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Thefts by employees a big problem made bigger in hard times

By JOE LAMBE
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Retailers spend a lot of time and money to prevent shoplifting, but a bigger threat to the bottom line is the person behind the counter.

No one knows exactly how much employees steal each year, but one national survey late last year showed that companies lost \$18.7 billion in the 12 months ending in June because of worker theft — the largest single cause of retail “shrinkage.”

Another survey for 2008 found that employees stole far more than shoplifters and that among 22 large retailers, one in 30 employees was caught stealing.

“It happens from the top down to the bottom up,” said Terrence Shulman, an author and a counselor on the subject who is a lawyer with a master’s degree in social work.

Two recent local cases illustrate how large the problem can be. A former employee is suspected of stealing more than \$300,000 in goods from a Target store in Kansas City. In Johnson County, a salesman and shipping clerk together stole an estimated \$30,000 worth of suits from an Overland Park men’s store.

Experts say that with hard times, more employees are stealing, but many have always done it anyway. The U.S. Chamber of Commerce has long said that 75 percent of employees steal from their employers at least once.

They start small, get bolder and often get caught, said Casey Chroust, a vice president with the Retail Industry Leaders Association.

Said Shulman: “More are getting caught because security is getting more sophisticated, but there are fewer loss-prevention officers, so it’s kind of a wash.”

Allan Bachman, the education manager for the Association of Certified Fraud Examiners, last week called the situation “almost a perfect storm” as companies that are trying to weather the recession eliminate protective measures.

Two years ago, the association estimated that American businesses lost 7 percent of annual revenue to fraud, but the group now suspects that figure has grown. A short random survey last spring found fraud increasing as those who monitor it get layoff notices.

If a company is floundering, some managers may try to loot the ship before it sinks, experts say. The same goes for employees facing layoffs and demands for harder work.

At the boss levels, big money vanishes with fraud such as embezzlement and kickback deals with suppliers.

“There is a possibility that schemes are being created right now that won’t be discovered for years,” Bachman said.

Bachman said thieves who steal by fraud are often people in positions of absolute trust.

Said Shulman: “It is often the star employee who is led out in handcuffs.”

The Target employee suspected in the massive thefts from the discount chain’s Ward Parkway store had worked there since the store opened and was considered its best employee, police said.

Target security officers in January realized items were missing from a loading dock and started an investigation.

Police were called in to investigate and officers conducting surveillance watched as the female employee helped to put merchandise from the loading dock in two movers' trucks. Officers followed one truck to a Henry County farmhouse, and they found about \$100,000 worth of Target goods there.

Officers said the house was set up like a store, with mini-refrigerators and freezers on a back porch, household items in one room, and toys and clothes in another. It was one of four such farmhouses they raided.

The investigation continues, and the woman has not been charged.

Not even Jackson County Circuit Court is safe from a trusted worker turned thief.

Three years ago, authorities accused a longtime purchasing clerk at the courthouse of stealing or trying to steal more than \$230,000 worth of computers and electronics over a two-year period.

The clerk, Laura L. Soemer, ordered boxes of goods delivered to her attention and then loaded them in her car as sheriff's deputies and other courthouse workers watched or even helped.

Soemer was known as a go-getter who projected authority, her boss said. Two years ago, she pleaded guilty to two counts of theft and was sentenced to 10 years in prison. She is eligible for parole in April.

Last year, a Johnson County jury convicted salesman Clifton Williams of stealing goods from a Jos. A. Bank Clothiers store in Overland Park in a scheme that lasted six months or longer.

Overland Park Detective Byron Pierce said Williams, 34, worked with shipping clerk Joshua Poland, 24, to steal about \$30,000 worth of suits and other goods.

Pierce said someone who worked for the men's store chain noticed the shipping clerk selling suits cheap on the Internet and traced where the clerk worked. An audit led to an interrogation of Poland, who admitted conspiring with Williams.

Poland sent suits to some off-the-books buyers, and he and Williams smuggled some suits out the store's back door in garbage bags and later sold the suits on the Internet, Pierce said.

Poland said people who bought the suits said they paid 50 cents on the dollar, and the salesman told the buyers he was simply passing on his employer discount. No buyers were charged with crimes.

Williams was sentenced to probation, and Poland testified against him and was placed in a prison-diversion program.

Often, employee thieves are not even prosecuted, said Shulman and other experts.

Retailers want to keep the matter quiet, get their money back and just fire offenders, Shulman said.

"Then they (the thieves) go on to the next employer and do it again."

Shulman said people steal out of greed, grievances or psychological problems.

"People have a lot of authority issues," Shulman said. "You'd be surprised at how many think they're entitled."

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