



THRIFT DRUG COMPANY

Division of JCPenney Co., Inc. 615 Alpha Drive P.O. Box 2459 Pittsburgh, Pa. 15230

4 pages

I am Jim Smith, Vice President of Loss Prevention and Security at Thrift Drug Company. Thrift Drug Company is a division of J. C. Penney consisting of approximately 480 stores based in Pittsburgh, Pennsylvania, operating 237 stores in the state of Pennsylvania with sales of \$592 million.

We strongly support the passage of this Civil Restitution bill for two reasons.

1. The cost of securing company assets is extremely high. We believe the burden of these costs should be placed on the individuals performing the acts rather than passed on to all consumers.
2. The criminal justice system makes it impractical if not impossible to pursue criminal prosecution of apprehended suspects.

In 1989, Thrift Drug experienced an increase in our shrinkage. This is the first time we have seen an increase in shrinkage since 1982. This rise is due to significant increases in shoplifting despite an increase in expenditures to prevent it.

In 1989, we spent over \$2.25 million to secure merchandise in our stores and distribution centers.

Guards	\$1,000,000.00
EAS System	150,000.00
EAS Tags	50,000.00
Store Detectives	50,000.00
Loss Prevention Payroll	1,000,000.00

In 1990, we have budgeted an increase in Loss Prevention expenditures which will eventually translate into higher prices for the consumer unless we can direct this expense to the individuals who cause it.

Even with our increase emphasis on loss prevention, we will experience losses over \$20 million in 1990.

The second concern, the inability to arrest and prosecute suspects is a major deterrent to providing an effective loss prevention program. We have experienced two to four-hour response time from police departments. Officers are pressuring managers not to prosecute and even ignoring the wishes of management and releasing shoplifters. We have seen repeat offenders released and cases fail to come to trial. Let me give you some examples of actual cases from 1989.

- > On December 16, 1989, our store detective apprehended a shoplifter. Police were summoned and responded in 45 minutes. We attempted to file charges, but the officer stated he didn't feel like doing the paperwork and he would drop the charges himself. We persisted, but the officer informed the detective she must cooperate with him and asked for her address and phone number. Finally, we relented, charges were dropped and the suspect released.

- > On September 23, 1989, a suspect was apprehended stealing cigarettes. We called the police and attempted to press charges. They refused and let the suspect walk with a warning.

- > On December 28, 1989, we apprehended a suspect with \$50 worth of miscellaneous merchandise. As she was in the manager's office awaiting the arrival of the police, she placed a stolen credit card in her shoe. After one hour, we again called the police and informed them we had a suspected shoplifter plus a stolen credit card, but we could not hold her more than one hour. An additional hour later, we called the dispatcher and were informed nothing could be done to insure the police would arrive. We were forced to release the suspect.

- > On January 19, 1989, our store detective observed a customer conceal approximately \$30 worth of cosmetics. While detaining the suspect, we notified the police of the attempted shoplifting. After 45 minutes, we again called the police for an officer. Thirty minutes later when the police arrived, they discovered our suspect was "wanted" on 13 to 17 counts of check fraud, 23 counts of shoplifting and nine counts of credit card fraud.

These events all happened in drug stores which have minimal staffing which normally prevents us from pursuing these types of crimes. We do not have staffing to detain suspects or leave the sales floor for an extended period.

Another concern in this area is the time requirement to file charges and testify in court. Often the suspect is released from custody before we are finished submitting the paperwork for these cases. If the case goes to court, two or three associates from our staff must be in court for an entire day only to face the possibility of the case being dismissed or the suspect placed on two to three months probation. This time spent away from the store is both an expense to the company and a burden on the associate.

We believe that civil restitution will provide retailers with a less expensive and more efficient manner to protect our assets. In addition, we could reduce the calls to local law enforcement agencies and lessen the cases in the courts.

Therefore, we strongly recommend the passage of this civil restitution bill.