier was notorious for doing this. As an example, tuna would be \$7.50 a case higher if purchased from his company. Coffee was as much as \$18.00 a case higher from his company. When I looked at an invoice at one of the markets, they had purchased 5 cases of tuna, which means that they had paid \$37.50 more for the tuna whereas they could have entered that order with the other supplier which delivered daily. The same thing applied to the coffee. Most stores in the chain had paid anywhere from \$15.00 to \$18.00 higher for the ground and instant coffee when they, also, could have ordered from the other supplier while receiving prompt delivery. This high frequency occurs where there is no one in the market chain watching for overcharges.

Some markets have a policy of not divulging their costs to department managers, and consequently, vendors are able to get by with overcharges at store level because department managers aren't aware of what price was quoted. In many instances, these prices are not being double checked at the home office level so, therefore, they go undetected.

I uncovered one supplier who would quote the buyer a certain price on produce; the merchandise would be delivered without any prices on the invoices, the monthly statements were paid, and when

we checked back, we found an over-billing. Lettuce at \$4.50 was coming in at \$5.00 or \$5.25. Some meat managers had absolutely no idea what the cost of their products were. Often, it turned out that they were paying more than the going price on that given day. I have also caught many salesmen who were destroying their merchandise. By this I mean, throwing it in the garbage and not writing a credit, merely because management wasn't paying attention to what they were doing.

Q. What has been your experience with damaged merchandise?

A. I have worked for stores where the manager's policy was to give employees dented and labelless cans. Some employees purposely tore labels off expensive items and dented cans, then put them in a box, and left with them that evening.

Q. How do you feel about the competency of employees?

A. Some checkers do not know how to reduce fractions. If a six-pack of beer cost \$1.55, some will charge 24¢ for one can, and some will charge 25¢ for a can. The same thing applies to unpriced items. Recently, two long time checkers were asked the price on a large bottle of coca-cola. One said 98¢, the other one said, "no, it's 89¢." The correct price was \$1.01.

I have been in stores where checkers were smoking cigarettes and drinking coffee at the checkstands in the presence of the manager.

Some managers allow salesmen to display highly shopliftable merchandise at the back of the store. They also give special treatment to vendors who are friends. Many times, the vendors build special displays on items such as bread, cakes, and pies, without

offering the store any special allowances, but simultaneously giving one free with ten to another store for the very same display.

Some managers spend almost their whole day in the office while others spend their day stocking shelves or making sure that their liquor department looks good. Less motivated managers bag groceries all day long. When managers fail to supervise the complete operation of the store, they simply are not managing.

Q. The accuracy of inventory counting is a very important factor in a true bottom line figure. What problems have you found in this service?

*counts*  
A. It is important that any firm has a reliable and accurate inventory taken. This can be accomplished by having the store manager, the supervisor, or a representative from the controller's office present at all inventories. Often, I have seen the apathy of inventory firms. The store's management was willing to accept inaccurate inventories. On a few occasions, inventory crews of three would count a store in three hours. After deliberately estimating most of the inventory and missing the count by large amounts, a six member crew would redo the work taking five to six hours more. So instead of nine hours of counting time, it would be thirty to thirty-six hours. Many times, I have seen inventories where the store had already listed and totaled the warehouse inventory, and the inventory firm accepted these figures without double checking. *Really!* I have observed the inventory firm accepting long lists of figures which represented thousands of dollars in merchandise for items that were supposedly inside locked doors in the security supply rooms. These doors were not unlocked for

checks to be made. Once, I unlocked a door and the room contained none of the merchandise that had been listed by the inventory crew.

*Relays* I recall one store where a manager was sent to prison for embezzlement. He had been padding his inventory for a year to cover up a shortage of almost \$20,000. He was able to pad his inventory because the firm didn't have a strict policy for the inventory service to follow.

*New about*  
Q. Do you have any comments ~~on~~ the interior design~~ing~~ of stores?

A. Sometimes I wonder if they are using shoplifters to design the markets. The supermarket industry has been compounding their problems by designing new stores which benefit the thieves and hinder the security agent. Why bother installing security deterrents and building cat-walks if you are going to have alcoves in the selling area for liquor, deli, and bakery departments. Shoplifters know that they can't be observed once they enter those hidden areas. They select the items they intend to steal, and walk to the hidden areas to stash them.

*date*  
Q. What controls can be imposed on private sector, and obtaining the cooperation of governmental regulatory agencies to reduce vendor theft?

A. If all suppliers would police their own operations, it would greatly reduce the theft losses. When a dishonest vendor knows that his truck is being followed periodically, he cannot afford to have cash accounts that are unknown to his company. What are dishonest bread or milk drivers going to do with the stolen merchandise if they can't sell it for cash?

The Federal Trade Commission can do more for the supermarket industry than what it has been doing. Many suppliers are in violation of the FTC rules and should be investigated by the Federal Trade Commission. The Bureau of Weights and Measures can also help the industry by doing a more thorough job of policing cheating suppliers who are short in weight and have less merchandise than that indicated in the cases. One can imagine how much money was involved in a case I discovered which lacked six packages of Christmas wrapping paper. This represents a 12% shortage on an item that is sold nationwide and probably totals millions of cases. If every incident of a dishonest supplier was published in a trade magazine, it could mean a reduction in thievery.

Q. Mr. Nordby, aren't you really overstating the white collar crime to service your own purpose?

A. An article in the San Francisco Examiner, dated January 25, 1978, stated that white collar crime is 44 billion dollars a year. This article goes on to state that the establishment of a series of policies say: (1) Dishonesty on the executive level will not be tolerated. (2) Cheating customers, vendors, and employees must be out of the question. (3) Promises made to employees must be specifically clear and met in a timely fashion. (4) Offending executives must be made aware of how, by manner or statement, they injure the pride, and discourage identification of the company. The continuing demonstration of caring about dishonesty is crucial over and beyond actual preventative controls. When the company becomes "us" to the employees instead of "them", there is a new switch and a new meaning to the phrase, "Don't spoil it for the

rest of us." That phrase becomes a force for honesty, not dishonesty. The author of this article claims that employee's dishonesty falls into two groups: causes which provide the psychological environment inviting the crimes, and causes which invite the opportunities. The Profit Savers Manual has detailed many ways in which to reduce all types of theft in your business.

Q. Well, Mr. Nordby, you certainly refute my last question with facts. Would you, in summation, give us your opinion of how retailers can reduce the crime problem by the use of the Profit Savers Program?

*Security*  
A. Within our program, one of the key men is the trouble shooter. He will uncover dishonest buyers, inefficient buyers, dishonest suppliers, abuse of phone calls, expense accounts, and overtime on payrolls. He will insure correct pricing of merchandising, integrity of store reports, and the receiving of all allowances, discounts and premiums due from suppliers. Also, he will insure that employee files are current and contain evaluation reports and a signed compliance for store policy.

The supervisors', managers', and night managers' reports will close dozens of loopholes and produce a well-managed store.

The rules and procedures for all employees, vendors, and salesmen will close many areas in which theft occurs.

The security agent and the one-way windows will reduce the theft problems immeasurably.

*definite*  
If the program is followed as described, I will give an unconditional guarantee that your firm will experience the increase in

gross margins as I have stated, or I will refund the money spent on the Profit Savers Manual.



PART I

SECURITY EXPENDITURE VS. INCREASED PROFITS

*Scale*  
A

Thousands of markets are going broke yearly even though many of them could have survived if they had applied good, sound business procedures and an appropriate security program which insures a continuous high gross and net profit. Markets which are spending little, or nothing, to reduce the internal and external thefts should use the following chart to determine what they should be spending yearly on security devices and services. Market owners can no longer refuse to help honest customers, as well as themselves, by not joining the fight against theft.

<u>Store Volume</u> <u>Yearly</u>	<u>Security</u> <u>Expenditure</u> <u>1st Year</u>	<u>Increase in</u> <u>Gross Profits</u> <u>1st Year</u>	<u>Increase in</u> <u>Gross Profits</u> <u>2nd Year</u>
\$ 1,000,000	\$ 1,000	\$ 10,000	\$ 15,000
2,000,000	2,000	20,000	30,000
2,500,000	2,500	25,000	37,500
3,000,000	3,000	30,000	45,000
3,500,000	3,500	35,000	52,500
4,000,000	4,000	40,000	60,000
4,500,000	4,500	45,000	67,500
5,000,000	5,000	50,000	75,000
6,000,000	6,000	60,000	90,000
7,000,000	7,000	70,000	105,000

SECURITY EXPENDITURE VS. INCREASED PROFITS (Continued)

<u>Store Volume Yearly</u>	<u>Security Expenditure 1st Year</u>	<u>Increase in Gross Profits 1st Year</u>	<u>Increase in Gross Profits 2nd Year</u>
\$ 8,000,000	\$ 8,000	\$ 80,000	\$120,000
10,000,000	10,000	100,000	150,000

PART II

EMPLOYEE CHECK SHEETS

*Redo*

Some of the questions asked in these management reports may not make sense to all owners, but they are necessary to insure your business is being operated with maximum efficiency. Since most of my career has been spent behind one-way windows looking down on the scene, I have had an opportunity to see the many areas in which mismanagement can cost stores thousands of dollars in lost profits.

I have observed far too many customers leaving a store to shop elsewhere because the meat department was out of an item and the butchers wouldn't stop what they were doing to replenish the stock. Also, the produce department was a disgrace to all concerned and evening customers went elsewhere to find decent lettuce, tomatoes, etc. Outstanding improvements had taken place when the night manager was instructed to check these departments as his duties required. I have watched a dozen or more customers standing in checkout lines, while two or three idle checkers weren't called on to open up other registers.

I have been in dozens of stores where the price changes weren't being completed; the store's master price book wasn't being used, and in many instances, hadn't been kept current so that no one had any control on pricing.

Management, trying to save on labor by not pricing the merchandise, has caused under-charging by checkers on unpriced items. When food is constantly rising in price, you cannot rely on the checker's memory to insure that correct prices are being charged.

Recently, I saw a man walk out of the door with 120 cartons of cigarettes because they were left on the floor waiting to be stocked. I have stopped many night managers for stealing because they were being allowed to leave the store by themselves after all the other employees had left. When you demand that the reports, following this introduction, be implemented in your business, your firm will benefit in many ways. These reports should be reviewed by people in top management on a weekly basis to insure the continuity of the program. The trouble shooter should conduct spot checks on the reports to check their accuracy. Firms should have supervisory personnel take turns for Sunday work. The meat, produce, grocery, non-food, and liquor supervisors can take turns calling on stores and filling out a Sunday report. Just have 10 or 12 items on the report pertinent to Sunday's business.

Store Supervisor's

Weekly Report

*Delate*

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Supervisor \_\_\_\_\_

Time \_\_\_\_\_

Grocery Department . . . . . Clean ( ) Dirty ( ) Fair ( )  
Well Stocked . . . . . Yes ( ) No ( )  
Merchandise Correctly  
Priced . . . . . Yes ( ) No ( )

Comments:

Produce Department . . . . . Clean ( ) Dirty ( ) Fair ( )  
Well Stocked . . . . . Yes ( ) No ( )  
Merchandise Correctly  
Priced . . . . . Yes ( ) No ( )

Comments:

Meat Department . . . . . Clean ( ) Dirty ( ) Fair ( )  
Well Stocked . . . . . Yes ( ) No ( )  
Merchandise Correctly  
Priced . . . . . Yes ( ) No ( )

Comments:

Deli Department . . . . . Clean ( ) Dirty ( ) Fair ( )  
Well Stocked . . . . . Yes ( ) No ( )  
Merchandise Correctly  
Priced . . . . . Yes ( ) No ( )

Comments:

Dairy Department . . . . . Clean ( ) Dirty ( ) Fair ( )  
Well Stocked . . . . . Yes ( ) No ( )  
Merchandise Correctly  
Priced . . . . . Yes ( ) No ( )  
Eggs Correctly Priced . . . . . Yes ( ) No ( )

Comments:

Warehouse . . . . . Clean ( ) Dirty ( ) Fair ( )  
Liquor and Cigarettes  
Locked Up . . . . . Yes ( ) No ( )  
Spoils Being Controlled . . . . . Yes ( ) No ( )  
Inventory Being  
Controlled . . . . . Yes ( ) No ( )  
Doors Locked When Not  
in Use . . . . . Yes ( ) No ( )

Comments:

Store Supervisor's Weekly Report (Continued)

Were shopping carts available for customers . . . .	Yes ( )	No ( )
Was the safe locked . . . . .	Yes ( )	No ( )
Were price changes up to date . . . . .	Yes ( )	No ( )
Were more checkers needed . . . . .	Yes ( )	No ( )
Did employees have name tags . . . . .	Yes ( )	No ( )
Were checkers calling prices loud and clear . . . .	Yes ( )	No ( )
Were 1/2 cases of cigarettes left on the floor . .	Yes ( )	No ( )
Are employees paging security to "Station A or B" periodically . . . . .	Yes ( )	No ( )

*Delete*

Store Supervisor's  
Monthly Report

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Supervisor \_\_\_\_\_

Did store's master price book coincide with yours . . . . . Yes ( ) No ( )

Comments:

Was spot-checked merchandise priced correctly . . . . . Yes ( ) No ( )

Comments:

Was merchandise priced correctly by vendors . . . . . Yes ( ) No ( )

Comments:

Were beer and beverage products priced correctly . . . . . Yes ( ) No ( )

Comments:

Did you review employee price tests . . . . . Yes ( ) No ( )

Comments:

Are shopping carts being locked up each night . . . . . Yes ( ) No ( )

Comments:

Did you spot-check daily cash reports . . . . . Yes ( ) No ( )

Comments:

Did you work a Sunday this month . . . . . Yes ( ) No ( )

Comments:

Did you work a late shift this month . . . . . Yes ( ) No ( )

Comments:

Did you review employee shopping reports . . . . . Yes ( ) No ( )

Comments:

Was the manager satisfied with security . . . . . Yes ( ) No ( )

Comments:

Was the manager satisfied with janitorial service . . . . . Yes ( ) No ( )

Comments:

Were employee restrooms clean . . . . . Yes ( ) No ( )

Comments:

Was the lunch room clean . . . . . Yes ( ) No ( )

Comments:

Store Supervisor's Monthly Report (Continued)

Were register receipts attached to employee's  
purchases . . . . . Yes ( ) No ( )  
Comments:

Did bonus buys have signs with expiration dates . . . Yes ( ) No ( )  
Comments:

Were weekly sale or bonus items being extended past  
expiration dates . . . . . Yes ( ) No ( )  
Comments:

Are lights being replaced as they burn out . . . . . Yes ( ) No ( )  
Comments:

Are vendors following procedures for invoicing . . . Yes ( ) No ( )  
Comments:

Other Comments:



*Delate*

Store Supervisor's  
Quarterly Report

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Did you evaluate the manager's performance and  
review it with him . . . . . Yes ( ) No ( )  
Comments:

Did you conduct accuracy tests on the inventory  
crew . . . . . Yes ( ) No ( )  
Comments:

Did you audit the safe . . . . . Yes ( ) No ( )  
Comments:

Did you review manager's employee evaluation  
reports . . . . . Yes ( ) No ( )  
Comments:

Did you review the inventory results with the  
manager . . . . . Yes ( ) No ( )  
Comments:

Does the store have excessive inventory . . . . . Yes ( ) No ( )  
Comments:

Has the dairy box been steam-cleaned recently . . . . . Yes ( ) No ( )  
Comments:

Do shopping carts need repair . . . . . Yes ( ) No ( )  
Comments:

Is the back yard clean and free of junk . . . . . Yes ( ) No ( )  
Comments:

Do returned checks compare with the main office  
file . . . . . Yes ( ) No ( )  
Comments:

Are monies collected from vending machines and  
floor care rentals being handled properly . . . . . Yes ( ) No ( )  
Comments:

Did this store meet its payroll budget . . . . . Yes ( ) No ( )  
Comments:

Store Supervisor's Quarterly Report (Continued)

Are employees parking away from the store . . . . . Yes ( ) No ( )  
Comments:

Is this store current on all claims against  
vendors . . . . . Yes ( ) No ( )  
Comments:

Are night lights being controlled . . . . . Yes ( ) No ( )  
Comments:

Store Manager's

*Delete*

Weekly Report

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

- Did you walk the store each morning before opening . . . . . Yes ( ) No ( )
- Did you give price tests to checkers . . . . . Yes ( ) No ( )
- Did you check price changes to insure completion . . . Yes ( ) No ( )
- Did you spot-check vendors to be sure policy is being followed . . . . . Yes ( ) No ( )
- Did you spot-check vendors' pricing . . . . . Yes ( ) No ( )
- Were ad and bonus specials pulled on schedule . . . . Yes ( ) No ( )
- Did you review daily cash reports . . . . . Yes ( ) No ( )
- Were over-rings, refunds, and paid-outs over \$1.00 signed by customer, checker, and manager . . . . . Yes ( ) No ( )
- Did checkers sign their register report sheets and date them . . . . . Yes ( ) No ( )
- Did you post daily cash shortage and overage reports . . . . . Yes ( ) No ( )
- Did you place extra money in a register for honesty test . . . . . Yes ( ) No ( )
- Do you have adequate shopping carts . . . . . Yes ( ) No ( )
- Do you make sure that employee rules and procedures are adhered to . . . . . Yes ( ) No ( )
- Do you schedule lunch hours and breaks so that customer service doesn't suffer . . . . . Yes ( ) No ( )
- Are all departments following the procedures for obtaining store supplies from stock . . . . . Yes ( ) No ( )
- Are back doors locked when not attended by a clerk . . . . . Yes ( ) No ( )

Store Manager's Weekly Report (Continued)

- Did you receive egg prices this week . . . . . Yes ( ) No ( )
- Did salesmen have briefcases in the selling areas . Yes ( ) No ( )
- Do you inspect product codes for proper rotation . . Yes ( ) No ( )
- Did you have all salesmen issue credit for spoils  
and remove them . . . . . Yes ( ) No ( )
- Do you spot-check grocery orders for shortages . . . Yes ( ) No ( )
- Did your grocery order arrive on time . . . . . Yes ( ) No ( )
- Did you see that customers were contacted on  
returned checks . . . . . Yes ( ) No ( )
- Were there any supplier shortages which affected  
business . . . . . Yes ( ) No ( )
- Did you discuss the evening store operation with  
the night manager . . . . . Yes ( ) No ( )

Store Manager's  
Monthly Report

*Palate*

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

- Do all new employees read the store's rules and procedures . . . . . Yes ( ) No ( )
- Did you send their signed compliance form to the office . . . . . Yes ( ) No ( )
- Did you write evaluation reports on employees and review them . . . . . Yes ( ) No ( )
- Do you forward these signed reports to the office . . . . . Yes ( ) No ( )
- Did you contact suppliers to collect outstanding claims . . . . . Yes ( ) No ( )
- Did you consider pilferage when you authorized displays by vendors . . . . . Yes ( ) No ( )
- Do you discuss theft problems with security . . . . . Yes ( ) No ( )
- Do you discuss all operational problems with the supervisor . . . . . Yes ( ) No ( )
- Did you work any late shifts this month . . . . . Yes ( ) No ( )
- Did you work a Sunday shift . . . . . Yes ( ) No ( )
- Did you review all shopping test reports with the employees tested . . . . . Yes ( ) No ( )
- Do you return the reports to the main office after the employees have signed them . . . . . Yes ( ) No ( )
- Did you write up any employees for violation of company policy . . . . . Yes ( ) No ( )
- Did you enter all price changes in the master price book . . . . . Yes ( ) No ( )
- Do you check to see that discontinued merchandise isn't reordered . . . . . Yes ( ) No ( )

Store Manager's Monthly Report (Continued)

- Do you check bread and pastry codes to insure they  
are being delivered fresh and not rolling it in  
from other stores . . . . . Yes ( ) No ( )
- Are the bread and milk vendors leaving plenty of  
merchandise to last on their days off . . . . . Yes ( ) No ( )
- Are employee purchases being checked out by  
management . . . . . Yes ( ) No ( )
- Are checkers charging the correct amount on tax  
and bottle deposits . . . . . Yes ( ) No ( )
- Do you have any suggestions for improving the  
operation of the store . . . . . Yes ( ) No ( )

Comments:

Night Manager's

*Delete*

Daily Report

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Did customers receive good service . . . . . Yes ( ) No ( )

Comments:

Did you check the produce department during the evening . . . . . Yes ( ) No ( )

Was merchandise full and attractively displayed . . . Yes ( ) No ( )

Comments:

Was merchandise in the meat department full and attractively displayed during the evening . . . . . Yes ( ) No ( )

Comments:

Did you answer requests by checkers promptly . . . . . Yes ( ) No ( )

Comments:

Were back doors locked at all times . . . . . Yes ( ) No ( )

Comments:

Were employees kept busy . . . . . Yes ( ) No ( )

Comments:

Did you checkout employees' purchases during the evening . . . . . Yes ( ) No ( )

Comments:

Was there plenty of bread and milk on display . . . . . Yes ( ) No ( )

Comments:

Did you observe any employee violating company policy . . . . . Yes ( ) No ( )

Comments:

Did employees abuse the time allowed for lunch hours or breaks . . . . . Yes ( ) No ( )

Comments:

Was security paged during the evening . . . . . Yes ( ) No ( )

Comments:

Were all shopping carts brought inside at closing time . . . . . Yes ( ) No ( )

Comments:

Night Manager's Daily Report (Continued)

Did you pull excess cash from the registers during  
the evening . . . . . Yes ( ) No ( )  
Comments:

Did all employees leave together at closing time . . Yes ( ) No ( )  
Comments:

Do you have any suggestions concerning the evening  
store operations . . . . . Yes ( ) No ( )

Comments:



Night Manager's Daily Report (Continued)

Did you pull excess cash from the registers during  
the evening . . . . . Yes ( ) No ( )  
Comments:

Did all employees leave together at closing time . . Yes ( ) No ( )  
Comments:

Do you have any suggestions concerning the evening  
store operations . . . . . Yes ( ) No ( )

Comments:

Meat Manager's  
Weekly Report

*DeKle*

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

- Did you weigh all merchandise received as per instructions . . . . . Yes ( ) No ( )
- Was all merchandise checked before it was placed in the cooler . . . . . Yes ( ) No ( )
- Is pricing correct on displayed merchandise . . . . . Yes ( ) No ( )
- Did you spot-check the amount of tare allowed . . . . . Yes ( ) No ( )
- Total amount of markdowns this week . . . . . \$ \_\_\_\_\_
- What was the total of spoilage . . . . . \$ \_\_\_\_\_
- Did you receive current price lists for meat, poultry, and fish . . . . . Yes ( ) No ( )
- Were scales checked for accuracy . . . . . Yes ( ) No ( )
- Did you outline work for night butchers . . . . . Yes ( ) No ( )
- Does the cleanup man do his job efficiently . . . . . Yes ( ) No ( )
- Do meat department employees adhere to company policies . . . . . Yes ( ) No ( )
- Were procedures followed for acquiring store supplies . . . . . Yes ( ) No ( )
- Do you price all orders prepared for employees . . . . . Yes ( ) No ( )
- Do you compare vendors' charges with meat buyers' quotations . . . . . Yes ( ) No ( )
- Does night butcher keep display case full and attractive . . . . . Yes ( ) No ( )
- Is there plenty of ad merchandise at all times . . . . . Yes ( ) No ( )
- Do you double lock back doors at 5:00 p.m. . . . . Yes ( ) No ( )
- Did you stay within your payroll budget . . . . . Yes ( ) No ( )

Meat Manager's Weekly Report (Continued)

Were there any vendor shortages which affected  
business . . . . . Yes ( ) No ( )

Suggestions for improving the meat department operation:

Produce Manager's

Weekly Report

*Delete*

Store \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

- Was all merchandise counted before being placed in  
the cooler . . . . . Yes ( ) No ( )
- Did you spot-check any weights . . . . . Yes ( ) No ( )
- Was any merchandise refused because of poor  
quality . . . . . Yes ( ) No ( )
- Did you receive a current price list . . . . . Yes ( ) No ( )
- Do you compare the wholesale costs with the buyers'  
quotations . . . . . Yes ( ) No ( )
- Do you inform all checkers of price changes . . . . . Yes ( ) No ( )
- Were procedures followed for acquiring store  
suppliers . . . . . Yes ( ) No ( )
- Estimated amount of markdowns . . . . . \$ \_\_\_\_\_
- Estimated amount of spoilage . . . . . \$ \_\_\_\_\_
- Were there any vendor shortages that affected  
business . . . . . Yes ( ) No ( )
- Do all produce employees adhere to store policies . . . . . Yes ( ) No ( )
- Were counters full and attractively displayed for  
late shoppers . . . . . Yes ( ) No ( )
- Is there plenty of ad merchandise at all times . . . . . Yes ( ) No ( )
- Was merchandise rotated to reduce spoilage . . . . . Yes ( ) No ( )
- Do all displays have price signs . . . . . Yes ( ) No ( )
- Are floors kept clean and safe for customers . . . . . Yes ( ) No ( )
- Were back doors double locked at 5:00 p.m. . . . . Yes ( ) No ( )

Produce Manager's Weekly Report (Continued)

Suggestions for improving the produce department operation:

*Delete via by*  
*Director*  
*Expans*

A TEST FOR YOUR STORE'S SECURITY

1. Is there a written and enforced policy on personnel coming and going by the back door?      Yes ( )      No ( )
2. Are garbage, refuse, and meat renderings spot-checked as they go out the door?      Yes ( )      No ( )
3. Are signed receipts required for all merchandise going out the back door?      Yes ( )      No ( )
4. Are all deliveries counted and original signed and kept in a safe place?      Yes ( )      No ( )
5. Is there a signed copy of store policy on file for each employee?      Yes ( )      No ( )
6. Is there a written and enforced policy on checking out friends and relatives?      Yes ( )      No ( )
7. Has some preventive communication been sent to store personnel in the past three months?      Yes ( )      No ( )
8. Are employees allowed to park near the store?      Yes ( )      No ( )
9. Is there a written and enforced policy covering procedures in the check stand?      Yes ( )      No ( )
10. When was the last time an employee was shown a returned check?      Yes ( )      No ( )
11. Has a written policy ever been made on how coupons will be handled?      Yes ( )      No ( )
12. Are back doors kept locked, except when receiving merchandise?      Yes ( )      No ( )
13. Are double locks put on back doors when manager leaves for the day?      Yes ( )      No ( )
14. Does the store transfer book have three copies?      Yes ( )      No ( )
15. Is all store-transferred merchandise counted and signed for?      Yes ( )      No ( )
16. Are holdup and burglar alarms tested periodically?      Yes ( )      No ( )
17. Are janitorial firms observed periodically?      Yes ( )      No ( )
18. Are honesty tests made periodically on security officer?      Yes ( )      No ( )

A Test For Your Store's Security (Continued)

- |  |         |        |
|--|---------|--------|
| 19. Are honesty tests made on store employees?   | Yes ( ) | No ( ) |
| 20. Have all suppliers been notified that store employees are not allowed to accept gifts of any type?           | Yes ( ) | No ( ) |
| 21. Are periodical checks made on the money in the safe?   | Yes ( ) | No ( ) |
| 22. Is random weight merchandise such as pork loins, chickens, fish, etc. weighed periodically for short weight? | Yes ( ) | No ( ) |
| 23. Are all employees required to leave the store together at closing time?                                      | Yes ( ) | No ( ) |
| 24. Is consideration given to highly-shoplifted items when merchandising?  | Yes ( ) | No ( ) |

### PART III

#### SHOPLIFTERS

Among those shoplifters which I have apprehended in my career, there was a banker, a banker's wife, a doctor, a doctor's wife, a lawyer, a lawyer's wife, a teacher, a teacher's wife, a college professor, a college professor's wife, a superintendent of a school, a policeman, a minister, a grocery store owner, a security agent, a liquor store owner, an army colonel, a supermarket salesman, a deputy sheriff, a fireman, a newspaper reporter, a psychiatrist, a security director of a major hotel, two supervisors of a shopping service, a juvenile officer, a business man who owned 4 apartment houses, a country club manager, and a prostitute who carried a dozen or more business cards from detectives and officers stating that they should be called in case this individual should need a reference. Other unusual citizens include the madam of a call house, a socialite, a jockey's agent, a court reporter, a grocery store manager, and a contractor who built the store in which he was shoplifting.

I once worked for two firms who had two large supermarkets located directly across the street from large churches. It is regrettable that the busiest days for apprehending shoplifters were on Sundays after church. It wasn't uncommon for these God-fearing people to enter the stores with their bibles under their arms and proceed to steal such items as film for their cameras,



liquor, steaks, caviar, and many other expensive items. I dreaded working in these stores simply because it was such a difficult task of getting these people to admit they had stolen after leaving the church. I feel that relating some of my experiences with difficult shoplifters and the outcome of these experiences would be beneficial to you and your security agent if he isn't absolutely positive that the customer has shoplifted.

LADY WITH THE PADDED COAT

One day I observed a lady customer as she was leaving the meat department. She had 4 choice New York steaks located at the top of her cart. As she pushed the shopping cart towards the front of the store, she had her back to me. As she was half-way to the front of the store, I noticed her reach down and shove the items up into her coat. She left the cart and was leaving the store. I followed her to the parking lot where her car was parked. I approached her and said, "Excuse me ma'am, but didn't you fail to pay for something?" She turned around and said, "Are you accusing me of stealing?" I said, "No, I didn't." I said, "I was wondering about the 4 New York steaks." At this time, several people had stopped to listen. The lady took her large purse and emptied it on the parking lot. She started screaming at me, "Here, search my purse. You're accusing me of stealing. Here, search my purse!" I said, "Lady, I didn't say you had the steaks in your purse." I said, "Do you have them inside your clothing?" She took her coat off and handed it to me and said, "Here, search my clothing!" And she stretched her arms out in full position to show that she didn't have anything under her arms.

By this time, a crowd of 25 to 30 customers had formed around us and were listening. The lady put on such an act that I was starting to feel worried. The manager had returned from his lunch hour and he walked up and asked me what was the problem. I explained the situation, adding that she had put on such a show in the parking lot, that I hadn't uncovered the steaks as yet. Then I took the lady's coat and searched the pockets. I found nothing. The lady continued screaming that I was accusing her of stealing and that she was going to get an attorney to sue the store. Finally, I found a little slot at the top of her coat. I reached far inside the opening until I had pulled the coat up to where I could feel the steaks at the very bottom of the lining of her coat. I removed the steaks one by one, and held them up for the large crowd to see. I turned to the lady and said, "These are the steaks I accused you of stealing." I said, "Now you are under arrest for shoplifting."

#### THE STORK'S MISTAKE

Several years later, at this very same market, I believe I had the most unusual case which any security agent has ever had concerning a shoplifter. I observed a woman as she entered the store and walked down the liquor aisle. She selected a bottle of Johnny Walker liquor and walked directly toward by window. As she stooped down, she shoved this up underneath her dress. The lady was quite heavy. She weighed approximately 260 to 270 pounds. She selected two bottles of mix from a table and walked to the front of the store. I went down and got in line behind her, observing that she paid only for the two bottles of mix.

After she left the market, I approached her and asked her if she hadn't forgotten to pay for something. She said, "No." I said, "Well, I was wondering about the bottle of Johnny Walker." She said, "Oh, I was going to purchase that, but I put it back." I said, "No, lady I am sorry but you didn't put it back. I observed your actions very closely and I would like to talk to you in the store." She walked back inside the store with me, and I asked the assistant manager to get a lady checker to come upstairs with us. I began interrogating the lady, asking her if she wanted to save herself some embarrassment and produce the bottle of liquor. She kept insisting that she didn't have the bottle of liquor. I said, "Lady, you have the bottle of liquor between your legs." She stated that if I and the assistant manager would leave the room, she would be glad to pull up her clothes and show the lady clerk that she didn't have the bottle of liquor. I asked the assistant manager to bring another lady clerk up into the office. After she arrived, the assistant manager and I left the office after instructing the girl to look very closely because I was positive the lady had that bottle of liquor.

A few minutes later the girls opened the door and the German girl checker was simply white. She said, "Charlie, she doesn't have the liquor." I said, "Did you look close?" She said, "I looked, she does not have that bottle of liquor." I said, "Thank you." I went back inside the room and talked to the lady further. I said, "Ma'am I know that you have the bottle of liquor and if you want to give it back, possibly we can resolve this without arresting you." She said, "I don't have the liquor and I don't intend to discuss it any further. I put it back on the shelf and

I will be glad to show you where I put it if you want me to." I turned to the assistant manager and said, "Let's have her show us where she returned the liquor."

She led the way to the liquor department and pointed to where the Johnny Walker had been. I said, "Lady, the empty spot is the one bottle you had taken because I had just previously checked the liquor aisle and it was all fronted." She insisted again that she had put the liquor back. I said, "Well, let's go back to the office. I want to talk to you further."

As she was leading the way to the office, she stopped and started taking very small steps. She was climbing the stairs very slowly, appearing troubled. When we arrived inside the office, I spoke privately with the assistant manager. "Fred, she still has that bottle." He agreed. I turned to the lady and said, "Ma'am, if you don't produce the bottle now, I am going to call the police and have a police matron come down and find the bottle." She said, "Well, you do that sir because I don't have the liquor." I picked up the phone and started dialing the police department. The lady reached over and put the phone down. She said, "All right, if you men will turn your backs, I'll get the bottle for you." So the assistant manager and I turned our backs and the two lady witnesses watched the lady remove the bottle. She delivered it just as a baby would be delivered. The bottle was actually up inside her body.

That bottle remained on display in that office for more than a year. Everyone had heard about the case and wanted to see the bottle. I must have aged 10 years that day. I have never before been confronted with such a bizarre case. My perfect record was

intact. The importance of being positive when you accuse a customer of shoplifting was not to be overlooked. Some owners might criticize me for going so far in this incident, but with people so anxious to sue market owners today with false arrest suits, I felt that it was necessary.

#### THE SOCIALITE

Once, I noted a well dressed man as he was shopping in the gourmet section. He selected two \$6.98 jars of caviar and placed them at the top of his cart. After deciding on several other items, he pushed his cart back to the meat department. As he was coming down the aisle, he took one jar of caviar and placed it in the front left pocket of his pants. The other jar he placed in the front right pocket of his pants. When he had finished shopping and had gone to the checkstands, I went down to the floor and watched him check out. The grocery manager approached me and asked who I was pursuing. When I pointed out the individual, the manager said, "Oh no, do you know who that man is?" I said, "No." He said, "He is a millionaire with a mansion in the hills. There is no way he is ever going to admit stealing." I said, "Well, he is going to." The manager said, "You will never get him to admit it."

When the man left the store, he had 2 bags of groceries in his arms. I approached him and asked him, "Sir, didn't you forget to pay for something?" He said, "No." I said, "Well, didn't you forget to pay for the caviar?" He said, "No, I put it back." I said, "No, you didn't put it back. Now I want to talk to you inside the store about the caviar." He said, "Well, listen. I suggest you call the police and then I'll call my attorney, and then when the

police don't find any caviar on me, we'll take measures to sue this firm and, maybe, this store will end up being mine." I looked at the man and said, "Sir, why don't you do that because you have the two jars of caviar right here." I reached with both hands and grabbed the caviar bulging in his pants pockets. He looked at me and said, "Well, I guess there is no need to deny it any further." He returned to the store with me and signed a confession stating he had stolen the two jars of caviar from the market that day. This is another example of why you must be positive when you approach the customer outside the store. In many instances, people such as this, can out bluff the security agent if he has any doubts in his mind.

#### THE PSYCHIATRIST

On another occasion, I watched a well dressed business man as he was filling bags with gourmet foods. After he had completely filled one bag, he walked to the produce department and obtained another bag and went back to the gourmet section and filled it. I was positive this man was going to shoplift, but he surprised me. He went to the checkstand and got in line behind two other customers.

A few minutes later, I looked up through my one-way window and saw this man darting past the checkstand and out the door. I really had to run fast to get to his car before he drove off. I approached the man and said, "Excuse me sir, but didn't you fail to pay for the two bags of merchandise?" He said, "No, I went to the checkstand and paid for them." I said, "Would you mind showing me your cash register receipt." He said, "The girl didn't give me one." I said, "Sir, would you mind accompanying me back inside the store

and showing me which clerk checked you out." He said, "No! I'm sorry, but I'm in a hurry." I reached in and turned the key off-- he had the car motor running. I said, "Sir, I am a security agent for the market and I want you to return to the store with me." So, he got out of the car and went back inside the store. I said, "Would you mind pointing to the girl who checked you out?" he pointed to a blonde-haired girl checking in one of the checkstands. We walked over to the checkstand and I asked the girl, "Did you just check out this man with all this gourmet food?" She said, "No." I turned to the man and he said, "Oh, all right, I didn't pay for it." I said, "Would you mind coming upstairs to the office with me?" We went upstairs to the office and I called the manager in. I asked this man what he did for a living. He kind of laughed and said, "I better not tell you, it would really surprise you." I said, "Sir, last night I stopped a man and asked him what he did for a living and he told me he was a minister. So, nothing you can tell me today will surprise me." So, then he said, "Well, I am a psychiatrist." Then the manager said, "Are you the man who has the office across the street?" He said, "Yes, I am." I said, "I'll be a son of a gun. For years, I've been listening to shoplifters tell me about their problems and their mental illnesses, and I've been recommending that they go over and see you."

#### DOPE ADDICTS

Once I was working in an older type of market without one-way windows, only little vents to observe through. After some time had gone by, I noticed a man and woman take 6 cartons of cigarettes from the display and walk down an aisle towards me. The lady had an enormous purse in her hand. They rounded the corner and started

down another aisle, and seeing that no one was there, the lady opened her purse and shoved all 6 cartons of cigarettes inside and closed the purse. They then walked to the front of the store and left.

I had a long way to run in the store. I had to go through a warehouse, and by the time I reached the front, the couple was crossing a main street. The light had turned red, but I darted across anyway, against the traffic. By this time, they had crossed another street and entered a parking lot of a large shopping center. I dashed across the street into the parking lot and as I reached them, the lady opened the door of a car to enter it. I quickly snatched the purse out of her arms. The man began swinging at me. Two men who were sitting in the front seat of the car got out to assist their male companion.

About this time, a police car came and two officers jumped out to arrest the 4 people for shoplifting. The car was filled with cartons of cigarettes. After the officers obtained a search warrant for the trunk, they found an additional 60 cartons of cigarettes there.

The very next evening, I was working for another market about a mile up the street. During the rush hour, I noted two men who had selected cartons of cigarettes and were walking toward the rear of the store. This store was also lacking one-way windows, so I was looking through a hole in the wall. I ran through the warehouse, walked through the store, and then began my pursuit. I crossed the street and entered my car. Soon, the two men came out, walked up the street, and got into a car which had two other men sitting in the front seat. I watched as these two men pulled the



6 cartons of cigarettes and laid them out on the floorboard of the car.

In a few moments, the two men in the front seat got out and walked into the store. I went to a phone booth which was located by a restaurant and called the police and asked for assistance. I asked them to meet me behind the restaurant. In a few minutes, the police car arrived and I told the officer what the four men were doing. He radioed for more help. The men left the store and got in the car. I informed the officer that they would be going down the street to another store, so we held back. The men drove down the street and entered a large supermarket. In the meantime, two unmarked police cars arrived and the officers decided to follow these men for a few more stops. We observed these men making repeated trips into markets. About 5 miles later, the officers decided to apprehend the culprits. Although these men put up quite a fight, our combined force overpowered them, including one man with a knife.

In the next 6 weeks or so, I had arrested 4 more of these groups with 3 or 4 men in each group. The officers were able to determine that these men were stealing the cigarettes in the small city and taking them out of town to a drug dealer who was trading drugs for the cigarettes.

Over the years, I have been able to train security agents on how to apprehend these gangs. In most instances, it is almost impossible for a security agent to handle this by himself, even with a store employee or two. These men are usually dangerous and, generally, have prior records; they will resist arrest.

THE SWINGING LADIES

*delete*

I was working in a market which was located in a very rough area. I had observed 3 very large women shoplifting down an aisle. As they continued to push their cart up and down the different aisles, they put merchandise inside their clothing and purses. I went to the manager's office and called the police and asked them to send an officer to wait outside in the parking lot. Sometimes, women can be more trouble than men during apprehension. After the women left, the manager, assistant manager, and I confronted them and asked if they hadn't forgotten to pay for some merchandise. They said, "No", and started walking towards the car. We each took one of them by the arm and said, "Would you mind waiting for a moment, we want to talk to you." They said, "No." They tried to pull away. We held onto their arms and they turned around and started swinging at us. The police car with 2 officers arrived, and when they attempted to arrest these women, we discovered all three women were men dressed as women. It was fortunate I had called the police to subdue the tough "ladies".

THE MOONLIGHTING BUSINESSMEN

I was working in a small independent store during a holiday. Only 4 employees were on duty and all of them were at the check-stand. I became aware of a dapper man with a large coat on as he pushed his cart throughout the store. Eventually, I noticed that the man was meeting with another male customer in the store in an area where I couldn't observe their actions. In a short while, the smaller of the two men left the store. I noticed he had a large bag in his arm. As I gave chase out of the store, I was simultaneously aware of the taller man who had dozens of expensive items

in his cart. Instinct stopped my pursuit. I walked across the street and sat in my car. In a few minutes, I saw the smaller man leave his car and return to the store. I went to his car and saw all the stolen merchandise dumped on the floor, plus other merchandise brimming from bags. I called the police and asked if they could send an officer to meet me behind a restaurant. This is the same restaurant where an officer met me before to watch the cigarette gang. When the officer arrived, we sat in his car for about 45 minutes watching this individual make trip after trip to and from the store, taking the merchandise to the car. After a while, both men left the store carrying bags.

When they reached the car, the officer drove to the car. When we got out and approached the car, it sped away. We chased the car for about 20 to 25 blocks, but it took the combined efforts of 2 other police cars to curb the fleeing vehicle. The officers discovered that the two men in the car owned a small store in San Francisco and they were across the bay shoplifting merchandise to re-sell in their own store. They had shoplifted over \$300.00 worth of drugs and household items that came from this small independent store.

This case illustrates what can happen when a store is manned with so few people on busy days, such as holidays, and have no security in the store to protect their assets.

#### CHECKING FOR SECURITY

One night, I was working in a store that had one-way windows. One of these windows was installed in the manager's office. I was eyeballing a customer from this particular window. It was about 10:30 p.m. and the store closed at 11:00 p.m. It was dark in here

and in the warehouse. Suddenly, I heard breathing behind me and I could make out the image of a man trying to see into the room. As he entered the room, I asked him what he wanted. I startled him. He said, "Is the manager here?" I said, "No, there is no manager up here at this time of the night, mister, and you are not supposed to be up here. The manager is down on the floor." The man left the room and took about two steps, then I couldn't hear him walking any further down the hallway. I had a gun in the drawer, but it wasn't loaded. I grabbed the gun and went towards the door, locking it. In a few seconds, I heard the man walking as he went through the warehouse and down the stairs. I ran to the window and looked up front. A man at the magazine rack was watching the checkstands. I had the feeling there was going to be a holdup. I continued to watch for the man to come out of the warehouse after he had gone down the stairs. Since he still had not come into my view, I thought he might kick the door down any minute, so I loaded the gun quickly and picked up the phone to dial the police. I told them my feelings about the two men and they said they'd have an officer there immediately. A few seconds later, the man appeared downstairs. He spoke to his partner and they left immediately. I ran down to the front, but there wasn't any car in sight.

I learned a lesson that night. Whenever you are working the late shift, as I was doing that night, make sure that you lock the office door--and if you see people enter the warehouse, and not return to the selling area, call the police. Later in my career, I had the occasion to catch holdup men who were hiding upstairs in the warehouse waiting for the store to close.

#### EATING THE EVIDENCE

I was working in a store that was located about a mile down the street from a college. One of the biggest problems in this store was the customers who ate merchandise and then threw the empty wrappers away and didn't pay for it. I saw two hippies who had selected some barbeque chicken and were going up and down the aisles eating it, discarding the bones behind packages of cereal and in obscure niches. I paged the assistant manager to report to the office. I wanted a witness. As these men continued to go up and down the aisles eating the chicken, they finally passed a section that had cold orange juice. They both selected a pint of orange juice, opened them, and consumed the orange juice. Then they went to the cookie section and opened a bag of cookies and got a handful of each. As they continued walking through the store, they ate the cookies.

I called the police department and told them the situation. They advised me that they would have an officer there shortly. When the men left the store, the assistant manager and I confronted them with what they had done, but they denied it. One man said, "You prove it, buddy!" So, I told them they were both under arrest. They started to struggle, but the assistant manager and I managed to hold them and return them to the store. The officer arrived and the assistant manager and I described what we had observed. The officer asked me to go downstairs with him. I showed him the areas in which they had thrown the empty containers. We gathered up the empty containers and advised both men that they were under arrest for shoplifting. This case went to court and the jury found both men guilty of shoplifting.

I am pointing out this case to security agents to show them the importance of having a witness. It is my firm belief that with two people testifying that they had observed the actions of people doing this sort of thing, one will get a conviction. The same thing applies to switching prices.

We have had hundreds of cases of price switchers in stores, and of those that demanded jury trials, we never lost one, simply because we had more than one person willing to testify that they had observed these people removing one price and applying another price tag onto the item.

#### REFUND RIPOFF

I was working in a busy store where I observed a man as he went to the produce section to obtain an empty bag. He then walked to the coffee section and selected 3 large jars of instant coffee which he placed in the bag. I watched as he went to the checkstand and talked to an employee. The employee paged the manager to the front of the store to speak to the customer. I left the window and proceeded downstairs. As I neared the manager, I overheard the manager saying, "Certainly, sir, we'll be glad to refund your money." I asked the manager what this customer was asking. He stated the customer told him that last week, when Nescafe was on sale, his wife had purchased 4 jars. After having tried one jar, they simply didn't like the coffee; thus, he was asking for a refund on the other 3 jars. I turned to the man and said, "Sir, I watched you enter the store a few minutes ago, select one of our bags from the produce department, walk to the coffee section, put the coffee in the bag, and then approach the checkstand and ask the clerk for a refund. He told me that I was

crazier than hell. I said, "Well, it so happens that I have a moving picture camera and I took pictures of your actions. I would be glad to let the judge view these pictures if you so desire." This man suddenly said, "I have a receipt at home and I'm going home to get it right now." With that he left the store, leaving the coffee behind. We never heard from the gentleman again.

I didn't feel I had concrete evidence to arrest this man because it was simply my word against his. I didn't have a moving picture of his actions, but many times, it is necessary to out bluff this type of individual, otherwise he would say, if you can't give me my refund, I'll just take the coffee. That way, we would lose the three jars of coffee.

THREE MEN WITH A PLAN

*Delete*

Another store I had worked at didn't have shoplifting windows, but it did have a vent one could climb up and see out of. It had been installed at the top of a closed area. I saw 3 hippy-type men put a lot of expensive merchandise into two grocery carts. It was a holiday and the store was very busy. All the employees were at the checkstands. Soon the three men huddled directly underneath my vantage point. One of the men wasn't wearing any shoes. He grabbed a bottle of coca-cola and broke it on the floor. He sat down and took the ragged edge of the bottle and cut the bottom of his foot just enough to squeeze blood out.

By this time, other shoppers were looking on with concern. One man ran to the front of the store and the end checkstand shouting something to the clerk. The clerk left the checkstand and ran into the produce room to a phone. I couldn't imagine what was

going on. The man that had run to the checkstand grabbed a handful of barrel bags and returned to the store to bag groceries that were in a cart down another aisle. Another man was asking customers for their names and addresses in case they needed witnesses for an insurance case. I heard the questioning person telling the customers that the man with the lacerated foot was merely walking across the store when he stumbled onto the broken glass, claiming that it caused the profusive bleeding.

I ran down and asked the employee what the man had told him. He said the man ran up and said a man had cut himself so badly that he was bleeding to death, and requested an emergency ambulance. So, he phoned the police department and had asked for an ambulance. I went to a phone to call the police department and told them what I saw and asked if they could have an officer wait up the street for me in case I needed him. I went back inside the store and made believe I was a customer. I noticed that the four barrel bags were full of groceries sitting in a cart. In a little while, an ambulance arrived and two policemen debarked with a stretcher heading for the back of the store. The cut man was putting on quite a show, moaning and squeezing blood from his foot. The men lifted the man onto the stretcher and as they were carrying him through the store, the other men each picked up two barrel bags full of merchandise and were walking right along side the stretcher telling their friend to hold on that they'd get him to the hospital in time, and they'd be up there shortly. They walked right out the door that way. As the ambulance attendants carried this man to the ambulance, and the other two men were standing along side of him still reassuring him, I waved to the police officer. He acknowledged and we



grabbed the two men and told them they were under arrest for petty theft. I told the ambulance crew that the man they were taking away was also under arrest and asked them to put a hold on him. I later learned that the 3 men were students at a university which put a lot of pressure on us to drop the charges. But, we did not.

I believe that this is another reason why markets should have security working their stores, especially on days when they are short-handed. Without security in such a store on a particular day, those men would not only have gotten away with shoplifting, but there was no doubt that the store would have had a suit on its hands concerning their negligence in leaving a broken bottle laying on the floor.

THE HOLDUP *delete*

I was working an early shift in a market because I had to go downtown early to sign a complaint at the District Attorney's Office on a shoplifter that I had arrested the night before. It had been a busy day for shoplifters. I had made 4 arrests and released one upon his signing a confession.

As I was walking through the store, I saw two men that I suspected were going to shoplift some meat. I went back into the warehouse and ran upstairs to a window. Just as I arrived at the window and looked out, the men stuffed the steaks inside their jackets. I ran to the front of the store for help. The assistant manager was bagging at one of the checkstands. I asked him if he would come outside with me, that the two men were going to come out in a few minutes. The men were not pushing a cart and I knew that they were going to be leaving quickly. In a few minutes, the two men came out the door. The assistant manager and I approached the men.

I asked them if they hadn't forgotten to pay for some steaks. They decided to run. The assistant manager and I apprehended them and returned them to the store.

When I called the police, I was informed there was trouble on the other side of town and that we would have to wait for a while. We waited for an hour and 20 minutes for an officer to arrive. But I had made up my mind that I wasn't going to let these men go; so, with the officers present, we had the men arrested.

A few minutes later, I saw another shoplifter. I waited for this customer to leave the store then apprehended him and brought him back to the store. This time, it took approximately 1 hour for the officers to arrive due to the same trouble on the other side of town.

I left the store to go home about 9:30 p.m. I had to drive about 40 miles from the store before I got home. I decided to take the quickest way home, via the freeway, although it was longer mileage-wise. As I was driving down the street, I passed a tavern familiar to me. Being so tired, I decided to stop and have a highball. After a few highballs, the owner asked me if I wanted another. I laughed and said, "No." I glanced at my watch. It was twenty minutes to eleven. I told him that I should go back and drive by a store to see if I could spot a holdup. We both laughed as I left.

I headed for the freeway, which was about 2 miles away. After driving about 1 mile, I suddenly decided that I had to go back to the store at closing time. I felt there was going to be a holdup. I made a turn and headed back towards the store. As I neared the store, I noticed that the assistant manager was letting the last

customer out, after which he locked the door, and dimmed the lights. The street light turned red, and as I stopped in front of the store, four checkers left their checkstands and walked towards the safe, which was out of my sight as it was covered by a brick wall. I decided that there wasn't going to be any holdup tonight and drove on when the light turned green.

After driving several blocks down the street, I was suddenly struck by the thought that the four checkers that had walked towards the safe weren't carrying any tills in their hands. I convinced myself that this was very strange and that maybe someone was standing back out of sight with a gun and had said, "Walk over here." I decided to back track and checkout my intuition. When I arrived at the store, the parking lot lights were turned out, leaving the area dark. I stopped my car and ran through the lot. As I neared the store, I passed a car in the lot that had a man sitting behind the wheel. I ran up to a phone booth which had glass windows where I could see directly across the lobby of the store. As I peered through the lobby, I saw a man with a gun pointed towards the assistant manager's head. The latter was opening the safe. Another man with a gun was herding eight employees towards the back room. Another man had a large box and he was throwing the tills from the checkstands into the box. I reached inside my coat pocket and pulled out a gun and loaded it. I then searched for a dime for the phone, but found only a quarter. I placed it into the slot and dialed the police. While I was doing this, I noticed that the car that was parked in the lot started up and left. When the police answered I told them that I was Nordby, working at such and such store, where a holdup was in progress: Three armed men were inside

the store, and police help was needed immediately. The dispatcher said, "Nordby, the men are handling a problem on the other side of town, I'll get men there as quickly as I can. But I don't know how quick I can get them." I said, "Well hurry up, they're almost done, and they are heading towards the door."

The assistant manager had moved his car up to the front door just before closing time, so I ran behind his car and was observing the men inside. They were walking towards the front door. One had a gun at the assistant manager's head, one was crouched down by the front door, and another was carrying a large tissue box with the loot. When they reached the front door, the assistant manager was taking out his keys and just starting to put them into the lock, when I saw a car coming down the street. It zoomed into the lot. I saw it was a police car. I hurried towards the officer and said, "They're at the front door and all three of them have guns." He said, "Come with me." He grabbed a shotgun and ran towards the front door. We were standing only 2 or 3 feet from the men inside when the officer said, "Help me kick this plate glass window in." We kicked the plate glass window in, and the three men got excited; they fired their guns and ran. They didn't hit anybody. I grabbed the assistant manager and pulled him out through the broken glass door. The officer ran into the store and we could hear the men running upstairs into the warehouse. I quickly told the officer that we had to be careful, that these men would probably run to the one-way windows that were surrounding the store. So we ducked down under the checkstand. The officer used his walkie-talkie to call for help. Within a few minutes, there must have been twenty-five or thirty officers on the scene. It took about two hours to get these

men down from the warehouse. They had hidden in the attic, and since they were all armed, the officers were attempting to get them out without firing any shots. Eventually, they succeeded without anyone being hurt. The three men had just been released from prison after having spent a total of 45 years in prison. They had received inside information to the effect that this store would be easy to hold up at closing time. This is the first time in over ten years that this store had ever had an attempted holdup at closing time. These men had over \$17,000 in the box at the time of capture.

The relevance of this episode is the importance to security men to see the value of following their hunches. If your intuition tells you that something is wrong, check it out. It might be true. Three more times during my career, my intuition told me that something was wrong. All three times it proved to be correct.

#### THE SECURITY DIRECTOR

Two men entered the store and both took an empty bag at the end checkstand. They walked to the liquor department and placed three quarts of liquor in each bag and walked out of the door. I ran down from my observation post and asked the manager to go with me. The tough looks of the men indicated they were going to fight. I told them I had the police waiting around the corner of the building. The manager didn't know I was bluffing and he ran to get them. Another employee came to my aid and we were able to arrest the suspects. One of the men was the security director for a major hotel, which had been experiencing large thefts of money and jewelry from their safety deposit boxes.

ON DISCOURAGING SHOPLIFTING

*Use some way.*

I was contacted by the owner of a large discount store to see if I would conduct a test on his store security. He advised me that he had a full-time guard at the exit door, and six departments in the store had installed security program to reduce thefts. He asked me to go to the store and shoplift. He gave me a letter to show anyone who apprehended me so that they would know my status. He asked me to see if I could remove any merchandise by leaving through any of the six back doors which were supposedly locked after 5:00 p.m. I agreed to make the test between the hours of 6 and 9 p.m.

I was able to remove expensive merchandise through all six back doors without being detected. I walked past the armed guard at the door 3 times with shoplifted merchandise in plain view without being asked for a receipt. He was suppose to check for receipts on all purchases. Once I had a half case of cigarettes in my arms, and as I passed the guard I said, "This should take care of my Christmas shopping." He smiled and said, "Yeah." I also removed an electric coffee pot from the box and carried the empty box to the jewelry department. The three salesmen in this department had bragged to the owner that no one could steal their merchandise because they were too alert. I waited until they were busy, then picked up a tree display of wristwatches, put it in the box, and walked away.

The next morning, the store owner called all the employees into the meeting room and asked them about security. He was assured that theft was really being controlled. He removed a canvas from a large pile of merchandise and told them that these items had been

shoplifted during the 3-hour period the night before.

I returned to this store 3 months later with my son and shoplifted over \$1,500.00 in merchandise without being detected. This store owner gave up on his own security program and hired professionals.

#### GROSS MARGINS GO UP AND DOWN

Now that I have related a few of my experiences concerning shoplifters, the significance of having a continuous security program should seem invaluable. Without one, I don't believe that any market can continue to absorb the type of losses that are incurred in the stores on a daily and weekly basis.

On one occasion, while working the shoplifting detail for a particular firm, I left them to go out and work other accounts, leaving them on their own. During the period of time I was gone, the gross margins went down in all the firm's stores. They were 2 to 3% lower than they had been during the years that I had been working with them. They recalled me to work their stores. After returning, and at the end of one year, the gross margins in two of the firm's highest volume stores had gone up over 3%.

Shoplifting will increase if one doesn't have a continuous program. As one owner told me, "If I don't wash my face every day, it will get dirty; if I don't have security every day, my shoplifting losses will increase." This is so true! But, the continuous program must be a sound one with trained personnel; otherwise, it will be rendered ineffective as my following experience proved.

I have conducted tests and determined that out of every dozen pair of sunglasses purchased, only four or five went through the

checkstands. The rest were shoplifted. When supermarkets stock such items as caviar, fountain pens, gloves, padlocks, vitamins, scissors, and toys that are considered expensive, they simply will not make a profit on said items. Scissors costing \$1.98 will be paid for, while \$8.95 scissors will be shoplifted. \$1.98 caviar will be paid for; \$6.98 caviar will be shoplifted. One dollar fountain pens will be paid for, \$2.00, \$3.00, and \$4.00 fountain pens will be shoplifted. Inexpensive vitamins will be paid for; expensive vitamins will be shoplifted. I have never known a supermarket to show a profit on sunglasses. The only way that you can show a profit on film and razor blades is by displaying them close to the cash registers. Suntan lotion displayed at the back of the store will be shoplifted more often than paid for. Yo yo's that retail for more than \$1.00 will generally be stolen faster than the salesman can deliver them. When common sense is used in limiting the value of merchandise displayed, it reduces the temptation to steal.

up  
sets

Whenever possible, prevent displays from obstructing the reading of the cash registers. Whenever possible, one should eliminate middle aisles in the selling area. Even though you gain many display ends, you lose more from shoplifting in the middle aisles than anywhere else in the store. Cigarette displays should be enclosed so that all cartons must be removed from the front of the display. Half pints of liquor should be kept at the checkstand or discontinued altogether. Packages of \$3.79 a pound sliced boiled ham are too attractive to the shoplifter to permit you to make a profit. Chunks of \$10.00 and \$12.00 filet of mignon are often shoplifted.



You should conduct tests to determine that they are being paid for. Instruct the checkers to mark down the ones sold on certain days. I have apprehended shoplifters with as many as five of these expensive packages of meat. That old time quotation stating that "30% of nothing is nothing" still applies. Business firms should always keep this in mind.

A survey taken in Los Angeles showed that 60% of all shoplifting in supermarkets takes place between 12 noon and 6 p.m. Seventy percent of all shoplifting was done by persons between the ages of 12 to 39 years of age. Non-food items, including clothing and sun briefs, accounted for 45% of all shoplifted items. Meat and deli accounted for 21-1/2%.

It's been my experience that shoplifting accounts for more than 50% of all theft which occurs in supermarkets today. Another survey taken in Los Angeles some years ago, showed that the average shoplifter visited the supermarket two and a half times each week and stole an average of \$3.69 each time. This totals \$729 a year if they went undetected. These facts were gathered from 23,000 shoplifters arrested in the Los Angeles area and their confessions were fed into the police department computer.

The average market will have anywhere from 100 to 150 of these regular shoplifters. There is absolutely no way that the market can absorb this amount of theft. Competition is too keen to allow markets to continue to raise prices as losses increase. The Profit Savers Shoplifting Program is the only program that I know of that will reduce shoplifting by 80% at the end of one year. It is inexpensive to implement this program and to continue using it.

*Answer for clerk*

YEARLY CHART OF ACCUMULATED SAVINGS

		<u>Savings</u> <u>Weekly</u>
1st Week	10 averaging \$14.00 each week	\$ 140.00
2nd Week	10	280.00
3rd Week	10	420.00
4th Week	10	560.00
5th Week	8	672.00
6th Week	8	784.00
7th Week	8	896.00
8th Week	8	1,008.00
9th Week	6	1,092.00
10th Week	6	1,176.00
11th Week	6	1,260.00
12th Week	6	1,344.00
13th Week	4	<u>\$ 1,400.00</u>
Total savings during 1st Quarter		\$ 11,032.00
14th Week	4	\$ 1,456.00
15th Week	4	1,512.00
16th Week	4	1,568.00
17th Week	3	1,610.00
18th Week	3	1,652.00
19th Week	3	1,694.00
20th Week	3	1,736.00
21st Week	2	1,764.00
22nd Week	2	1,792.00
23rd Week	2	1,820.00
24th Week	2	1,848.00
25th Week	2	1,876.00
26th Week	2	<u>\$ 1,904.00</u>
Total savings during 2nd Quarter		\$ 22,232.00

This chart shows 10 shoplifters were either apprehended by security, or deterred by the security windows each week, for the first four weeks. Each week, the market is no longer losing the \$140.00 that the shoplifters would steal. As the weeks go by, the shoplifters being apprehended or deterred decrease. At the end of the 13th week, \$1,400.00 weekly is being saved because 100 shoplifters are no longer stealing an average of \$14.00 weekly each.

At the end of the 26th week, 126 shoplifters are no longer stealing \$1,904.00 weekly.

YEARLY CHART OF ACCUMULATED SAVINGS (Continued)

Savings for the 3rd Quarter based on two shoplifters each week.	= \$27,300.00
Savings for the 4th Quarter based on two shoplifters each week.	= \$32,032.00
Total savings for 4 Quarters	= \$92,596.00
Less \$1,000.00 weekly for 39 weeks	= \$39,000.00
Extra ad specials to attract more customers	
Net Savings	= \$53,596.00

This equals 1 1/2 increase on gross for markets doing \$100,000 weekly.

The end of the 3rd period shows that 152 shoplifters are no longer stealing \$2,268.00 weekly. The weekly savings pyramid like a chain letter does, and at the end of one year, the store has saved \$92,596.00 because 188 shoplifters are no longer operating in the store. When you give \$1,000 weekly back to the customers in the form of lower prices from the 14th week on, you will see a good increase in volume, and still end the year with an increase of more than 1 1/2 in ~~sales~~ Store owners who have used our program have experienced these results.

68213 Marquette

PART IV

EMPLOYEE THEFT

I have uncovered employee stealing in every imaginable way. I have shocked every person in the firm by exposing dishonest employees that had been formerly respected by their co-workers and had 18 to 20 years seniority.

COLLUSION AT THE CHECKSTAND

I was called in by the owner of a large supermarket in the Bay Area to determine if shoplifting was responsible for his serious inventory shortages. He installed security windows for me to work behind, and on the very first day, I saw an employee shopping on his lunch hour. He was placing 3 pound cans of coffee in his cart. I thought it unusual, so I decided to go down to the floor and observe the checkout of his large order. No employee knew me, or was aware that the store had hired a security agent. I picked up a few items and after the checker started on the employee's order, I stood in line with a \$10.00 bill in hand and acted like a customer who wasn't paying any attention to their transaction. The checker was ringing ten cents on many expensive items. When he came to the coffee, he rang the price on one can and neglected to ring the other two. After the employee paid the small amount shown on the register total, I identified myself and asked both employees to the office. I told the store manager to close the register, remove the register tape, and save it for me. I followed the two men with the cart of

groceries to the office; and when I informed the owner of what I had observed, he almost went into shock. He stated that he liked and trusted these two men as he did his own son.

I separated the two employees, and during the interrogations, I obtained confessions which indicated that every employee in the market, excepting the manager, were stealing. Even the meat department was involved with the collusion at the checkstands. The market was almost bankrupt when the employee's thefts were discovered.

#### THE \$100.00 DISCOUNT

At another firm, the president of the chain advised me that a customer had reported seeing a large order being checked out, and the amount charged seemed rather small for the size of the order. I went to the market and the manager let me in before the other employees arrived. There was a small pane of one-way glass over the pharmacy, so I decided to observe from there. We made sure I could read the registers by removing some of the displays. This was a high-volume market which, when opening for business would have a crowd waiting.

A well dressed man and lady caught my attention due to their shopping habits. Each of them would select items in pairs. It was soon evident that they weren't worried about the prices. They spoke to all of the employees--I assumed they were well known. After 30 minutes or so, they went to the checkstand with their cart filled. I watched the checker with binoculars. She rang \$2.00 and pushed the cart past the checkstand. The man placed some empty bags on top of the order and paid the \$2.00. I ran down to the front of the store and saw that the man had paused inside to steal another item which was on display by the front window. After he left the store,

I confronted him and the lady. I asked to see their receipt. He stated that he hadn't been given one. I asked them to accompany me back inside the store. I told the manager to close the checker's register and to bring her and the register detail tape to the office.

The shoplifting man was the assistant fire chief in town and the lady was his wife. The girl checker was a friend of theirs. Another member of the family also was in the store at the time and had an order of equal size. He saw me stopping his relatives, so he didn't check out. The order that the assistant fire chief had paid only \$2.00 for totaled \$102.45.

This arrest made the front pages in the newspaper, and it certainly had an effect on shoplifting in the store. It didn't seem to affect the dishonest employees though because I also detected a dishonest receiving clerk working part-time, stealing more than \$300.00 worth of tape decks. Several other employees stole during the next few months.

#### EMPLOYEE THEFT IN ALL DEPARTMENTS

*File* During a three year period, I and two other security agents apprehended 23 thieving employees in a market in Reno. One employee had stolen over \$3,000 worth of tape decks, records, and CB radios. One night, I hid in the market and stopped four night, stock crew employees from stealing.

#### THE ASSISTANT MANAGER

*File* An outside detective agency was retained after they had notified the owner of their having information concerning a dishonest assistant manager in one of the stores. After thirty days, they withdrew from the case for lack of evidence.

I drove to the store that night and phoned the manager to tell him that I needed to get into the store about 3 a.m. He met me, let me in, and left. The first man to arrive was the assistant manager. He went to the safe and opened it. He removed a roll of quarters and played them in the slot machine. He lost the quarters and returned three times to the safe for rolls of quarters. Giving up on the machines, he went to the automotive department and selected items which he put in a bag. He left the store and walked to his car and placed the bag inside. I arrested this man for embezzling company funds and shoplifting.

THREE EMPLOYEES AND A SHOPLIFTER

Delete

One morning, I left home at 4 a.m. in order to arrive at a market by 5 a.m. to observe the inventory crew. I hid in a tower and after the professional crew arrived, I couldn't believe what I saw. They were estimating practically everything. Finally, I made my presence known by recounting merchandise which they had already inventoried. They were off on their count, anywhere from 7 to 10 percent. I informed the crew foreman that I had found large errors in the spot-checks and wanted him to confirm my inventory.

The store manager was so upset by the under-estimated amount that he demanded them to stay all day if necessary. They usually finished the store by 9 a.m., but it took them until 1:30 p.m. to count the inventory this time.

I left the store and drove to Reno, Nevada because I wanted to stake out a butcher when he left the market at 8 p.m. I arrived at the market, and as I was walking down an aisle, I noticed the assistant manager was selecting an item from the drug counter. I watched him as he went to the office to use the drug item. It was

a spray for his sinuses. He put the item in his pocket and went to work. I intercepted him and asked to see his receipt. He stated that he was going to pay for it later. I informed him that he was suppose to be setting the example in the store; that he was also in violation of company policy. I walked down another aisle to see if I could get a glimpse of the butcher. Instead, I noticed a customer shoplifting. I walked past his cart and glanced down. He had three New York steaks at the top of the cart. I walked around the corner and watched as he shoved the steaks down his shirt and buttoned his coat. I decided that I couldn't let him go, even if the butcher was aware of my presence in the store. I arrested the shoplifter and after the police escorted him out of the store, it was a matter of minutes before the butcher left. He had a quarter of beef, which he admitted wasn't his. It was an easy case. After that I was ready to go to a motel.

As I was driving to the motel, I passed another store in our chain, noticing the lights were out. I turned into the parking lot, and parked by a restaurant. Four employees left the store and drove away. One car remained. After waiting for 10 or 15 minutes, I decided to walk to the store and look in. As I approached the store, there was a man pushing a cart towards the front door. I hid behind the car while he opened the door and looked around. He then pushed the cart full of merchandise out of the door and towards his car. I stepped out from behind the car and asked to see his receipt. He tried to push the cart back inside the store. I had to hurry to prevent him from locking me out. He was the assistant manager and had been with the firm for years. I called the police and arrested him.



I went back to the same store several months later and obtained a confession from the bookkeeper concerning a large sum of embezzled money. I also arrested the janitor for shoplifting that day.

#### \$50.00 VOIDS

I entered a store one day and a girl checker had just asked another clerk to okay a \$50.00 void on her register. I asked the employee to come to the office with me. I wanted to question her in the presence of the manager. I asked her to explain the \$50.00 void on her register. She turned pale and didn't answer. I told her that I had been observing her for several weeks, compiling a file three inches thick with her register reports showing \$50.00 voids. She confessed to stealing because she and her husband were in debt.

Several weeks later at another market, I called a third man into the office for doing the exact same thing. He was averaging \$50.00 per work day by simply hitting the void key on the cash register and transferring \$50.00 into his pocket. He stated that he was upset over not being promoted to assistant manager and decided to monetarily reward himself. He did the cashing out each day, making it easy for him to cover his thefts.

#### THE STORE ANALYSIS

I was doing a store analysis for a firm, as well as watching its closing time. I was outside the store when it closed. All of the employees left, except the assistant manager. I looked in through a window and saw him filling a large bag with liquor, meat, and other items. I went into a phone booth and called the owner who lived close by. I informed him that the assistant manager was

stealing and asked him if I should arrest him. He instructed me to detain the man and he would be right down. When the assistant manager came out, I identified myself and asked to see his receipt for the merchandise in the bag. He replied that the receipt was in the trash can inside the store. I asked him to open the store and show me the receipt. He went through the motions of searching for the receipt until I told him there was no receipt, but would he rather tell the truth. He confessed and the owner arrived and directed me to call the police for an arrest.

I returned to the store the next morning to carefully examine the receiving of merchandise. After an employee had checked the draw order, I started double checking it off the invoice. The salesman asked if anything was wrong and I said no that I was just spot-checking portions of the order. I discovered the merchandise was priced 10 to 15% lower than the store's own retail selling price. I checked the stock on the shelves and it, also, was underpriced. I phoned the owner at another store and he came immediately. I called the supplier and the president came to the store. He couldn't give us any answer for the discrepancies, so we examined his other stores and found the same thing. The owner accepted a large settlement from the supplier.

Later in the day, I noted a customer as he went about the store putting merchandise in a flight bag. He filled the bag, then left the store without paying. I stopped him and when he emptied the bag in front of the manager and myself, there were 30 items in it. The manager recognized the man as a regular customer who lived only a block away and had patronized the store almost daily. This man confessed to stealing for poor relatives in the area.

THE LADY'S MAN

*Delete*

Another market was experiencing many cash shortages. Several of the lady checkers who had been with the firm 15 years or longer, were very upset because their registers were showing \$50 to \$100 cash shortages every week or so. I talked to the employees. Several of them mentioned that they had suspicions about the assistant manager. They stated, although the man was married and had children, he was dating women customers a couple of times a week.

That evening, the checkers checked out their registers and placed the money in an envelope, sealed it, and signed their name across the seal. I waited down the street watching until the store closed and all the employees had left. After they drove away, I decided to wait a few minutes. After awhile, a car pulled into the lot and a man who I recognized as the assistant manager opened the door and went in. I ran over to the store and looked through the window. The employee was using the phone. I guessed that he was calling the alarm company to alert them he had to return to the store for something he had forgotten. He went to the safe and opened it. I could see him as he opened an envelope and removed some money. After he locked the door and set the alarm, I stepped out from behind his car and said, "Hi!" He was startled in seeing me. I informed him that I had observed him through the window, so we both knew what he had done. He said that one lady friend had threatened to call his wife to tell her of his affair if he didn't take her out that night. I had an identical case ten years before where another woman was the assistant manager's downfall.

CLERK'S FAMILY RECEIVES DISCOUNT

Once I went to an owner of a market and informed him that I was

very suspicious of a new man he had hired. He told me he had checked the man out thoroughly and that I needn't worry about him.

That evening, the suspected employee asked me if I wanted to stop at a bar for a drink. He acted as if he wanted to tell me something so I said, "That sounds good." We went down the street and had a couple of drinks. Suddenly, he turned towards me and blurted, "You had better not ever turn me in for anything, buddy." I smiled and told him that as long as he did his work and kept his nose clean he wouldn't have a thing to worry about.

About a week later, I noticed the same clerk talking to a male and two female customers at the back of the store. I watched the three as they filled their carts with expensive merchandise. All three collected cookware that retailed for \$19.95 each. Although the new checker was not needed, he had opened his register. The man and two lady customers entered his line to be checked out. One man started to bag the order, but the clerk wasn't ringing hardly a thing. I phoned the police and reported what was going on. I asked them to wait in the parking lot. The three orders totaled almost \$240.00, and the clerk rang up only \$19.20. He, his father, mother, and wife were the culprits. I learned that the clerk had been arrested previously at another chain market under an alias. He was using a different name each time he applied for employment. I don't know how this owner could have checked him out so thoroughly, and yet, have found nothing.

THE UNLOCKED BACK DOOR *Delate*

I was at the same market several weeks later, observing customers through a window when I heard the back door close. I ran down and opened the door. A man had the back door of a red buick

open and was trying to force a full case of cigarettes containing 60 cartons into the car. Two more cases were on the ground. In the car, a man was behind the wheel with the motor running. As I collared the man with the cigarettes, the man in the car backed up and threatened to run over me if I didn't release his partner. I pulled the man into a pile of empty boxes, so the driver decided to flee. An employee heard me shouting and came to aid me. I ordered him to call the police and give them the license number of the red buick. The police stopped the car within a few minutes. The two men were drug addicts and were going to sell the 180 cartons of cigarettes.

The reason I dashed downstairs when I heard the warehouse door close was because it was after 6 p.m. and the store's policy was to have the doors locked at 5 p.m. I thought that it was an employee leaving by the back door. The store manager and I were reprimanded for not making sure the door was locked.

RINGING WITH AN OPEN DRAWER

I had installed a dummy television camera in a liquor store, facing it to the front door and the cash register. I informed the store manager that a market chain no longer wanted the camera, so he could use it as a deterrent against holdups. I had been trying to find a way to observe the checkstands at this high-volume liquor store; thus one night, after the owner had agreed to its use, I entered the store after closing time with a television installation man who had converted the dummy camera to a real camera. This camera was capable of monitoring for 72 hours.

After I reviewed the tape on a monitor, I arrested the assistant manager. I let him view the film and he watched himself enter the store on Sunday morning, then steal a case of liquor. He also saw

himself make many sales without ringing them up, and confessed to pocketing the money. During my interrogation, he also admitted that the most he had ever stolen was the day he failed to ring up 14 cases of liquor valued at \$770. He also implicated other employees. That dummy camera had come in handy after all.

This store had never had a cash shortage of even one penny. When I asked the assistant manager about this, he stated that the manager would instruct him not to ring up sales until he had whatever amount was needed to make up the shortages. The manager had opened the door for employees to steal.

#### BOTTOM OF THE CART

I was sitting at a one-way window located over the checkstand observing a checker. I was impressed with the speed and accuracy of this lady who appeared to be in her late 30's. As she was nearing the end of a large order, I paid particular attention to see if she was going to remember a large box of Tide soap which was placed under the cart. She failed to ring it up, so I was ready to run down and remind her when she suddenly spotted it and told the lady that she had missed it. Instead of ringing it up, she used her pen to write it on the customer's receipt and collected the total amount due. She closed the register and started checking out the next order. She repeated herself four more times during the next hour and a half.

When the owner returned from lunch, I asked him to watch her actions, and shortly, a customer came through her line with a 25 lb. bag of dog food at the bottom of the cart. She collected for it in the same manner. The owner knew the customer so we went outside to see her. The lady readily agreed to let us have the receipt, plus

her name and address. The checker denied anything irregular until I informed her that the manager had checked out her register, and it was over \$44.00 so far on this shift. I told her that the lady with the dog food would testify she had added it on with her pen. Also, we had the detailed tape to prove that she hadn't ever rung it up. She confessed she had been stealing for a period of about 8 months. Her husband had left her and she was raising three children. I checked her past employment out and found she had been fired from a major chain for cash irregularities.

#### NINE EMPLOYEES PAID THEMSELVES

I arrived at a new account and was walking up and down aisles to get a feel of where certain merchandise were located. I had not introduced myself to the manager as yet, when my attention was drawn to a checkstand where a checker was glancing around suspiciously as he hurriedly rang an order. The customer behind the counter was bagging with unusual rapidity. I noticed that 4 cartons of cigarettes had not been rung up, but quickly passed on to the man bagging the order. I had seen enough to stop him, so I went to the liquor department and asked the clerk where I could find the owner. She said the owner was in the meat department. There, I told the owner and his son what I had observed. They asked me to point out the customer, and as we reached the front of the store, the customer was leaving the checkstand. He was pushing one cart and pulling another, both filled with cases of merchandise at the bottom of the carts.

The owner's son said, "You don't mean the man with the two carts?" I said, "Yes." He said, "No, it can't be. That's our assistant manager and he's on vacation." I identified myself as

the security agent who they had contracted after a very thorough clearance check. I wanted to stop the order and inspect it. I was positive that the four cartons of cigarettes weren't rung up and, probably, many other items. The man was almost to his car when the owner gave me the okay. I asked the owner to close the number 6 checkstand and get the detail tape.

I went to the man and disclosed my identity. I told him that I would like to check the order to determine if the clerk had missed any items. The customer's receipt was laying at the top of one of the bags and I quickly scanned it for the four cartons of cigarettes. They weren't on it, but I did notice that there were 25 to 30 rings of 19¢ and 29¢ on the tag. I asked the man if he was an employee of the store. He said he was, but he didn't have any knowledge of unrung items. I asked him to help me push the carts back into the store. The owner had his daughter tabulate the order on her register. There was a difference of approximately \$94.00. I asked the man and the number 6 checker to come to the office. I talked to the checker first in another room. He admitted his guilt and implicated 8 other employees. He claimed that the owner required the employees to work many hours overtime without pay, thus after several years, the employees started giving each other deals. Next, I questioned the assistant manager who maintained his innocence for quite some time. But he also gave in eventually and spewed the same reasons for stealing. I showed the owner the confession and he denied their accusations. He didn't have them arrested, but terminated instead. The other employees were given admonitions.



THE CLOSING TIME CHECK

*DeLate*

I was checking out-of-town stores, the last one for the night being checked about 10 p.m., just before closing. I entered the store and as I walked towards the back room, I noted the assistant manager of the drug department ringing the purchases of a very pretty lady employee. He spotted me and then hurriedly bagged the order in a barrel bag and stapled it. His nervous behavior provoked my curiosity. I went to the employee and said, "Good evening." He asked what brought me into town. I smiled and said that I was spot-checking employee purchases. As I made this statement, I opened the bag, found the receipt and began checking the order. He started concocting excuses for items which weren't rung up. According to him, the employee had paid for two, \$2.00 pair of mens' socks the night before, but had forgotten to take them. I questioned him about each item and he coughed up different excuses which were all in violation of store policy.

I called the market manager over to witness the conspiracy, then informed the two employees to return the next morning at 8 a.m. The market manager and I would be discussing the matter with them then. The lady employee asked if she could speak to me privately. We walked about 30 feet away and she told me she had been looking forward to meeting me, since she had always wanted to be an undercover agent. She asked if there were any openings in my department. I answered that she had just set a great example for a lady who wished to be in security. She volunteered the names of many employees in the store who she believed were stealing. Nevertheless, I told her she would probably be fired after tonight, but if she

wanted to discuss other dishonest employees, she could do so in the morning, in the presence of the store manager. The next morning, I learned of other violations that the two employees had been warned about, and they were terminated.

#### THE CLEVER BUTCHER

I crawled about sixty feet into an attic so that I could stake out the butcher who had bragged to other employees about the amount of meat he was stealing. An hour before his quitting time, I was at a vantage point with my binoculars observing him grinding hamburger and steaks. He already had a large amount of ground beef. He went to the meat box and retrieved a chunk of filet mignon. He then made a hole in the hamburger and concealed the filet mignon inside the ground beef. He wrapped the package in cellophane to comply with store policy, then weighed and priced it. I climbed out of the attic and left the store.

It was dark outside. I parked my car so that I could see the checkstand where the butcher was paying for his meat. I entered the store and asked to check his purchase. He said, "Sure," and started off. I really surprised him when I ripped the package apart and exposed the filet mignon. He said, "Gee, you're a lot smarter than I gave you credit for." Other butchers came forward the next day and told me that this butcher had been telling them how stupid the new security agent was.

#### PROFITS DOUBLED

I was eyeing a lady employee as she shopped on her lunch hour. She had three steaks in her cart and was weighing a watermelon. It weighed 19-1/2 pounds. I wondered about the purchase because it was

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happens  
to  
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*Delete*

the first of the season, therefore, expensive. She was a divorcee with two children, so I was curious as to how she could afford almost \$2.50 for a melon. I decided to go down and watch her check out with her order. A girl clerk was checking her out. When she came to the watermelon, she said something to the divorcee and they both laughed. The checker rang up 98¢, then pushed the steaks by without ringing anything. I had suspected collusion at this checkstand, and that at least six employees in the meat department were co-operating with checkers by underpricing meat for their own personal use. This market was permitting the meat department to package special orders in white wrapping paper. I was seeing some very large packages leave the store marked "hamburger \$1.29" or "\$1.39", and some packages were marked "bones, no charge."

I went outside and waited for the employee until she was out of sight of her counterparts in the store. I then stopped her and asked to check her order. She said she was in a hurry and had to run the groceries home in order to be able to return to work by 1 p.m. I informed her that I had witnessed the goings-on at the checkstand and was concerned over the amount charged for the items. I took the register receipt from the bag and noted to myself and her that she had been undercharged for the watermelon, and not charged at all for the steaks. I asked her to accompany me to the office. I entered by a back door, so we wouldn't be noticed by store employees.

I informed the vice president of the store what had transpired and my feelings about other employees. After interrogating the employee, we learned that there were quite a number of employees who were involved. The store manager suggested that this employee go home and call in sick. We asked her not to warn the other clerks

and that we would make a decision about her in a few days. During the remainder of the day, I marched four other employees into the office for giving and receiving discounts.

Several weeks later, I inspected packages of meat marked hamburger and found steaks inside. The profits more than doubled at the end of one year's time after having continuous security for this firm.

#### SPLITTING THE PROFITS

I had been observing an employee at the checkstand whom the manager had inferred as having large cash shortages on his register recently. A milk vendor entered and talked to the checker. The vendor walked down an aisle and stood there. In a few minutes, the clerk closed his checkstand and joined the vendor. The latter pulled an invoice book out of his back pocket and the clerk signed for something. The vendor left and the clerk walked to the warehouse to place the invoice in the proper box. I had the manager open the box, and the invoice showed five cases of butter being delivered. We checked the milk box and found only two cases of the vendor's butter. We confronted the employee, and at first, he maintained that he had taken the vendor's word for the delivery. After I informed him that the vendor was being questioned by his supervisor, and that it would be to his benefit to co-operate, he admitted that he was going to receive half of the proceeds of the butter from the vendor after work. He and the vendor both insisted that this was the first time. Both men were fired.

Some years later, I had a similar case where the vendor was adding extra merchandise into the invoice and putting some of it into

a co-conspiring employee's car. This same vendor had destroyed more than \$40.00 in spoils by throwing them in the garbage without issuing credit. Of course, he was caught and convicted.

#### EXPENSIVE DIMES

I was at a one-way window above the cash register. An employee opened the register and removed a \$5.00 roll of dimes. He glanced around, but as he saw another employee coming, he tossed the roll of dimes into a trash bin. Soon the other employee left and the checker stooped down for the dimes and pocketed them. I walked down since the employee was not going anywhere. I asked him about the roll of dimes in his pocket and patted the roll bulging from his pants. He was not only embarrassed, but fired.

#### THE OWNER'S BROTHER

I was called in by the owner of a market who was puzzled by the cash shortages amounting to hundreds of dollars during the last two weeks. I decided to hide in the overhead compartment that night to observe the registers. I had been in the attic for almost 5 hours when a suited man entered the store and went to a register. He told the clerk that he was going to pull some of the excess money and put it in the safe. When he bent down to open the safe, he shoved some of the money into his shirt pocket. I had to crawl almost 120 feet to get out of the low overhead; thus, by the time I reached the front of the store, the man was gone. I phoned the owner and informed him that his brother, who was an employee at the store, had just absconded with some money. The owner thanked me and told me he would take it from there.

#### EMPLOYEE SHOPLIFTING

I was observing an employee as he shopped on his lunch hour. He payed for his order, but instead of putting the groceries in his car, he pushed the cart to the back of the store and placed them inside a produce box.

Later on in the evening, the clerk came out of the warehouse with a large bag filled with something. He went to the produce box and set the bag inside. After he left, I went down and inspected the bag. It was filled with frozen lobster tails and packages of crab meat. When the employee was leaving that evening with his order, I stopped him and arrested him for shoplifting.

Two weeks later at this same market, I detained the meat department cleanup man outside the produce back room with a toilet tissue box full of expensive frozen food items and meat. He had removed it with the trash. The assistant manager had given him the keys to put the trash out.

Recently, during a six-week period, I stopped four cleanup boys at different markets for stealing beer, liquor, and cartons of cigarettes by hiding them in the trash. In two instances, they removed the trash through the front door because the firm had a strict policy that nothing could be put out the back door after 5 p.m. The assistant manager saw nothing wrong with their going out the front door. When I called the police on one of the boys, his father (a police officer whose precinct included this market) answered the call.

#### LEAVING BY THE BACK DOOR

I was retained by a market chain in San Francisco to determine if shoplifting was the reason for some low-gross margins. I charged a base fee and an additional fee for each apprehension. On my first

day, I had seized 5 offenders, and was watching the employees in the meat department. They were preparing to go home for the day. In the next two hours, three meat wrappers and six butchers departed with merchandise by the back door. I called the owner and informed him what had taken place. He told me he hadn't had any policies concerning the employees leaving by the back door, though he had his suspicions. This particular market decided to warn the employees, and then install good, sound business procedures, and rules for employees.

*check*  
These cases are just some of the ways in which I have apprehended hundreds of employees stealing from their employers. One can see there's no way possible for firms to absorb these types of employee thefts. On the following pages, I have written pertinent checkstand procedures and store policies.

*Doleka*

CHECKSTAND PROCEDURES

1. All employees are required to wear name badges.
2. All checkers must be familiar with the prices of produce, dairy, and ads.
3. Checkers should be pleasant, call the prices clearly, and thank the customer. The register receipt is to be placed in the customer's bag or hand.
4. Checkers are to ring each item as it is removed from the cart. They must never ring a group of items and then remove them from the cart. Only group ring when the items are multiple priced.
5. Employees are not allowed to check out members of their families or close friends.
6. No employee is allowed to discount merchandise for other employees or friends. However, employees are allowed to purchase discounted merchandise that is displayed for customer purchase.
7. When a customer leaves the correct money for merchandise while you are waiting on another customer, you are to complete the transaction, then immediately ring the amount left by the customer and place the money in the register. Never leave the money on/or around the register for later work.
8. Never work with an open drawer.
9. Employees are not allowed to ring up their own purchases, cash their own checks, or make change for themselves.
10. Employees may not keep purses at the checkstands. Ask the manager where you can put it for safekeeping.
11. All refunds, over-rings, and paid-outs of one dollar or more must have the customer's name and address, and must be authorized by the person in charge at the time of the transaction, not later. All amounts over \$1.00 must be written out. Example: \$4.98-- should be written "four dollars ninety-eight cents."
12. Count the customer's change as it is handed back to him. Never put it on the counter.
13. Call all prices clearly and be courteous with all customers who question any prices.
14. Be alert for "till-tappers" by avoiding turning your back on an open register. Lock your register and remove your key when it is not in use.



CHECKSTAND PROCEDURES (Continued)

15. Never go into another register for any reason. If you need cash, call the manager.
16. Call management on all checks for authorization if the customer does not have the required identification.
17. Do not stand idle at the checkstand. Fill the cigarettes, clean the checkstand, or bag for another checker.
18. Call for price checks when needed. Never guess at prices, or ask the customers for the price.
19. Require identification when in doubt about customer's age on the sale of alcohol and tobacco products.
20. Employees are not allowed to chew gum, smoke cigarettes, or consume food in the selling area of the store.
21. Use good judgment on what size and how many bags are needed for each order. Bags are quite expensive.
22. The checkstand should be neat and clean at all times and should always be stocked with bags.
23. Shopping carts shall be kept clear of the checkstands at all times.
24. Call for change before you run out. Foresee your future needs and save the manager from making unnecessary trips to the safe.
25. All checkers must sign register worksheets daily.

*Deleka*

STORE POLICIES FOR EMPLOYEES

1. No employee may sign a tag and pay later.
2. No employee may accept free gifts or gratuities of any kind from vendors or customers. All premiums, rebates, or allowance checks are to be forwarded to the main office.
3. When employees are purchasing merchandise to be consumed in the store, they are to take the merchandise to the checkstand, pay for it, and have a receipt. This receipt must remain in sight until the merchandise is consumed.
4. All other employee purchases must be checked out by the management and removed from the store at the time of purchase, not later.
5. No employee may post-date a personal check and carry it in the register or safe.
6. Employees are not allowed to take open packages, dented cans, or spoils from the store. Management will dispose of these items.
7. Employees are not allowed to take books or magazines into the back room without paying for them.
8. Employees are not to make personal phone calls from the store, except in an emergency.
9. All employees are to be alert for shoplifting and dishonesty, and should report it to the management immediately. Never act on your own unless authorized by management.
10. All employees must leave by the front door.
11. Meat department employees are not allowed to price their own personal purchases. All meat must be wrapped in plastic wrap for employee purchases.
12. No employee may consume alcoholic beverages, or be under the influence of alcohol or drugs while on the premises of the store.
13. Employees who have complaints should talk them over with the management, and if need be, with the owner. Never disrupt other employees with them.
14. No employee shall punch another employee's time card.
15. The management and the store security officers may inspect employee's purchases at any time.
16. Gambling is forbidden. Employees and suppliers may not sell, or take chances on pools, place bets on horses, sporting events, etc., while on the premises.

STORE POLICIES FOR EMPLOYEES (Continued)

17. Employees shall be neatly dressed and well groomed at all times.
18. Employees working the late shift are expected to leave the store together.
19. Employees are not to park their cars close to the front or back doors. Ask the manager where you can park.
20. All merchandise being used as store supplies must be authorized by the person in charge, rung up at the register, and charged to the different departments.
21. All employees are to co-operate fully with the security agents in the performance of their duties.

*Delete*

STATEMENT OF COMPLIANCE

I certify that I have read and understand Store Policies and Procedures, dated \_\_\_\_\_.

I understand that failure to comply with these policies and procedures may result in disciplinary action, including demotion, suspension without pay, or discharge.

Employee: \_\_\_\_\_  
(Please print)

Employee's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Witnessed By: \_\_\_\_\_

Date: \_\_\_\_\_

PART V

VENDOR THEFT

DISHONEST VENDORS

*galt* I have uncovered suppliers who have overcharged markets for years. One had overcharged \$79,000 for lunch meat during one year. Two had overcharged \$110,000 for produce in one year. Another had overcharged \$50,000 on cigarettes. One hadn't given an extra 2% discount. One was overcharging 1¢ a pound on beef and selling to smaller accounts for less. One was exposed charging 2¢ per dozen on eggs when the store was buying more than the competitors who were buying for less. This amounted to \$60.00 weekly for each store in the chain. One had charged different stores in one chain different prices for years. Another had short-weighted every market in the chain. I have uncovered dozens of suppliers charging more for their products than they had originally agreed upon. Also, they were giving lower prices and discounts from 1% to 5% to competitors with comparable volumes.

960 POUNDS SHORT

*galt* I uncovered one supplier who had lowered the price of pork loins 4¢ a pound to get the ad that week, and then added an extra 4 pounds on each box since the salesman was aware that the meat department never weighed its products. I uncovered 960 pounds short weight for four stores on the day that I weighed the loins.

### 39¢ CHICKENS

12/24/73 One market owner boasted to me about the fantastic buy he had made on chickens and that he had them on his ad that week for 39¢ a pounds. When the vendor delivered the first fifty cases, I discovered shortages in the weight which averaged over six pounds per case. I showed the owner how a new weight tag was glued over the true weight on each case. He had them pick up the chickens and went back to his regular supplier, taking the loss on his 39¢ special. Many poultry vendors use short weight to make up for their good prices, so I encourage meat managers to weigh three cases and if they find short weight, they should take credit off the invoice for the total amount. Example: If you purchase 50 cases and 3 cases average 3 pounds of shortage, 150 pounds of credit can be subtracted off the invoice. I have had many accounts do this, and the vendors either accept it or lose their business. The cost of labor doesn't allow their drivers and the butcher to weigh every case.

### FISH PRODUCTS

12/24/73 I discovered that fish vendors were averaging 8% to 10% short weight in one area, and also, very few butchers were weighing their deliveries. I observed a vendor weighing salmon on the butcher scale and putting the weight on the invoice. The manager signed the invoice without checking the order and went back to cutting meat. I checked the order after the vendor left and the salmon was 7 pounds short. Six jars of oysters were also missing, and the 10-pound bags of sole and scallops only averaged 8-1/2 pounds each. I checked other deliveries at other stores in the chain and found the same shortages.

#### ACCEPTING THEIR WEIGHT

Ep 4-4 I was looking at a twelve hundred pound wheel of cheese one day, when the meat buyer walked by. He asked me if I thought that the cheese was short weight. By the sarcasm in his voice, I knew he was still mad about my finding out he had been paying more for beef than his competitors were paying for. I told him that I thought the cheese was probably short weighted because the salesman had given him a special price, and also, the vendor knew that we didn't have a scale to weigh it on. He said that this cheese company was nationwide and legitimate. I started to walk away when he told me to wait while he had the butcher cut the cheese into 100 pound slices. We weighed the cheese and it was less than 1,000 pounds. The buyer was furious, and he had the salesman come to the store within an hour. We received credit with the salesman claiming that they had taken the weight off their invoices, and that this mixup had happened back East.

#### EMPTY CONTAINERS

Ep 4-5 I eyed a fish vendor delivering to this same market one day, and when he left, he had 4 large, empty containers. I ran down and intercepted him before he reached his truck. I asked if anyone had checked him out. He smiled and said the manager had. I smiled back and lifted the top of one of the containers; there was a 5-pound can of crabmeat in it. The other three containers also had a 5-pound can of crabmeat. He confessed that he was playing the horses at Golden Gate Fields, and was selling the crab to cash accounts to make up for his losses. He had been with the firm for 19 years.

FULL CONTAINERS

*John* I stopped a tallow man and checked the barrels and found a quarter of a beef in two different cans. I was tipped off to this by the meat manager. He had been missing meat and other items and didn't know where they were disappearing.

LUNCH MEAT

*John* One chain had given a lunch meat supplier almost exclusive space for their whole line. They had the account for several years. I was looking at one of their invoices when I noticed that different items were listed at different percentages. It seemed that all the fast movers were listed in the 25% column. And only a few slow items were in the 30% column. We had boiled ham on the ad and they had delivered 144 packages and listed them in the 25% column. I phoned the market owner and asked him what the percentage should be on lunch meats. He said, "30% and a few specialty items at 25%." I informed him of what I had uncovered on an invoice and he stated that it must be an error since he was the best customer that the vendor had. I went to the main office and pulled invoices for the last year. They were all the same. We had been cheated out of 5% on most of our purchases during that period of time. I showed the owner the invoices. I had never seen him as mad as he was when he phoned the owner of the lunch meat company and told him to have a check for all the overcharges on his desk the next day. They did, and he switched suppliers.

THE FAMILY FRIEND

*John* I approached the same market owner several weeks later, and asked him if he was aware that the cigarette vendor was overcharging him 1/2 a carton on cigarettes. He smiled and said, "Charles, he



wouldn't do that to us because he is one of my father's best friends. He even has his yacht moored next to my father's."

I checked more invoices at the home office and determined that this supplier had changed his way of invoicing, and had been overcharging  $\frac{1}{2}$  a carton for over a year and a half in all the stores. I confronted the owner of the firm who blamed a new girl in the office as making the error. He issued this firm a credit for all the overcharges, after which, his invoices were inspected very closely.

#### INVOICE EXTENSIONS

I was going through invoices at the home office of another firm when I uncovered unbelievable errors. One invoice, which had several thousand dollars worth of deli items on it, showed that 8 dozen potato salads totaled \$518.40. The correct price should have been \$43.20. They had extended the invoice to read 8 x 12 = 96 x \$5.40 per case for a total of \$518.40. The macaroni salad was extended the same way. These invoices had been paid almost a year ago. I found other invoices similar to these for other stores in the chain.

When you decide to save labor by not checking extensions, a similar pattern develops. I have found invoices where canned ham were listed as 6 8-pound oval ham equals 36 x 8 pounds at \$1.09 a pound for a total of \$313.92. The true value totaled \$52.32. I have found invoices showing jumbo eggs listed as 10 cases of 15 equals 150 dozen, when these eggs were 12 packs.

Employees are only interested in the number of cases, not in how many to a case. This overcharge may seem trivial, but if the

eggs cost 64¢ a dozen, it adds up to \$15.20 as an overcharge. If the eggs are sold at 79¢ a dozen, the return will be \$94.80, but you will have paid \$96.00. If you sold \$94.80 worth of other eggs at 12%, you would have a gross margin of 5.3% on sales of \$189.60 in eggs. I am making a point of this reduction in gross margins to show why you sometimes anticipate an 18.5% gross in dry groceries and the inventory results show 17%. If you have multiple suppliers eating away at your gross margins on a daily or weekly basis, it is impossible to have your projections come true. It is probably one of the main factors why thousands of markets close their doors each year.

#### FAST COUNT

I have observed vendors successfully using a fast count on short orders. I watched a bread driver count the same tray of bread twice to a clerk in a large supermarket, and when I called this to his attention, he said that it was an honest mistake. I informed him that in the future he was to load his rack in such a way as to have the trays follow the listing on the invoice, and further, to unload the trays in an orderly manner.

I returned to this store two days later, and when the same vendor delivered the bread he was continuing to load in the same manner. He had over 400 loaves of bread stacked on racks. I handed the invoice back to the driver and told him he would have to comply with our wishes on listing the items as they appeared on the racks. He refused. I told him that I had discussed his haphazardness with the market owner who had advised me to refuse the order if he didn't comply. He demanded we take the bread. We didn't, so he left. We didn't want him in the store again; a new driver returned with the order and it was checked out as requested.

Once, as the beer vendor stacked beer in the produce aisle and checked the order off to the produce clerk, he was unaware of me and my binoculars counting the number of cases in each stack of 12 oz. cans. There were 9. I went down and asked to see the invoice. He had counted 10 stacks as 100 cases. He told me that he had made a mistake and went to the truck and brought in 10 cases. This driver used a fast count by saying 100 cases is 10 stacks of 10. As he counted the stacks, he quickly called the next item which was 20 quarts, 4 stacks of 5. Because the clerk was present, the vendor was able to fast count. I informed the vendor that I was reporting him and admonished him. He assured me he would comply. The very next day, I was working for another firm viewing out the one-way window when the same vendor came into the store. As he stacked his beer at the front of the store, I counted 9 cases in each stack. After he gave his fast count to the clerk, I went downstairs. When he saw me, I thought he was going to faint. I asked him if he was going to tell me that this was just an honest mistake, but he didn't say anything. I called his company and he was replaced. I have detected beverage vendors using this same fast count without detection, until I double checked the orders.

CANDY PROFITS DECLINE

*Del etc*  
*9/24/71* I recently sat in on a meeting where a candy company convinced the market owner to let them service his 10 stores. They showed him their price list, which appeared to be a worthy bargain. Sixty days later, I pulled invoices from the candy supplier for the owner to see. He was paying as much as 30% more for national brands of candy. Their salesman had also increased the selling price as much as 20% higher than the competition.

DISCOUNT CLOTHING

*Orlak*

One day I received a call from the owner of a high-volume market. He asked me if I could come to his office. He had his controllers sit in at our meeting. He told me that no matter how hard they tried, they simply couldn't come within 3% of their anticipated overall gross. They showed me the gross margins for the different departments. They pointed to a clothing section below us and confirmed selling 12 to 15 hundred dollars weekly. They were averaging better than 10% on this merchandise. They pointed out other high-percentage merchandise which had a good turnover. They were controlling their ad losses and keeping up with price changes. I agreed to work two days a week.

The first two weeks, I arrested quite a number of shoplifters, but was convinced this wasn't so serious, nor responsible for the amount of bulk shortages.

As I was parking my car one day, I noticed a supplier's van in the parking lot. The driver-salesman entered the store for a short time, then came out. He went to a new car in the lot and unlocked it. Then he went to his truck, removed a large amount of clothes, and placed them in the car and locked the door. I managed to enter the market through a warehouse door, then climbed into an attic which had a piece of one-way glass. The clothing vendor was talking with the store manager. The vendor left the store and returned quite awhile later with a large order of clothes. The manager signed the invoice without counting the merchandise. Generally, I would run down and double-check this order, but I didn't want my presence known until I was sure something was wrong with this order. The salesman spent three hours in the store merchandising the clothes. After he left,

I went to the controller and asked for the invoice. I went to the clothing department and was checking off items when the manager approached me and inquired if anything was wrong with the order. I informed him that I periodically check the suppliers' honesty. He left and I continued checking the order. One hundred forty-four pairs of boys' Levis were not priced \$4.98 as the invoice indicated. A special tag with a \$2.69 sticker had been pasted over the \$4.98 price on all the Levis. Checking further, the discrepancies became repetitious on all the high-volume items. This vendor had several end displays for fast-moving items. The next week, he wrote a credit on any Levis not sold and stocked some other fast sellers. Not only did we loose \$114.62 on the Levis that were to make \$215.14, but he would also give us credit at the \$2.69 price less 10%, when he removed those which we hadn't sold. I showed the owner what I had uncovered, then we confronted the manager who had been conspiring with the vendor. He was fired immediately after he returned the clothes in his car.

Other employees volunteered information about the manager who had been demanding merchandise from all the vendors for quite some time. The driver-salesman was working on a high commission and was apparently shorting the orders to account for the payola to the manager. This market owner went on a trip two weeks later and died of a heart attack.

#### UNDERPRICING

One wouldn't believe the number of vendors which I have uncovered participating in the same aforementioned crime, but with cookies, potato chips, lunchmeats, candies, bread loaves, pastries, nut meats, frozen foods, cheeses, etc. I have caught dozens of

bread drivers underpricing their products so they would have the competitive advantage over their competitors. Since they have a bonus arrangement, store profit is of no concern to them.

I discovered that a cookie vendor had been selling his cookies at sale prices for over a year without giving any discounts on the invoice. He was allowed to underprice because he bought the manager's lunch everyday. If the driver failed to appear at lunchtime, the manager would tell the waitress that Bill would be in later to pay for his tag. The meat manager at this store went so far as to go to a prostitute, and after enjoying her favors, he told her to collect from the supplier who delivered to his store. She honored this because she had been referred by the supplier's salesman. I uncovered large overcharges by this supplier and they lost the account. The meat manager also lost his job.

I was observing the janitorial crew early one morning, and was shocked when the produce manager went to the front door to let a pastry vendor into the store at 6:30 a.m. The other employees wouldn't arrive until 7 a.m. This vendor wrote his order and left the store. When he brought the order in, he gave the produce manager 2 packages of 98¢ bear claws. The order was checked and the vendor pushed the rack of merchandise to the pastry section. He removed a row of special tags from his shirt pocket and put 79¢ special tags on all the 98¢ pastries. He also put 98¢ special tags on all \$1.19 cakes. I decided to set a trap for this vendor instead of stopping him then.

Two days later, I had the market owner and the vendor's supervisor upstairs. He repeated what I had seen him doing previously. The driver was fired and the market received restitution. It was common practice for this pastry company to have weekly specials, so

the checkers were not suspicious when other items were discounted. One frozen food vendor regularly sold the store specialty items. Once, he was glancing around the store before selecting an expensive package of hors d'oeuvres from the case, after which he went to the buyer's office. He gave the item to the buyer as a gift. After he had stocked his order, I checked the invoice and discovered that we were averaging about 5% gross margins on all the items he had priced. One item cost \$13.98 a dozen, which he had priced at 98¢ each. I went to the buyer with this information and he was furious. He informed me that he had told the salesman to pick up 25 cases of an item which had not sold. We checked the frozen food storage room and the merchandise was gone. We discovered that the salesman had taken the merchandise without writing a credit. The supplier fired this man, and we will never know how much he cost the markets.

EXCHANGING CIGARETTES *Deletc*

*Pat* I was observing a checker one day because I had uncovered a steady pattern of \$50.00 voids and over-rings on her register. Later, a cigarette salesman entered the store. Using my binoculars, I was able to determine that the items he handed the store manager were cigarette lighters. The manager smiled and placed the lighters in his pocket. The salesman worked some back stock, and rotated stock on the display. After awhile, he looked around and seeing that no one was looking, he took 12 cartons of cigarettes and departed. I could see him outside at his car. He returned shortly with a few packages of chewing tobacco which was worth about 1/10 of the value of the cigarettes. The salesman went to the manager's office and joked with him before leaving.

I decided not to stop him then because I wanted to establish his stealing pattern first. Another security agent and I followed the salesman to other stores in our chain. We saw him sneaking as many as 15 cartons at one time. When we arrested this man, it really surprised the store managers. He was a leader in the community with an expensive home on the lake, a boat, a new car, and plenty of money in the bank. He told us to name a figure and he would pay us. We declined the bribe and had him placed in jail. This man had been servicing a dozen stores of ours for years, as well as many of our competitors. This type of theft with cigarette salesman had become very common to me. This particular salesman had stolen more than \$20,000 from our markets alone. Naturally, his company made restitution to this supermarket chain.

NO CREDITS ISSUED

*Rede*

I entered a store one day and was looking for the manager. I noticed two men who were filling boxes with books. They looked so suspicious that I decided to watch them. After awhile, they placed boxes of books in a cart. One of the men pushed the cart outside to a van. I ran out and asked him what he was doing. He acted very nervous and told me to see the salesman in the store. I asked him if he had given a credit for the books and he hadn't.

I asked the salesman about the transaction and he stated it was normal procedure. I called the store manager who virtually went all but berserk. These men hadn't issued credit. It was a known fact that they had many cash accounts in a resort area. They had removed almost \$800 worth of books this time.

I was leaving a store when I noted a saleslady pushing a cart past the checkstand with many packages of hosiery. As she was leaving



the store, I asked to see a credit invoice. She grew very nervous and stated that the stockings did not belong to the store; thus, a credit tag was not required. I said that just because the stockings were on consignment didn't mean that they didn't belong to the store, and that the only way she could leave with our merchandise was with a credit issued first. These salesladies own their own routes, which makes us vulnerable if we allow them to conduct business in this manner. This lady had more than \$120 worth of stockings which she could sell at another store.

THE HONOR SYSTEM

*Delete*

I observed a manager signing an invoice for a large health, household, and beauty aid order. The order hadn't been checked, so I informed the salesman that I was going to check it. He replied that it was going to delay him two hours by checking the order. I said the order was supposed to be checked every time. The order was short many items. I asked the salesman to show me hundreds of dollars worth of Christmas merchandise on a separate invoice. He said he had stored it in the upstairs warehouse so that he could work on it later in the week. He also stated that the store manager had personally checked those items after he placed them in the upstairs warehouse. I went to check the items myself, but couldn't find them. Apparently, there was no delivery. Gross margins had been low in this store, but improved after this incident.

I checked a similar type of order for another firm one day, after seeing that no one was checking the order in. This order was short \$189. The store owner was angry because he had instructed his managers to constantly check these orders.

Two days later, I went to another firm down the street from this store and checked their order, and it was short over \$200. This firm's

managers were also saving labor by not checking these orders. These salesman are given a license to steal when they know that they are never going to be checked on. I have uncovered shortages and other irregularities with suppliers of this nature which would total hundreds of thousands of dollars.

#### FACTORY-SEALED CASES

One time, I discovered that the factory-sealed display cases of Christmas tree lights were short \$29 each. The distributor of these display cases had thousands in their warehouse, and every case was short. Markets weren't profiting on this high-volume item. I opened a box of Christmas wrap paper, and discovered that instead of 50 packages per case, there were only 44. This was true of thousands of cases checked at their warehouse.

#### UNPROFITABLE SUNGLASSES AND HOSIERY

*Delete*

I eyed a sunglasses vendor checking his order with the department manager one day. After the invoice was signed and the merchandise displayed, I decided to double-check the order. It was a complete setup on a new display rack, so all the glasses delivered were on two racks which the store had purchased. The displays were short \$144 each. I realized the salesman's ploy when I was unable to find 4 dozen glasses at \$6.98 each and 4 dozen glasses at \$5.98 each. He had opened a box with one dozen at \$6.98 and held up 2 pair to show the employee the price in the box. He only had 3 at that price in each box. The other 9 were \$1.98 and \$2.98 each. I phoned some other stores in the chain and they said they had received their displays of sunglasses the day before. I went to these stores and inventoried their displays. They were all short the same amount. This supplier tried to blame these shortages on his employees who packed the glasses.

but we knew better. This man owned his own business and had been supplying all the markets in the area for years.

Some months later, I used the knowledge I gained from this experience to uncover a dishonest hosiery supplier. He was pointing to bundles of silk stockings as being either 98¢, \$1.98, or \$2.98 each. After the clerk signed the invoice, I went down and double-checked the order. Three dozen of the \$2.98 stockings were priced 98¢. This salesman had cheated us out of \$72. When you consider that many of these vendors deliver weekly, and some of them twice a month, you can see how these types of thefts can add up and really affect the gross margins. So many times in the past 30 years, I have informed the market owners that they were foolish to believe that they were making 30%, 40%, and even 50% on many of the products displayed. Most of the time, these high-margin items are the ones most shoplifted, and in many instances, the market is losing money by handling these items.

SALESMAN CAN CALL ORDER BLINDFOLDED

*Delete*

On one occasion, I was so sure that the assistant manager wasn't checking the health and beauty orders closely that I put a test on his accuracy. As the driver-salesman was trucking the merchandise into the warehouse, I removed six items with a retail price of \$2.98 each. After the order had been checked, I went down and asked the employee how the order had checked out. He stated that there were no shortages. The salesman said his orders were always on-the-money. I took the invoice and asked him to show me the six tubes of suntan lotion at \$2.98 each. When he couldn't find them, I asked the assistant manager why he hadn't discovered this shortage. I told him then of my hiding merchandise in order to prove a point.

The salesman could call out the amount of each item with his eyes closed because he knew from experience how many of each item was packed and shipped on normal orders. Many times, I have observed the receiving clerk sitting on a box 10 feet away from the merchandise he was supposed to be counting. He would call out the item and the salesman would say 12, or 9, or 6, and the employee would check that item off and call the next item. The salesman is able to remove as much merchandise from these orders as he wants to before delivering because he knows in advance that he can simply state the number of the item. I used to call out fictitious items such as family size Crest toothpaste and the salesman would say 6, and then I would call out another item that wasn't on the invoice and he would call out any number. Then I would ask him to show the item. Salesmen would get very disturbed by me, but I was proving my point of why they had to put their hands on each item called for on the invoice.

I have also detected many thefts when salesmen were taking credit out of the store. They would list several pages of items and account for those items to the clerk, who would sign the invoice and take his copy. There would be any amount of items not listed. These were probably for their own personal use.

On one occasion, I reached into the order box and lifted a package of No-Doze to check the price, but the box was empty. The other five boxes of No-Doze were also empty. Salesmen can throw empty boxes into the trash as they stock the order without detection. Naturally, some of these thefts can be the fault of other people back at the supplier's warehouse. So, I never make accusations but notify their superiors, that way, if it happens again they have

knowledge of each incident.

POTATO CHIP VENDORS

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I watched a receiving clerk check in potato chips, and he didn't follow store policy of having the salesman open the cases. I went upstairs to a one-way window and watched the driver open the cases as he took the potato chips out. Each case was short 4 packages of the 89¢ chips. I followed the truck to another store, and after he checked in, I double-checked the order and had him open the boxes. They were all short 4 packages each. He stated he would have caught this himself as he placed them on the rack. He also blamed his plant for the shortages and subsequent mistake in the delivery. I didn't believe him because he had made other short deliveries without calling it to our attention.

This driver was fired, and once again, we will never know how often this had occurred in our markets. I have probably uncovered more dishonest acts being committed by potato chip vendors, bread vendors, and health and beauty aid salesmen than all other kinds of suppliers combined. So many times, the employees are given free samples by these vendors that they begin to trust them as they do their own fellow employees; thus, this is where the vendor gets a license to steal.

One potato chip vendor would always leave an extra 10 to 20 cases in the warehouse so the store wouldn't run out. I was hiding in a warehouse one morning waiting for a milk vendor to arrive, when the potato chip vendor came in the back door. The receiving clerk was upstairs having coffee and hadn't locked the door. After observing that no employees were around, the vendor put a hand truck under

a stack of potato chips that were ours and wheeled them over by the door. He went back and got another stack, placing them next to the first stack. He then went out to his truck and wheeled in some other potato chips, which he stacked next to the 10 cases that belonged to us. He called the clerk down to check him, and he counted out the 10 cases of chips as having come in.

After the invoice was signed, I walked downstairs and confronted the salesman who refuted me. After I had showed him our dated potato chips and the dated fresh chips, he admitted that he was mad at this store for always keeping him waiting to get in the back door and to get checked in.

I discovered a bread driver doing this very same thing at another market. He gave me and his supervisor the very same excuse, that he was tired of having to wait so long to get in the back door, and also, that he generally had to spend 10 to 15 minutes walking around the store trying to find someone to check his order. After this driver was fired, it came to our attention that he had gone into business for himself and had paid over \$80,000 cash for his new business. Many vendors were joking us about how we had put this man into business.

#### BUYING YOUR OWN MERCHANDISE

I watched a lunch meat vendor as he went into the storage box where the market kept extra cases of his products. He came out with two big cases which contained 12 one-dozen boxes of boiled ham in each case. He placed these cases down by the deli case and went out the front door. He returned with a four-wheel dolly loaded with his products. As he came down the aisle past the deli case, he stopped and placed the two cases of ham onto the order that he was bringing in, and then went to the meat department and had the manager check the

order. I obtained a confession from this salesman who stated he had been delivering free merchandise to the manager's home to keep the account. This was probably true, because I later uncovered other cheating suppliers who were also coerced into delivering merchandise to this same manager's home.

DISHONEST VENDORS MUST BE STOPPED

I was giving a security seminar for market owners in San Francisco one evening, and after listening to some of my experiences, one grocer jumped up from his chair to say he had heard enough. He was going to lock his doors before the shoplifters and vendors stole everything. He was joking, of course, but many market owners would be money ahead by doing just this. They do absolutely nothing to protect their investment and would be better off selling out and putting the money in the bank. I could go on and on with stories concerning dishonest suppliers whom I have uncovered, but I believe that I have made my point. Dishonest suppliers and their driver salesmen are stealing hundreds of millions of dollars annually from the supermarkets, and they must be stopped.

Theft in Invoicing

*Delete & combine*

When you keep invoices in an open drawer or empty box, you invite dishonest vendors to change the amounts on invoices, or to remove credit invoices and destroy them. I once overheard a salesman bragging to others that he had destroyed many credit invoices at one account because they were kept in an open box. If you sign invoices through the carbon copy, you may be getting billed for merchandise not received. The vendor can remove the original invoice for his next transaction, and when you sign through the

carbon copy for your purchases, your signature also goes through the next carbon copy onto another invoice. The vendor fills this invoice out and turns it into his company as a second delivery. At the end of the month, your bookkeeper will request a copy of missing invoices from the vendor's statement and will receive a photostat copy of the invoices showing an employee's signature. The phony invoices are paid and the dishonest driver-salesman will go to the extent of even using your store stamp when it's left out.

Vendors should be requested to show their copy of lost invoices to the employees who supposedly signed them, so the store manager can instruct the office whether or not to pay the invoice. When you don't insist on receiving the original invoice, you are vulnerable to the dishonest vendors who place extra invoices in the locked invoice box. The vendor fills in any amount that will appear reasonable and when the employee's signature signs through two carbon papers, the vendor only has to wait for the opportunity to place the invoice in the box. This vendor will deliver more merchandise than is needed on his first delivery. When he calls back later in the day, he will straighten the counter, but not leave any merchandise. His phony invoice will make it appear that he did deliver merchandise. Some vendors will checkout merchandise as a credit which will appear on the monthly statement as a charge, since the store employee signed the invoice without knowledge of its contents. This is why I found it necessary to demand colored credit invoices. It also reduces the time spent in sorting out charges and credits at the office.

Dishonest vendors will use many tricks to cheat the store. They will tell the employee they forgot to total the invoice, and when it



is handed back to them, they will quickly change the amounts by adding onto the numbers. Example: 14 loaves of bread is changed to 44 by making a check across the I. The 4 is changed to 40 by simply adding a zero. Because of the large amounts they are delivering, they can get away with changing 14 to 140 without detection at the office.

Deleke

Rules on Store Transfers

All transfers of merchandise from one store to another will be conducted in the following manner: A transfer book with numbered, duplicate copies will be used. This book will be kept by management in a locked desk. All orders will be checked by the store manager before leaving the store. The manager and the person delivering the order will sign the invoice. The manager will stamp one copy and place it in the invoice box. He will send one copy to the store receiving the order and will leave one copy in the book. The manager at the store receiving the merchandise will count the order, and if it is correct, stamp and sign his copy and place it in his invoice box. When the manager discovers a shortage, he will call the other store immediately. If there is no explanation for this shortage, security should be informed. When a transfer book is completely used, it will be sent to the home office and a new book will be issued. There will be no borrowing of merchandise between stores.

Management must insist that all transfers of merchandise and orders picked up at suppliers by employees are counted and signed for by the store manager. When store managers and assistant managers are delivering or picking up merchandise, the receiving clerk should check the order and sign for it. I have uncovered dishonest acts which involved clerks to supervisors. Unfortunately, most stores are very lax in their policy concerning transfers.

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RECEIVING PROCEDURES

1. All receiving areas will be provided with a locked container for invoices, a stamp with the store department, date and place for the receiving clerk's signature, and a daily receiving report to list vendor's invoices.
2. A designated area will be outlined for the receiving of merchandise. No merchandise can be taken beyond this area until it has been checked by an authorized employee to receive the merchandise. This includes all vendors with the exception of the order delivered by the wholesale grocery company. The store managers will instruct you on how to receive the order. When it is delivered on pallets, it should be spot-checked by sections. The cigarettes and coffee should always be checked.
3. All vendors will issue white invoices for charges and colored invoices for credits.
4. Before delivering fresh merchandise, vendors must first issue credit and remove stale and/or damaged merchandise. Do not allow the vendor to exchange the merchandise.
5. All bread, cakes, cookies, pastry, and potato chip invoices must also list the retail price.
6. Milk invoices must show the amount of cases and the amount in each case on the high-volume items. Example: 315 -- 35 x 9 half gallons. The driver can write 35 x 9 on the invoice.
7. Cookie and potato chip vendors must open each case before orders are checked.
8. Beer and beverage vendors must stack their merchandise in the designated receiving area to be checked. Never allow them to stack it outside the store to be checked. All empties are to be counted and a credit issued before they are removed from the store.
9. All invoices must be checked closely for the store's name, address, and date. Each item must be counted and a check mark placed opposite the amount if the count is correct. If there is an error in the count, indicate this by writing **SHORT** in large letters opposite the item. After checking the complete order, and you are satisfied that the count is correct, remove the carbon between the invoices and stamp the invoice, date it, and sign your name. Do not use initials. Remove the original invoice and place it in the locked invoice box. Stamp the vendor's copy and sign it. Never sign through the carbon copy. Never allow the vendor to place your copy in the box for you. Never hand the invoice back to the vendor for any reason until you have removed the store original. Never allow the driver to keep the invoice because he has to bring in more merchandise.

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RECEIVING PROCEDURES (Continued)

Make him issue another tag at that time. Never sign your name over invoice figures. If certain driver-salesmen are consistently short on their orders, notify management immediately.

10. Driver-salesmen must stack their merchandise in the order it appears on the invoice. Each item must be checked off in that order. If a salesman does not comply with this procedure, do not sign for the merchandise until he does.
11. The drug and household order will be checked in the following manner: The salesman will call the item, the retail price, and then he will place his hand on the item and verify the count. When a shortage appears, the checker will identify the shortage by writing SHORT in large letters after the item. Do not let this salesman hurry you to the extent that you are not satisfied with the count. A credit must be written immediately after checking the order for any shorts which were uncovered. The salesman must also check all empty containers before removing them from the store. You should spot-check these orders by lifting items to determine if the correct price is listed and also if there's merchandise inside the package. Spot-check all factory sealed cases and displays. Never accept the vendor's statement. Open the box and count the merchandise and check the price.
12. Vendors delivering items such as nylons, magazines, books, records, sunglasses, etc. must be checked in the following manner: If the item is listed at \$1.98, they must lift the items in order to display the price, and then count how many they have at that price. The same rule applies when the vendors are removing merchandise for credit. You must count each item and check the price on the items.
13. Ice cream vendors must be checked thoroughly making sure the stacks aren't hollow inside. Stacks of ice cream novelties must be broken down so that they can be counted easily.
14. When receiving drop shipments, you should refuse all orders which are short of merchandise. Do not accept credit slips from common carriers.
15. The receiving doors must be locked when not attended by an employee. When the receiving door is in use, one employee must remain in the immediate area to insure that proper controls are being maintained in accordance with this policy.
16. All empty containers are to be checked before they are removed from the store.
17. Salesman may not have briefcases in the selling area.

Delete

RECEIVING PROCEDURES (Continued)

18. Meat department and produce department managers should follow the same basic procedures for receiving merchandise as outlined for the grocery department. They should never allow deliveries to be mixed in with their own inventories until they have been counted and signed for. The meat department supervisor can instruct the meat department employees on what merchandise needs to be weighed on every delivery and what merchandise can be spot-checked for weight on each delivery.
19. Produce department employees aren't allowed to discount merchandise for other employee's purchases or for their own purchases. Distressed merchandise which cannot be sold, must be thrown in the garbage containers. It cannot be given to other employees or friends.
20. Open bags of candy, potato chips, cookies, etc. are not to be consumed by employees. They are to be put in with the spoils.

Summary of Receiving Procedures

All incoming and outgoing merchandise must be accurately accounted for. Merchandise is money, and money is profit. Without proper controls on your merchandise, your profits may never reach the sales floor. Verify all merchandise received. Verify all credits. Make sure the invoice box is locked at all times. Never leave the keys hanging next to the box. Control the back door. No employee is to sign for merchandise unless they have actually counted the item. No employee is to sign an invoice that has been pre-dated without the merchandise being delivered at that time. Any deviation from this receiving policy will be cause for immediate dismissal, and/or disciplinary action.

PART VI

JANITORS

Whenever I had been asked to be a guest speaker at a security seminar, I would mention my exploits with janitorial thievery. Janitorial crews of which I had observed, always stole. Each time I made this statement, I noticed that some of the supermarket owners seemed to cringe.

While working for one firm, I learned that the owner had so much confidence in his 3 janitors that he had given them the keys to every store in his chain. I phoned the manager of one of the stores and asked what time the janitorial crew would arrive that night. A little after midnight was the reply. I asked him to meet me outside the store at 11 p.m. that night to let me in. He agreed.

I arrived at the store, entered, and went upstairs to the owner's office and locked the door. He had a plate of one-way glass from which I could observe the janitors. Twelve o'clock came and no one had arrived. A little after 3 a.m., I heard a noise downstairs. This store had turned out all its lights the night before, so seeing became difficult. I did, however, see the shadows of men going up and down the aisles. I assumed they were stealing. After awhile, I could see them go out the front door and into a truck. A while later, they returned to the store and turned on all the lights, but instead of spending three hours in this store, as they were supposed

to, they spent about forty-five minutes racing their brooms and mops up and down the aisles.

The next thing I new, they were upstairs in the office next to the one I occupied. After cleaning that office, one of them tried the door of the office I was in. I could hear him using various keys without success. I was sitting there with my heart in my mouth, because I certainly didn't want to get caught with their knowing that I had witnessed them stealing. They didn't have the key to the lock, so they left. In a few minutes, they turned all of the lights out and left by the front door. I had obtained a key from the manager, so I left immediately and followed them to the next store on their list.

I parked outside, and used my binoculars to look through the window. Several times during the hour in which they were in this store, I saw the men shoplifting drug items, cigarettes, and two half pints of liquor. When they departed, I knew they had to drive about thirty miles to the last store on their list. I called the owner of the market and told him what had occurred. He instructed me to follow them to the next store and to watch them if I could. He would be right down. The darkness allowed me to stand outside the windows of the last store and peer in without being seen. The owner joined me outside the store just in time.

When the men came out, the owner and I confronted them. I detailed my observation of their crime. When we inspected their janitorial truck, the owner was amazed at the amount of merchandise that had been stolen from the first store. He had me call the police who promptly arrested them. The owner later told me that he had felt so pleased about these men that he had been employing them as bartenders whenever he held parties at his home.

Some of the more common ways that janitors steal are hiding merchandise in the trash and putting it out in the backyard. Then after leaving the store, they circle around and heist the merchandise. Another method is to find some sort of hole in the structure of the building.

In one instance, they found that a window in the men's bathroom had only bars, instead of an alarm system. However, these bars enabled them to still slip quarts of liquor and cartons of cigarettes to a person waiting down below.

Many stores have an opening at the meat department door where the rail comes in. This makes an easy way for the janitors to pass merchandise outside to a waiting friend.

In one case, the janitors wore full-length overcoats while sweeping and mopping the floor. Of course, I suspected something, so I hid in the store that evening and observed them. True to my instinct, these janitors were hiding liquor inside their coats.

On two occasions, when I hid inside the stores to observe the actions of the janitors, I saw them select alarm clocks from the selling area immediately upon entering the stores, and set them for three hours later. They then laid down in the warehouse and went to sleep until the alarm clocks went off.

One janitor found that he could hide canned hams in his mop bucket. He never bothered to empty the water; he just put the water and the canned hams in his truck when he left the store.

During another incident, I observed janitors placing merchandise in their WAX machine, which they took with them when they left the store.



One supermarket chain allegedly solved their janitorial thefts by requiring them to submit to polygraph tests every 90 days. After hearing this, I was inquisitive about its validity. So, one night, I hid in the store and observed the janitor steal several times. I then watched as he had to go down and take his polygraph test, which he incredibly passed with flying colors. Many of these janitors taking the polygraph test would simply state, "Oh yes, I eat a grape once in a while, or a cookie from a broken bag." Evidently, this is all they have to admit to in order to pass these tests.

PART VII

RETAIL SECURITY

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contents & paragraphs*

There is a promising future for the individual who enters the retail security field and learns the job well--from the bottom up. Presently, many security directors command salaries of \$40,000 to \$50,000 a year. There is always work available for the honest agent with a good reputation. He should be neat in appearance at all times. He must be reliable and congenial, as well as being fair in his treatment of others. He must appear calm and competent in the performance of his daily duties, and able to keep confidentiality of information. His other attributes should include: alertness and inquisitiveness, as well as his being energetic and strongly motivated. If he makes a purchase, he carries a receipt for everyone to see. If he leaves the store with a bag containing binoculars and walkie talkies, he stops at the front of the store and opens the bag for inspection. He works the hours for which he is scheduled, and reports to management upon arrival and departure. Personal phone calls from the store are prohibited.

I don't subscribe to the philosophy that a security agent needs to look and dress like a hippy. I have worn suits and sports clothes during my entire career, and have still succeeded in arresting shoplifters from all walks of life. I have also been successful in charging more for my services because I looked like a security agent, not like a bum.

I have known firms that used other security agencies which supplied them with hippy-types, who had little or no retail security experience. These individuals were the root of many false arrest suits. They were also paid a below-living-standard wage which sometimes caused a few to steal more than the shoplifters. One such individual bragged to one of my security agents that he had shoplifted more than 30 pairs of expensive sunglasses at one of his accounts. Another had shoplifted all the food he needed at home during the months he worked for the store. Although this was common practice, one wonders how many of their friends were allowed to steal.

Some of the best security agents are former retail clerks in supermarkets. Some firms hire part-time police officers and deputy sheriffs for their security work. Over the years, I have observed many part-timers working the shoplifting details in the markets. My conclusion is that they simply were not sharp in the retail field.

I have started men out at \$5.00 an hour and after 6 months I would evaluate their work. Some of the more effective agents' hourly wages were increased anywhere from 50¢ to \$1.00 an hour, which has resulted in retaining the high-performance men. Several of the men are earning \$17,000 to \$20,000 yearly after 2-1/2 to 3 years with one firm.

#### HOW TO DETECT SHOPLIFTERS

Shoplifters can be anyone; so their methods of stealing may vary. Drug addicts are the most costly shoplifters because they are sustaining a daily habit. It is not uncommon for these individuals to shoplift \$500 to \$600 daily. Generally, the drug addict is the easiest to spot. His shifty eyes continually glance up at the one-way windows and elsewhere as well. Sometimes they have empty shopping bags which they

fill with such items as liquor, canned ham, or expensive cuts of meat. Other times they hide the merchandise inside their clothing, using devices such as a rubber belt concealed by an overcoat. They can place 6 or 7 cartons of cigarettes, or 3 or 4 quarts of liquor under their belt, close their coat, and walk around the checkstand. These individuals hardly ever make a purchase. They come in, get the merchandise, and leave quickly. You should always approach these individuals with caution. Some are armed with guns or knives and have past arrest records, which is probably their reasoning for not wanting to be arrested again. When they travel 3 or 4 men to a car, two of the men will steal. And if they go undetected, they let the other one or two men in the car know, and they, in turn, will enter the store and also steal. They will repeat this method until they have enough merchandise to barter for the narcotics. I have been very successful in apprehending these gangs by phoning the police immediately and informing them of their M.O. I would tell the police if they failed to arrive before the men left, I would follow them to the next store and call the police again about the gang's whereabouts. In almost every instance, I have been able to alert the police in time and to arrest the men as they were leaving the next store. Merchandise that was stolen at the store I was working for was generally hidden under the front seat, or in the trunk of the car.

The security agent should use the police as often as necessary to apprehend these gangs, since the store's employee force would be minimal, as well as untrained. The drug addict who goes undetected, and allowed to continue shoplifting at your market, generally passes

information to other addicts who will also shoplift daily at your store.

If your store is in a neighborhood that has a problem with drug addicts, you should code the cigarettes, liquor, and canned hams. Use any number. Register this coded number with your local police department. Whenever the police stop these drug addicts stealing at another store, and they uncover merchandise in the car with your code on it, they will be able to return it to you.

Professional shoplifters usually work in pairs, or in groups of 3 or 4. They generally have a fence who will buy their stolen merchandise. They are quick and difficult to spot because they do not give themselves away with suspicious acts. Sometimes, they will have large coats with pockets sewn in. Other times, they carry boxes with false bottoms or ends for the purpose of concealing merchandise. Draping a coat over their shoulders, sticking their hand out quickly, and pulling merchandise inside their clothing is another common M.O. Generally, this type of shoplifter is more apt to be apprehended at a department store than in a supermarket merely because the department store stocks more expensive items.

I apprehended a man and woman who were using a baby buggy to conceal the stolen merchandise. This couple had almost \$200 worth of liquor and cigarettes hidden under the mattress. Drug addicts and professional shoplifters should always be arrested, rather than just obtaining a signed confession from them. Teenagers generally shoplift in groups, their objectives being such items as records, tape decks, cosmetics, personal clothing, candy, and sometimes certain mind altering drug items. If they are never apprehended, some of them will go on to robbing stores, stealing cars, and embezzling

money. Some teenagers steal as a requirement for belonging to a club. Whenever you apprehend little children or teenagers for stealing, you should call their parents and ask them to come to the store. If you don't get any satisfaction from the parents, call the juvenile authorities. At times, children will give phony names and phone numbers. If this happens, call the juvenile authorities. Many times the security agent can prevent shoplifting by little children and teenagers by approaching them and asking if they are in the store to purchase something. If they are just fooling around, he should ask them to leave.

The kleptomaniac is a mentally ill person who steals for the sake of stealing. They usually can afford to pay for the items. They can be wives of very prominent doctors, lawyers, and other professional people. In one case, the husband was famous for building large shopping centers. You shouldn't let kleptomaniacs simply sign a confession because they will continue to steal. I have been successful in preventing them from continuing to steal by calling their husbands or wives and asking them to come to the store. I have insisted they have a doctor contact me within 24 hours to assure me that they are seeking help. I helped one lady by asking her to shop without wearing a coat. She wrote me a letter some months later to thank me for not having arrested her. She promised me that she would never steal again. I observed this lady shopping many times in the future, and apparently she had followed my advice. Women shoplifters, who are kleptomaniacs, can sometimes attribute their problem to the normal transitions of her life. Calling the police is not the best method for handling it. Show a little compassion and determine if the spouse and relatives can be of any help. The average man or

woman shoplifter steals because they want to eat the very best in meat or imported foods, or drink the best liquor for free. They can afford to pay for the merchandise, but once they get away with shoplifting some small item, they increase their daily thefts by leaps and bounds. I have let shoplifters go for weeks because they were so clever in concealing the merchandise that I did not want to make a mistake. When I eventually stopped them, they were stealing 5 to 10 times the amount of merchandise that I first observed them with weeks ago.

When firms lack any security program, they experience this type of increase in shoplifting. This type of shoplifter outnumbers the unemployed shoplifter who steals for necessity, or the welfare recipient who is trying to supplement his budget. A security agent must always be alert for customers who are in possession of expensive merchandise. You must follow their progress throughout the store by moving from window to window. Sometimes shoplifters will push their carts up and down aisles for 15 to 20 minutes before they finally steal the merchandise they select. When the security agent is attempting to keep track of 5 or 6 customers at one time, he must remember what type of merchandise each customer had which made them suspect. I have observed 3 separate shoplifters all stealing at the same time by keeping track of what merchandise each had and their potential to steal. Most women shoplifters place the stolen merchandise in their purse, but many women shoplifters will hide or conceal the merchandise under their purse, then, at the first opportune moment, drop it in their purse.

I have detected many women shoplifters because they removed their wallets or coin purses before placing the merchandise in their purses.

Whenever the security agent notices the act, he should pay particular attention to them, as they will likely steal. Sometimes, they will remove a handkerchief from their purse and conceal the stolen merchandise in the handkerchief, then place it in the purse. Men generally conceal the merchandise in their pockets, or inside their clothing. I have apprehended many college students who were hiding steaks down the back of their shirts or the front of their pants, and buttoning their coats or zippering their jackets afterwards. A security agent should use his binoculars to determine what the items are, and where they have placed them. Once he has detected a shoplifter, he should never let them out of his sight. If it is obvious that they are going to get in line and pay for minor groceries, he should page the manager or the assistant manager on the intercom and ask them to observe this suspect until he is able to get up front and take over. Inside the warehouse, he should have items in a cart so that when he goes up front, he will appear to be a customer. If the person in charge informs the agent that he hasn't observed the shoplifter returning the merchandise, then he should feel confident that they still have it on their person. The agent should observe the order which the suspect is purchasing to make sure that the merchandise hasn't appeared in the order. Many times, the agent will still be able to see a bulge of the merchandise hidden inside the man's clothing; and often, the agent can get a glimpse of the merchandise in the women's purse when she opens it to put her wallet back in.

When he leaves the store to apprehend the shoplifter, he should always have a witness with him. Generally, the manager or the assistant manager can go along with him; if not, take any employee.



Once the shoplifter leaves the store, the agent should identify himself to the shoplifter and say, "Excuse me, but I am a security agent and I work for the store. I would like to talk to you for a moment. Didn't you fail to pay for the steaks?" (Steaks being an example.) I have found that when you approach them in this manner, they will take the easy way out, and nine times out of ten the suspect will say, "Oh, gosh, did I?" This is what you want to accomplish. When you can get the suspect to remove the merchandise outside and admit that he or she left the market without paying for it, you've got something to go on. Ask them to return to the office with the knowledge that you are not going to search them and be unable to find stolen merchandise. If the person denies having any merchandise when you question he or she outside, say you saw the placing of the merchandise in his/her coat or pocket, and you are only trying to avoid any embarrassment by allowing he or she to tell the truth. Have he or she accompany you to the office without creating a scene outside the store. If the person disregards your advice and tries to walk away, detain them physically. Should he or she struggle in attempting to get away, use whatever force is necessary to detain them. If they are about to become violent, inform he or she that you have plenty of help outside. Generally, when this individual sees that you mean business, he/she will return to the store with you. Whenever the security agent goes to this extreme, he must be prepared to arrest this person for shoplifting. Before doing this, however, he must be absolutely sure that this individual still has the merchandise concealed on his/her person. If there is any doubt whatsoever in the security agent's mind, he should not continue holding this person against his/her will. If he is positive, he and the witness should escort this individual to the office and take the necessary steps in calling the

police immediately. When returning non-violent shoplifters to the office, always ask the shoplifter to follow the employee. The security agent should always walk behind to make sure the shoplifter doesn't ditch any merchandise on the way to the office.

I know of several instances where the security agent led the way to the office and allowed the shoplifter to walk behind him, and when they reached the office the suspect didn't have any stolen merchandise on him. I know of employees who have done the same thing, which placed the store in jeopardy. When the security agent is interrogating a shoplifter in the office, he must have either a lady or man witness present at all times.

If the individual suspected of shoplifting is a woman, he should have a lady witness. If this is impossible, then he should proceed with a man witness.

If the shoplifter has already removed the merchandise outside the store, then the agent should proceed by asking for some identification. A driver's license is preferred. If the suspect hasn't one, use other valid identifying cards with a name and address. If the suspect hasn't removed the merchandise outside the store, then the security agent should ask them to remove it once they are inside the office. If the suspect refuses, the security agent must call the police and have them search the individual for the merchandise. This might only happen once in every 500 apprehensions, so once again, I must impress upon the security agent that before he goes to this extreme that he be 100% positive that the individual still has the merchandise concealed. Because when he calls the police to search the individual, the store is open for a false arrest suit, if the person doesn't have the merchandise. When the security agent has

obtained identification from the person, he should fill out the report which is supplied by the store for shoplifters. This report can be used as a form for a confession. He should hand it to the shoplifter and ask them to read it and sign it. Also, inform the individual that this is a confidential report which is kept in a locked file at the main office. Further, he should add that whenever the store detains a person for having failed to pay for merchandise, he must have a signed statement to protect them from any liability. He can also tell them that no person has ever been embarrassed because they had one of these confessions in the files at the firm's main office. Never threaten the individual or make promises of immunity from arrest in order to obtain their signature on this statement. Allow them to sign the statement of their own free will. If one refuses, call the police and have an officer make a report of this incident.

The security agent and the store manager or the assistant manager should decide on whether the individual will be arrested or not. If you believe the person has learned a lesson and will never shoplift again, then you can inform him/her that you are going to forget the incident and not press charges. However, do, in a polite manner, encourage them to patronize the store in the future. I have worked for firms where we had hundreds of people return to the store as good customers. Out of the thousands of shoplifters in this category which I have apprehended, I can only remember 4 or 5 who have repeated their shoplifting. Always make certain that you and the witness sign this confession. Guard this paper. Make certain that it goes into the file at the home office.

When you arrest a shoplifter, and the officer and you have initialed the evidence, place it in a container and keep it in a locked area. If the stolen merchandise is perishable, ask the district attorney if you can remove the labels such as meats, and then put the meat back in stock. Many district attorneys will allow you to do this; if not, place all perishables in the frozen food locker. Make sure that you have the shoplifter's name and the date on the outside of the bags.

Whenever an arrest is made, you and the witness should make a report immediately. Write down everything that you can remember pertaining to the case, and place it in your files. Sometimes, 3 and 4 months later you will be notified that this case is going to court and you'll need this information to refresh your memory. Always ask the arresting officer when you should appear at the district attorney's office to sign the complaint. Generally, it's the next morning. If the arrest is to be made on Friday, Saturdays, or Sundays, you probably will go sign the complaint on Monday morning. Make certain that you always appear to sign the complaint. The security agent must never accept bribes, such as money or sex. I have received many offers such as these, and in some instances, the money offered was in four digits. In every instance though, I called the district attorney and informed him of the attempted bribes. The firms that retain security agents will test his honesty periodically by having undercover agents shoplift and offer bribes to him. Under no conditions is the security agent to ever accept restitution from a shoplifter. If the security agent knows of any instances where the store employees accepted bribes from a shoplifter, he should notify his employer immediately.

In one case where the store manager and the store owner demanded restitution from shoplifters, the police department set a trap, and both men went to prison. When the security agent receives a subpoena for a court appearance on a shoplifting case, he should do the following: (1) After reviewing their reports on the shoplifting incident, he and the witness should take the evidence and report to the district attorney's office about 30 minutes early on the day they are to appear. (2) The security agent should state the facts exactly as he remembers them while he is on the stand. (3) He should always tell the truth, despite some of his statements which might make him look bad. (4) He should be unbiased in stating the true facts. (5) Never become riled over the prosecuting attorney's questions. Answer them fully and truthfully. The jury will determine whether you were only doing your job when you arrested the person for shoplifting. After the case is concluded, you should return the evidence to the store and have the store manager check off the items, and sign for them. When you get the signed statement, keep it in your locked files. You never know when some disgruntled employee is going to accuse you of keeping the evidence for your own personal use. Normally, you will probably arrest about 4 out of each 10 shoplifters apprehended, and for each 100 shoplifters arrested, you will probably only have to appear in court 20 to 25 times. Shoplifters will plead guilty most of the time. As you continue to work behind one-way windows, you will discover the different methods used by shoplifters. This will help you in uncovering other shoplifters.

Normally, the security agent will only catch a few shoplifters in the first 90 days after the windows have been installed. During this period of time, the security agent should become familiar with

the rules and procedures set forth for the receiving of merchandise. He should police these rules and procedures on a daily basis making sure that they are being adhered to. He can also be checking weights on merchandise being delivered to the meat department. A couple of times weekly, he should leave the store early to check the garbage and trash containers of other stores for merchandise. Whenever he finds hidden merchandise, he should park in sight of the merchandise until someone arrives to pick it up. Whenever he apprehends a person for picking up merchandise hidden in the trash, he should call the police and let them conduct an investigation. Sometimes, the police are able to determine how many other employees and friends are involved in this operation. A security agent should memorize all of the rules and regulations for employees and should carry the book with him at all times. He should always be alert for violation of these policies and report them immediately to his superiors. When working in a store, the security agent should always check the back doors to insure that they are locked. If they are open, make sure an employee is standing by. You should check all back doors after 3 p.m. to make sure they have been locked.

Occasionally on Sunday, the security agent should travel to as many stores in the chain as possible and check all back doors to see that they are locked. Generally, the security agent will find many violations of this strict company policy regarding the locking of doors all day on Sundays. When he finds a door unlocked, he should call the man in charge and have it locked, and then inform him that he has to turn a report in to his superior stating that the back doors were unlocked at this store. Before leaving each store, he should also check the outside trash bins and garbage containers for

hidden merchandise. A security agent should make out his reports daily and turn them in to his superior at the end of each week, as well as phoning his superior on any urgent matters pertaining to the store for which he is working.

There are several ways for the security agent to uncover collusion at the checkstand. Keep track of the merchandise as the employee places it in the cart. He should know the approximate amount of the order. Once the checker has totaled the order, the security agent should glance at the figure, comparing it with his amount, in order to determine whether or not the right prices are being charged. If he is positive that there is a large discrepancy in the order, he should call the manager or the assistant manager and have the order re-checked. If he is not positive about a discrepancy, but still feels there is one, he should simply wait until the next time the employee shops and conduct the test again. Stores that have a policy requiring only certain people in management to check out employee's purchases, must still be checked to make sure that collusion is not occurring. A security agent should use this method to check out at least one employee daily until he is completely satisfied that no employee is receiving any special deals at the checkstand. Even then, he should continue to check out employees on a monthly basis.

I have found that using an undercover agent is the best method for uncovering employee dishonesty. A sharp undercover agent, who is also a good grocery clerk, can alert the security agent to many dishonest acts. I have apprehended as many as 5 dishonest employees in a week's time by using an undercover agent. Only the security agent's superiors should be aware of this undercover man. This individual can be transferred from store to store as the need arises.

Another method for uncovering collusion at the checkstand is to mount dummy cameras on the front wall facing each cash register. After a short period of time, the employees will all know that the cameras are dummies. Then, convert the dummy cameras so that you can monitor the checkstand operations for a period of 72 hours. When, and if, you uncover dishonesty amongst the employees, you can continue to keep all of the checkers honest by periodically monitoring their daily operations and reviewing it with them in the office. Once they see that the cash registers are being monitored, they will not be so foolish as to continue their dishonest acts. Always keep the monitor locked up in a special room, then the employees will always think that the cameras are monitoring them on a continuous basis.

The security agent should conduct a background investigation on all new employees before they are employed. He should contact their previous employers, check them out with the police department, and check the credit collection agencies in town from which he can sometimes gain valuable information. The security agent should join the local Retail Security Agents Association and exchange tactics with men working in the same area. Never divulge any confidential information relating to the operation of your stores.

When the security agent conducts seminars for the employees in your firm, he can alert them to new methods being used by shoplifters, bad check passers, holdup men, till tappers, etc. The security agent should rotate the hours that he works, and his days off.

Most stores operate with a skeleton crew on Sundays, so the security agent is expected to work on most Sundays. When firms insist upon managers and supervisors being present on Sundays, then



the security agent can be given an occasional Sunday off. Sometimes, firms insist on security agents working the late hours, which means that all thefts committed in the early hours by employees, vendors, and shoplifters go undetected. So, work early hours occasionally to have an effective program. A security agent should have the telephone number of all employees who have keys to the store.

Only those in management at the store level, should have the security agent's telephone number. It is not uncommon for potentially dishonest employees to phone the security man to determine whether or not he is working.

Security agents should monitor the alarm company reports for any irregular or unauthorized entries into the stores. Many times, he can be alerted to the fact that dishonest employees are returning to the store after hours and leaving with merchandise. Periodically, the security agent should test all alarm systems, which includes holdup buttons, in order to insure that they are functioning. Whenever someone in management at store level is discharged for dishonesty, the security agent should make sure that the locks, as well as combination to the safe, are changed immediately. Janitorial crews, and night-stocking crews, should be checked out intermittently by the security agent.

In recent years, large thefts of bales of cardboard have occurred, so every so often the security agent should count these bales at night and in the morning to see if any are missing. If any bales are being stolen, the security agent should stake out the store and catch the thieves.

Should the security agent work for a firm which has a central warehouse who delivers with their own trucks, he should know their

operation, and figure out what their security needs are. Occasionally, he can follow the trucks and see if the driver is unloading merchandise at places other than the designated stores. Quite often, the central warehouses will have sloppy receiving procedures, and at times, the security agent can assist them in implementing sound receiving and shipping procedures.

The security agent should be entitled to the same coffee break that other employees receive, making certain he does not abuse his, or employees' coffee breaks. I have received reports of security agents goofing off for long periods of time in stores. Upon checking these reports, I concluded that these men were merely on their lunch hour, and had not left the store. The security agent should either leave the store for his lunch period, or stay behind the windows while he is eating his lunch. There is always some vindictive employee in the store who would like nothing better than to see the security agent fired for gold-bricking. These individuals wouldn't have the opportunity to spread malicious rumors about his activities if the security agent adhered to his rules.

The security agent is not allowed to date employees who work for the firm, nor is he allowed to open the cash registers, or go into the safe. Let the supervisor of the store handle any cash transactions that may be necessary. Dishonest employees would like nothing better than to be able to blame cash shortages on the security agent. The security agent does not need to have the keys to any stores. He can be let in by other people with keys when necessary. The security agent is expected to follow the same rules and regulations which apply to all employees. He should also park his car in different locations so employees and customers would not always be

aware of his presence. The carrying of a gun should be authorized by his employer only. While walking the floor, the security agent should also be looking for open containers. Should he find any, he should put them in the trash. The security agent should inform management when signs are obstructing his windows, which should be kept clear at all times. He should advise management when he discovers that certain items are being shoplifted frequently.

Security Agent's  
Daily Report

*State*

Store \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ Arrival Time \_\_\_\_\_  
Name \_\_\_\_\_ Departure Time \_\_\_\_\_

Shoplifters apprehended-number ( )

Comments:

Shoplifters arrested-number ( )

Comments:

Employee violations . . . . . Yes ( ) No ( )

Comments:

Vendor violations . . . . . Yes ( ) No ( )

Comments:

Weigh merchandise for short weight . Yes ( ) No ( )

Comments:

Observation of early employees' arrivals . . . . . Yes ( ) No ( )

Comments:

Observation of late employees' departures . . . . . Yes ( ) No ( )

Comments:

Observation of the janitors . . . . . Yes ( ) No ( )

Comments:

Back doors: Open and unattended . . Yes ( ) No ( )  
Double locked at  
5:00 p.m. . . . . Yes ( ) No ( )

Comments:

Trash and garbage bin checks . . . . Yes ( ) No ( )

Comments:

Other Observations:

SHOPLIFTING FORM

Date \_\_\_\_\_ 19\_\_

Store Name \_\_\_\_\_

Store Address \_\_\_\_\_

S T A T E M E N T

I, \_\_\_\_\_  
(also known as \_\_\_\_\_),  
Address \_\_\_\_\_,  
City of \_\_\_\_\_, State of \_\_\_\_\_,  
do hereby acknowledge that I was in the store of \_\_\_\_\_  
between the hours of \_\_\_\_\_ (a.m./p.m.)  
and \_\_\_\_\_ (a.m./p.m.), on the above date, and while there appropriated  
to my own use, without paying for, or intending to pay for same, the  
following described articles:

<u>Quantity</u>	<u>Description</u>	<u>Sales Price</u>

In addition to the above, I acknowledge having taken, and surrender, the  
following described articles found in my possession, and belonging to  
other parties:

\_\_\_\_\_  
\_\_\_\_\_

DESCRIPTION

Sex \_\_\_\_\_ Age \_\_\_\_\_ Complexion \_\_\_\_\_ Height \_\_\_\_\_

Weight \_\_\_\_\_ Build \_\_\_\_\_ Hair \_\_\_\_\_ Eyes \_\_\_\_\_

Other marks of identification: \_\_\_\_\_

SHOPLIFTING FORM (Continued)

(If under 18 years of age, complete the following)

School attending \_\_\_\_\_ Grade \_\_\_\_\_

Name and address of parents or guardian \_\_\_\_\_

I have read the above statement, and hereby declare that the same is true in every respect, and I hereby admit that no threats of any kind have been used in obtaining said statement, and no promises of immunity from arrest, or prosecution have been made to me. I, hereby, affix my signature freely and voluntarily.

Signed \_\_\_\_\_

Witnessed By: \_\_\_\_\_

Witnessed By: \_\_\_\_\_

PART VIII

FAILURE TO RECORD

*concluded  
could be employee  
theft.*

Failure to record sales is another common method used by employees to steal cash. I once observed a checker collecting more than \$140.00 in two hours time without ringing the sales on the register. He explained to the customers that his register keys were jammed and he had to work with an open drawer until the serviceman arrived. He had stolen more than \$15,000 during the past 6 months using this method.

Retail stores should use a shopping service periodically to prove that sales are being recorded. The shopping reports also indicate other malpractices which reduce the store's profit. I have helped firms start their own shopping service. In one instance, I used part-time school teachers to shop the stores. They turned in excellent reports. You can make your own report sheet to best serve your needs. You can include more purchases of perishables. Your own shoppers will be able to return the merchandise daily. Instruct your shoppers to conduct honesty tests on the checkers by leaving the exact amount of money for an item and not waiting for a receipt. Another shopper can watch to see if the sale was recorded. Whenever checkers fail to record money left by customers in a hurry, it is wise to retain a professional firm to shop for more violations, and interrogate the suspects. Many times, they can help your firm

recover restitution from the bonding company when an employee admits to large thefts of money and merchandise. Never agree to let these firms participate in money recovered through restitution. I know of instances where employees were threatened with arrest if they didn't admit to thefts which totaled far more than they were responsible for because the interrogator was charging 50% of recovery. Pay a flat fee for this service.

Store supervisors, managers, and security agents should always be alert for money on/or around cash registers. If a checker hasn't recorded the sale and placed the money in the register as instructed, he or she should be written up for violation of company policy. They should be informed that a second violation means termination.



TO: \_\_\_\_\_ DATE \_\_\_\_\_ 197\_\_  
 FROM: \_\_\_\_\_

TO: \_\_\_\_\_ DATE \_\_\_\_\_ 197\_\_  
 FROM: \_\_\_\_\_

ADDRESS		QUANTITY	PACKAGE	
10	GAL	HALF GAL		
	GAL	QUARTS		
	GAL	PINTS		
	GAL	SUB TOTAL		
DELIVERY DISCOUNT PACKAGES				
	GAL	14-25 GALS	( )	
	GAL	26 GALS UP	( )	
TOTAL PACKAGES				
BULK				
11	GAL	<del>10</del> SPANISH		
	GAL	ICE SHERBET		
	GAL	SHAKE VANILLA		
10	GAL	ICE MILK		
	GAL	1% <sup>+</sup>		
	GAL	SUB TOTAL		
DELIVERY DISCOUNT BULK				
	GAL	14-25 GALS	0	( )
	GAL	26-45 GALS	0	( )
	GAL	46 OVER	0	( )
TOTAL BULK				

35120 **TOTAL CHARGE**  
 TOTAL CASH  
 ON ACCOUNT

ADDRESS		QUANTITY	PACKAGE	
40	GAL	HALF GAL		
	GAL	QUARTS		
	GAL	PINTS		
	GAL	SUB TOTAL		
DELIVERY DISCOUNT PACKAGES				
	GAL	14-25 GALS	( )	
	GAL	26 GALS UP	( )	
TOTAL PACKAGES				
BULK				
17	GAL	<del>10</del> SPANISH		
	GAL	ICE SHERBET		
	GAL	SHAKE VANILLA		
40	GAL	ICE MILK		
	GAL	1% <sup>+</sup>		
	GAL	SUB TOTAL		
DELIVERY DISCOUNT BULK				
	GAL	14-25 GALS	0	( )
	GAL	26-45 GALS	0	( )
	GAL	46 OVER	0	( )
TOTAL BULK				

35120 **TOTAL CHARGE**  
 TOTAL CASH  
 ON ACCOUNT

This vendor delivers 10, 11 and 10 gallons of ice cream. Sometimes, he tells the clerk that he needs the invoice back to total the price, or he tells the clerk that he will put the invoice in the box for him. He quickly changes the one to a four, a one to a seven, and the one to a four. He has cheated you out of 66 gallons. When the manager and the security agent double-check these orders, they will uncover these dishonest vendors.





EXAMPLE OF A FORM LETTER SENT TO SUPPLIERS

*Delate*

Date \_\_\_\_\_

Mr. Charles C. Nordby  
President  
Market Suppliers, Inc.  
Post Office Box 60301  
Sacramento, California  
95860

Dear Mr. Nordby:

We represent and warrant that the prices charged to you on each item of merchandise that we sell to \_\_\_\_\_ stores, are at least equal to the best terms and prices which we are presently offering to any of your competitors within the competitive area served by \_\_\_\_\_ stores. We further represent and warrant that the prices and terms quoted do not in any way operate to unfavorably discriminate between \_\_\_\_\_ and their competitors similarly situated in the competitive area served by \_\_\_\_\_ stores.

Any exceptions to the above statements shall be duly described in a writing appended hereto, which shall constitute all exceptions to the statements set forth above.

Signed \_\_\_\_\_

*DeLo*

CONCLUDING QUESTIONS & ANSWERS

Questions: How can I tell if the receiving clerk is in collusion with certain vendors?

Answer: Instruct the manager and the security agents to check vendor orders after they have been checked by the receiving clerk. Do this often enough to keep them honest.

Questions: I am building a new store. What can I do to reduce thefts?

Answer: Design the store so that it has a catwalk over the checkstands and along the back wall. Install one-way windows which reinforces the customers and employees with the fact that they will be detected if they steal. Do not allow hidden areas in the selling area. The initial one-way window investment will save the average market fifty to sixty (\$50,000 - \$60,000) thousand dollars yearly.

Questions: Is there any way I can determine who enters a store after closing?

Answer: Install time locks which have identifying keys. The manager has Key "A", and the assistant manager has Key "B". A tape shows which key opened the door and the time. You receive a weekly report.

Questions: I only have one store. How can I have a security program?

Answer: Contact your friends who have one or two stores and agree to share a security agent. A good agent can produce better results when working for several firms.

Questions: How can I make certain that the night butcher doesn't remove meat out the back door?

Answer: The grocery night managers should have the only keys to the back doors. When an emergency arises, such as a late delivery, he will open the door and remain there until the door is locked.

Concluding Questions & Answers (Continued)

Question: How can I make certain that I am receiving all the magazines which I am billed for, and credit for those I am returning.

Answer: Magazines should be delivered and the invoice left for your employee to check as the magazines are stocked. Your employee will pull outdated magazines and list them on a credit tag. The driver can pick these up several days later along with the signed charge tag.

Question: Should I allow the H.B.A. salesman to merchandise razor blades away from the checkstand?

Answer: No. More razor blades will be shoplifted than sold.

Question: Should I allow cigarette salesmen to exchange cigarette and tobacco products when I am short of items?

Answer: No. Have a strict policy stating that they must issue a credit on stale or damaged merchandise and a charge invoice for any merchandise purchased.

Question: Can I be sure of showing a profit as long as I have good shipping grosses?

Answer: No. Theft and mismanagement can change black figures into red figures on the bottom line.

Question: Is it good business to let meat and produce managers take their own inventory each month?

Answer: As long as you have a supervisor to take the inventory every fourth time or so.

Question: We lock the janitors in the store at night. Isn't this the safest way?

Answer: Men working for a low hourly wage will give in to temptation. They will find a way of getting merchandise out of the store.

Question: We allow several small restaurants to charge meat. Is there anything wrong in doing this?

Answer: Yes and no. If you don't deliver the meat, and have each order rung up in the same manner as a cash transaction, and payment is mailed to the office. You are still vulnerable when white wrap meat goes out the door under these circumstances.

Concluding Questions & Answers (Continued)

Question: Our produce supplier helps us by transferring merchandise from store to store. Is this a safe practice?

Answer: No. I have detected as many as 5 employees at one time using this method to steal. The driver was delivering cases of merchandise to their homes.

Question: Are we better off purchasing all our produce from one supplier?

Answer: No. Competition keeps suppliers honest in their pricing. You should also have two egg suppliers to insure weekly low prices.

Question: Can I rely on our supplier's computers for accurate pricing?

Answer: No. I have uncovered pricing errors which total tens of thousands of dollars in underpricing.

Question: Don't honest customers resent security devices and warning signs for shoplifters?

Answer: No. Honest customers are interested in lower prices. They're aware that they are footing the bill for super-market thefts.

Question: How can I be sure that the store bookkeeper is honest?

Answer: Enter the store after closing and count the tills. Make copies of the paid-outs, over-rings, refunds, etc. Compare your figures with the bookkeeper's for a week.

Question: How can I be certain that all rebates, advertising allowance and spoils checks are being turned in to the office?

Answer: Notify each supplier and manufacturer that you would like an itemized account of all money paid each store last year. Inform them that all checks are to be sent to the office in the future.

Question: How can I be certain that the security agents are honest and capable of doing a good job?

Answer: Send some trusted people to the store and have them shoplift; have them offer the security agents some money to let them go free. Either you or an assistant should be outside the store during these tests.

Concluding Questions & Answers (Continued)

Question: How can I be sure that money collected from returned checks is turned in to the office?

Answer: Require a weekly list of all checks from the store. Have each store use a duplicate receipt. One receipt goes to the customer, and one is sent to the office with the daily cash receipts.

Question: Do I have to let shoplifters leave the store before stopping them?

Answer: No. Once they conceal an item, the intent to steal is evident and they can be stopped at that time. You will have more success in convincing a jury of intent to steal by allowing them to leave the store, however.

Question: Isn't it a fact that shoplifting and other thefts are uncontrollable?

Answer: No. The Profit Savers Program is guaranteed to reduce shoplifting and these other thefts.



HONESTY CONTROL OPTIONS

*Revised*

Using the information and control forms contained in this book along with properly located security windows, will enable you to start your own honesty control program.

Should you prefer to use our services in launching your program, there are two methods, or modifications thereof:

1. The quickest and most effective manner of implementing the program is with our consultant making an in-store study, with his recommendations being based upon the study he conducts, and further, personally demonstrating the techniques and procedures recommended in this manual.

*Revised*



The plan will enable six stores to be set up within two weeks with a followup review analysis after six weeks. Our consultant will be keenly interested in helping you establish a highly effective program since his success is tied in with yours.

2. A written step-by-step outline of how to set up your program along with an on-going monthly consultant service via the mail or telephone for as long as you determine that you require the service.

**Charles Nordby**  
**Born August 8, 1924**  
**Died May 29, 1976**  
**His legacy lives on!**

GREATEST STORY NEVER TOLD THE



CHARLES C. NORDBY