

Organized Retail Theft (ORT) Rings

This section of our website contains information on Organized Retail Theft (ORT) rings. Please note that we will not include classified information in this segment. We will, however, print the names of persons arrested in connection with the ORT rings and the charges brought against them where available. Please help us keep this information current by sending us news articles and other unclassified information on ORT rings. The cases noted here should not be considered a complete listing of all ORT rings brought to justice by law enforcement. The list does, however, illustrate the seriousness of ORT in the United States.

Recent Major Investigations of ORT Organizations

April 2004, Texas

Star Telegram

April 6, 2004

Judge Finds Ringleader of Theft Group Guilty

DALLAS – A man described by prosecutors as head of an organized retail theft ring was convicted by a judge Tuesday of 15 felony counts.

Mohammed Khalil Ghali, who will be sentenced on July 16, faces a maximum sentence of 245 years in prison and a \$3.75 million fine.

The 15 counts in which Ghali was convicted by U.S. District Judge Barbara M.G. Lynn include theft from an interstate shipment, three counts of interstate transportation of stolen property, and nine money laundering counts. Lynn's decision followed a bench trial of more than a week.

Six co-defendants have pleaded guilty to various charges and await sentencing in June. Another remains a fugitive.

Authorities said Fort Worth residents of Middle Eastern descent tipped off local and federal officials to the ring allegedly run by other residents of Middle Eastern descent. Ghali has been in federal custody since last year.

Ghali operated the organization in North Texas from October 2002 through May 2003, authorities said.

A ring of convenience store owners of Middle Eastern descent were allegedly buying stolen medicinal products, repackaging them, and reselling the, sometimes to wholesalers in other states, authorities said.

The stolen goods included glucose test strips, nicotine patches, baby formula, razor blades and Viagra, authorities said.

The members of the alleged crime ring were the middlemen.

The ring generated millions of dollars in illegal proceeds authorities said. Some of the money was funneled back into the organization, and some of it was going overseas to countries such as Jordan and Egypt, authorities said.

However, both local and federal authorities said there was no evidence linking the money to terrorism or terrorist activities.

February 2004, Massachusetts

Police in MA discovered a small ORT ring that apparently sold their stolen merchandise in area flea markets. Two or more people were charged with theft of over \$100,000 in merchandise. The stolen goods included tools, toys, Beanie Babies, hair spray, beauty products, and other items. Police charged Charlotte Boehm and Bruce Lindsey. Other arrests were expected.

February 2004, Texas

Wall Street Journal

February 27, 2004

Thefts of Baby Formula Probed – Suspects Held in Davie for Immigration Officials

Mocksville – The Mocksville Police Department is investigating whether four people arrested over the weekend on charges related to the shoplifting of infant formula could be part of a larger scheme of reselling stolen infant formula and funneling the money to terrorist groups.

Law-enforcement officials across the country have discovered major infant-formula theft rings with ties to people in Middle Eastern countries.

The federal Justice Department lists the “theft, adulteration and resale of infant formula” as an illicit source of money for terrorists.

An official with the Winstom-Salem office of the U.S. Bureau of Immigration and Customs Enforcement told Detective David Miller of the Mocksville Police on Monday that law-enforcement officers conducted a sting operation a few years ago in which Honduran immigrants were stealing infant formula and delivering it to a Middle Eastern man in Raleigh. The man would then box the formula up and sell it back to stores.

Miller said that the official told him that profits were sent to individuals in Middle Eastern countries.

The immigration official could not be reached for comment.

Three of those arrested over the weekend are from Honduras, Mocksville Police Officer L. Keith Gunter said.

Gunter said that on Feb. 11 a Hispanic man and woman stole almost \$400 worth of baby formula from a Food Lion on Yadkinville Road. The suspects left the store in a blue Dodge Caravan.

On Saturday, officers were sent to the store again after an employee said she saw the same man and woman leave the store parking lot in a blue Dodge Caravan and a white car.

Gunter said that as he was headed to the store, he saw a blue Caravan driven by a Hispanic man.

He stopped the van and found 144 cans of baby formula, worth almost \$2,000 in the back. Police arrested the driver, Nestor Javier Funes Martinez, and charged him with possessing stolen property for the formula that was stolen Feb. 11.

Police also charged Martinez with possessing or concealing weapons. Martinez was carrying two open-blade knives when he was arrested, police said.

On Sunday, Ingris Janeth Pena Valle, Darlin Rodriguez Herrera and Digna Xiomara Mendoza came to bail Martinez out of jail. They were all arrested in the parking lot of the Davie County Detention Center after being identified by the Food Lion employee who reported the Feb. 11 incident.

Gunter said that Mendoza, 41, and Herrera, 23, are from Honduras and have been deported before. They are being held at the Davie County jail at the request of immigration officials.

Martinez also remained in custody at the jail last night.

The Arizona Republic reported in July that a terrorism task force of state and federal investigators cracked down on a stolen baby-formula ring that investigators said made \$11 million in profit since 1997. Fifteen people were arrested in California and Arizona.

Documents released by the task force, the newspaper reported, showed that the operation had business ties to at least 15 states, including North Carolina.

Authorities said that profits were sent to three Middle Eastern countries.

Infant formula is an attractive commodity for theft rings in part because it is expensive – often ranging from \$10 to \$20 a can – and because a federal program that provides infant formula to low-income women and children keeps it in steady demand.

Nearly half of the nation’s babies are served by the Women, Infants and Children program, according to a U.S. Department of Agriculture Web site.

Each of the program’s state agencies decides which brand of infant formula it will cover for participants. In return, each agency receives money back from the manufacturer for each can bought by a WIC participant.

Last November, an official with the Texas Department of Public Safety told a U.S. House of Representatives subcommittee that the most popular brands of formula stolen are those distributed through the WIC program.

December 2003, Kentucky

A Louisville man, Eyad Suleiman aka Abu Zacheria, owner of Alpha Trading, was charged by federal authorities for allegedly purchasing and reselling 71,000 cases of stolen infant formula. He is also accused of knowingly receiving 980 cases of stolen infant formula from undercover investigators in July 2003. Suleiman was also charged with filing false tax returns and not reporting \$2.8 million of gross income and \$600,000 in business receipts on his 2001 and 2002 tax returns.

November 2003, Texas

The Houston Chronicle reported on November 10, 2003 that international crime rings steal as much as \$2.5 million worth of baby formula a month in Texas, and some of the funds may go to fund terrorism. Police, federal agents and health inspectors investigated crime rings in Dallas and Houston. Some 40 people were arrested and \$2.7 million worth of merchandise was confiscated, including more than \$1 million worth of infant formula. Much of the merchandise was shoplifted by illegal immigrants from Central America. Stolen infant formula was resold to criminal groups, typically run by Middle Easterners. The infant formula was typically stored improperly and often repackaged with extended expiration dates. The information gathered by law enforcement on the organized retail theft rings in Texas is typical of the methods employed by rings in other parts of the U.S.

October 2003, Ohio

G2 Bulletin

October 6, 2003

U.S. Terror Allies Raising Millions

From convenience stores, to money laundering, to identity fraud, the enemy within pays freight

From convenience stores, to money laundering operations, to identity fraud rings, Islamic terror allies are raising millions in criminal enterprises inside the U.S. and sending the money abroad for more attacks on the West.

For example, last week police broke up a money laundering scheme using dozens of convenience stores in Cincinnati's poorest neighborhoods. More than \$100 million was raised by selling stolen goods and inflating prices for the desperately poor, say police and prosecutors, who believe the money might have been used to fund terrorism around the globe.

In the scheme, police say, organizers paid pennies on the dollar for stolen goods – such as cigarettes and teeth-whitening strips – and then re-sold them at high profits.

Police say they can already prove that \$37 million went through the bank accounts of the man they believe is the ringleader, but they estimate that was “only a third” of the total, said Cincinnati Police Chief Thomas Streicher.

Much of the money, the chief added, has been sent back to Middle Eastern countries, often in amounts just under the \$10,000 limit that requires the transfer to be reported to the U.S. government.

Omran Saleh, a Canton, Ohio, businessman who also has a Green Township address, is described as the head of the organization. He was among 23 people arrested in connection with the two-year undercover investigation that resulted in a 105-count Hamilton County indictment.

Saleh, like most of those arrested, is of Palestinian-Arab descent. Many of the defendants are naturalized Americans.

The major players arrested have been charged with engaging in a pattern of corrupt activity, money laundering and tampering with government records, charges that carry up to 10 years in prison.

Some of those arrested are also accused of charging exorbitant fees to cash checks.

Police say the scheme operated like this: Store owners would pay others – “usually drug addicts,” one official said – to steal items they could then resell. Popular items were cigarettes and teeth-whitening strips. The items could be stolen in as small amounts as a few packages or as large as truckloads.

The stolen goods were resold through the markets at prices that were two, three, four or five times higher than normal, said Streicher.

At least five of the stores searched Thursday have been padlocked and authorities will try to close them permanently.

The allegations come as little surprise to some who live in the neighborhoods. Store operators sometimes tore open packs of cigarettes and sold individual cigarettes to people who didn't have enough money to buy a pack, the man said.

That's not the only all-American scam designed to raise money for international terrorists.

Two Dearborn, Michigan, men were arrested last month and several items confiscated during a raid by Federal Bureau of Investigations agents.

Ahmad Musa Jebri and his father, Musa Abdallah Jebri, were charged in a 20-count indictment with creating fake identities and using false Social Security numbers.

Ahmad Jebri has reportedly been an outspoken critic of U.S. policy towards the Middle East.

The two Dearborn men accused of bank fraud and money laundering are also being investigated for possible links to terrorism.

In a search warrant filed in U.S. District Court, the FBI lists several items seized from the home including a " Hamas poster." The United States has designated Hamas a terrorist organization, and the U.S. Treasury Department has frozen its assets.

Federal authorities accuse the men of buying 13 homes and two apartment buildings in the Detroit area since 1988 and insuring them for far more than they were worth. They are accused of defrauding six local banks of more than \$250,000.

The two men reportedly created fake identification cards, including one that used the name, "Alsalafyoon Alatharyoon," which reportedly refers to al-Qaida.

And here's another more brazen scam taking place offshore: Federal authorities charged five men Friday for hiding more than \$60 million from tax officials and smuggling it out of the U.S. Virgin Islands, officials said.

Fathi Yusuf, 62, his son Maher Yusuf, 36, and Waleed Hamed, 38, and Waheed Hamed, 41, all appeared before U.S. District Magistrate Geoffrey Barnard.

A federal grand jury charged them with wire fraud and money laundering, among other crimes. The men live in St. Thomas and St. Croix, islands in the U.S. Caribbean territory of 108,000.

An arrest warrant was also issued for Isam Yousuf, of St. Martin, a relative of the other defendants. He also faces money laundering charges.

Maher Yusuf was born in St. Croix. Fathi Yusuf and both Hameds, who are distant relatives, were born in Jordan, but are naturalized U.S. citizens.

The three also face tax evasion charges for submitting inaccurate tax returns to the Virgin Islands Internal Revenue Bureau, said U.S. Attorney David Nissman, who announced the indictments.

The five men manage a three-store supermarket chain and hid millions of dollars in cash at the stores, Nissman said. The stores generated \$300 million in sales, \$60 million of which the men did not report, he said.

The men would wrap the cash in aluminum foil so it could pass through airport X-ray machines undetected, and then mailed and wired the money in small denominations to bank accounts in Amman, Jordan, and French St. Martin, FBI special agent Ted Sulzbach said.

Sulzbach testified that Fathi Yusuf and Waleed Hamed used the money to fund a tile factory in Jordan and to purchase property there and in the U.S. Virgin Islands.

Officials have frozen the defendants' U.S. bank accounts and were seeking forfeitures exceeding \$60 million. Authorities said they were trying to freeze their accounts in Jordan and St. Martin.

The men face between 20 and 93 years in prison if convicted.

Cash is king for terrorist groups, but never more so than today. While most nations aggressively try to halt the torrent of money worldwide by tightening banking regulations and restricting some Muslim charities, terrorists have quickly improvised. The terrorist financiers are now relying less on traditional commerce to move money.

Instead, enormous sums of cash raised through illegal activities are being transported in suitcases and containers. The terrorists also depend on the hawala financial system, whose money

brokers in the Middle East, Pakistan, India and southern Asia can transfer cash from one office to another, based on trust.

Terrorists need cash to finance their networks, for the salaries of operatives and protection money for friendly governments. In the 1990s, a large part of al-Qaida's budget was paid to the governments of Sudan and Afghanistan, analysts say.

Other illegal networks – drug traffickers, for example – have always prized legitimate places to stash their enormous profits, using legal businesses like banks and brokerage houses to launder their dirty money. This spawned a generation of financial detectives, who learned how to unravel the most complex money-laundering schemes.

But most terrorism financiers do the opposite of the drug barons. Instead of laundering their money, they keep it away from institutions that create a paper trail. They use criminal activities, like cigarette smuggling, credit card fraud and check forgery, to raise cash, then ship the money overseas or have a courier deliver it. Thus, a new black market has been created, and the goal is to keep the money invisible, not by washing it, but by hiding it.

Other methods include money laundering, credit-card fraud and petty theft, all areas that Western groups sympathetic to al-Qaida are thought to have moved into in the past two years. The American Treasury, which chaired on the Stockholm sessions, remains upbeat, citing the \$135 million that has been frozen worldwide in terrorist assets.

But terrorism of the al-Qaida sort does not lead a lot of money. The attacks on Sept. 11 cost \$500,000 at most.

The attack on the USS Cole in Aden three years ago cost just \$50,000. That's just one successful visit to a rich benefactor, who asks no questions and who pays in cash.

August 2003, Florida

Tampa Tribune

August 29, 2003

3 Charged in Fraud Ring That Sold Stolen Baby Formula

Tampa – Authorities on Thursday dismantled a fraud ring that dealt primarily in stolen baby formula and was making up to \$5,000 profit a week off the pilfered merchandise, sheriff's officials said.

The fraud ring was operating out of a building owned by Sami Al-Arian, but authorities have not connected him to the case.

Three people were arrested, and thousands of dollars in stolen property was recovered at Mike's Food Store, 6824 N. 50th St., authorities said.

The man running the store, Saad Saad, 36, of 6408 N. Queensway Drives, was charged with racketeering and dealing in stolen property. Officials said he probably had been working the scam for several years.

Records show the store is owned by Al-Arian, the former University of South Florida professor accused of supporting the Palestinian Islamic Jihad, an organization responsible for numerous suicide bombings in Israel.

Al-Arian is in custody at Coleman Federal Correctional Complex in Sumter County, awaiting trial on charges of conspiracy, racketeering and providing material support for terrorism.

"We are investigating every possible connection between Mr. Al-Arian and the fraud operation," Hillsborough County Sheriff's Chief Deputy David Gee said.

Gee said Al-Arian has leased the property to Saad for several years.

Gee said Thursday's arrest ended a two-month investigation during which undercover detectives sold stolen items to Saad more than a dozen times.

The operation involved more than a dozen people who worked for Saad and stole baby food, diapers, beer and other items from grocery stores across the county daily, authorities said.

They then went to Mike's Food Store, where Saad paid his associates about half of the retail value for the products. Then they were taken to Saad's warehouse at 4920 Sligh Ave., Gee said.

He said Saad sold the items in his store for full price and then claimed full value when redeeming state vouchers for the baby formula under the Women, Infants and Children program, or WIC.

Also arrested was Luis Rincon, 39, of 12810 Cedar Forest Drive, Apt. 305, who was a store clerk, Gee said. Rincon was charged with racketeering and dealing with stolen property.

Gary Wayne Thompson, 46, 10524 Bayhill Circle, Thonotosassa, also was charged with racketeering and dealing in stolen property.

Gee said as many as a dozen more people could be arrested.

July 2003, Arizona

Office of the United States Attorney

District of Arizona

PRESS RELEASE

14 Arrests Made in 11 Million Dollar Stolen Infant Formula Scheme

Phoenix, Arizona – Paul K. Charlton, U.S. Attorney for the District of Arizona, announces today that 14 were arrested as part of a Joint Terrorism Task Force (JTTF) investigation of individuals trafficking in stolen infant formula. This case centers around a fencing operation for stolen or fraudulently obtained infant formula, which generates millions of dollars annually. The indictment alleges the profit from the conspiracy is in aggregate of 11 million dollars. The main target is Samih Jamal, D.O.B. 6/18/69 of Mesa, Arizona who operates Jamal Trading and other businesses in the greater Phoenix area. Samih Jamal employs others to steal or fraudulently obtain infant formula around the country and transport it to Phoenix, Arizona and other locations. Additionally, 21 search warrants were executed in the Phoenix area and in Garden Grove, California.

The indictment alleges that on or about December 17, 1997, up to and including the present the defendants Samih Fadl Jamal, DOB 6/18/69 of Mesa, Arizona; Tamer Fayez Swailem, DOB 7/2/72 of Tempe, Arizona; Marwan Fadl Jamal, DOB 11/20/67 of Hammond, Louisiana; Abdulrazzak Fadl Jamal, DOB 12/10/79 of Tempe, Arizona; Ramy Fadl Jamal, DOB 9/5/78 of Garden Grove, California; Mamoun Al-Jamal, DOB 3/21/57 of Garden Grove, California; Walid Fadl Jamal, DOB 8/8/65 of Germany; Hani Jamal Sarawan, DOB 7/20/70 of Phoenix, Arizona; Saad Toma Yohanan, DOB 6/29/57 of California; Addul Khaled Khader Hamze, DOB 9/1/79 of Mesa, Arizona; Ahmad My Alhulaisi, DOB 3/27/76; Kahled Ahmad Noaman, DOB 11/1/82 of Chandler, Arizona; Ahmed Mohamed Ashry, DOB 12/12/68; Mustapha Mohamad Khodr, DOB 12/19/79 of Tempe, Arizona; Fadel Hindi, DOB 7/7/66 of Phoenix, Arizona; Abdelsalam Mohamad Abdelsalam, DOB 6/7/62 of Apache Junction, Arizona; Mohamad Anis Hemdani, DOB 9/15/76; Mounir Midani Daly, DOB 7/19/78; Rami Mahmoud Awwad, DOB 12/11/76; Sharif Kader Hamdan, DOB 8/27/47 of Phoenix, Arizona; Kamel Hamid Al-Fadheli, DOB 4/2/67 of Phoenix, Arizona; Nidal Mohammed Al-Shendi, DOB 5/5/70 of Phoenix, Arizona; Martha Ann Colwell, DOB 1/31/48 of Peoria, Arizona; Sharon Faye King, DOB 11/10/52 of Peoria, Arizona; Slimane Hamzaoui, DOB 9/4/64 of Chandler, Arizona; Ibrahim Hassan Elrawy, DOB 3/1/58 of Houston, Texas; Alaa Ghasoub Obeid, DOB 12/23/80 of Mesa, Arizona, conspired to transport cases of stolen infant formula valued at more than \$5,000 in interstate commerce in violation of Title 18 of the United States Code sections 2314 and 2315. A conviction for violating Title 18 of the United States Code, section 2314 and 2315 carries a maximum penalty of 10 years imprisonment, a \$250,000 fine or both. Additionally, the indictment alleges that defendants conspired to commit money laundering during the same time period as the Interstate transportation of stolen property conspiracy in violation of Title 18 of the United States Code 1956(h). A conviction of Title 18 of the United States Code section 1956(h) carries a maximum penalty of 20 years imprisonment, a fine of not more than \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer, whichever is greater. Finally, the indictment further alleges that Samih Jamal made a false statement on three separate U.S. Department of Agriculture, Food Stamp Program for Stores applications in violation of Title 18 of the United States Code section 1001. A conviction of Title 18 of the United States Code section 1001 carries a maximum penalty of 5 years, a \$250,000 fine or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Maricopa County Attorney Rick Romley, the Maricopa County Attorney's Office, Federal Bureau of Investigation, the Joint Terrorism Task Force (JTTF), Phoenix Police Department, Internal Revenue Service, the Bureau of

Immigration and Customs Enforcement (BICE), Arizona Department of Public Safety, Mesa Police Department, Scottsdale Police Department, the United States Department of Agriculture (USDA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The prosecution is being handled by Kevin M. Rapp and Michael W. Kemp, Assistant United States Attorneys, District of Arizona, Phoenix, Arizona.

Case Number: CR-03-261-PHX-FJM

Release Number: 2003-135

The Arizona Republic

July 30, 2003

14 Arrested in Alleged Money-Laundering Operation

Charged

The following Valley residents were charged Wednesday in U.S. District Court in Phoenix on several federal charges, including conspiracy to commit interstate transpiration, receipt of stolen property and conspiracy to commit money laundering:

Samih Fadi Jamal, 34 Mesa.

Tamer Fayez Swailem, 31, Tempe.

Abdulrazzak Fadi Jamal, 23 Tempe.

Hani Jamal Sarawan, 33 Phoenix.

Abdul Hkaled Khader Hamze, 23 Mesa.

Kahled Ahmad Noaman, 20, Chandler.

Mustapha Mohamad Khodr, 23, Tempe.

Fadel Hindi, 37, Phoenix.

Abdelsalam Hohamad Abdelsalam, 41, Apache Junction.

Sharif Kader Hamdan, 55, Phoenix.

Kamel Hamid Al-Fadheli, 36, Phoenix.

Nidal Mohammad Al-Shendi, 33, Phoenix.

Martha Ann Cowell, 55, Peoria.

Sharon Faye King, 50, Peoria.

Slimane Hamzaoui, 38, Chandler.

Alaa Ghassoub Obeid, 22, Mesa.

Forget about cocaine and heroin. Stolen baby formula is apparently the way to go.

At least until Wednesday, when a terrorism task force of federal and state agents fanned out across the East Valley and Southern California to arrest 15 people accused of trafficking more than \$22 million of stolen infant formula.

Authorities, however, avoided linking any of those arrested with terrorist activities.

"We want to make sure that the individuals who are charged in this case defend themselves on the counts they are charged with and not on speculation or hypotheticals," said U.S. Attorney Paul K. Charlton, who announced the crackdown.

The 15 people arrested were among 27 indicted by a federal grand jury on charges ranging from interstate transportation of stolen property to conspiracy to commit money laundering. Warrants were issued for the other 12, several of whom are believed to be out of the country.

All but two of those indicted were men from the Middle East, mostly Iraqi, Jordanian and Lebanese natives who arrived in the United States legally. Some became naturalized citizens. Others overstayed student or visitor visas.

Maricopa County Attorney Rick Romley, who said his investigators began looking into the infant formula ring in 2001, also announced a 90-count indictment on state charges against 21 of the federal defendants.

All are accused of running a stolen baby-formula ring that was strikingly similar to others operating across the country.

Just last month, a federal grand jury in Texas indicted 11 people on felony charges they stole infant formula, repackaged it and sold it to wholesalers at huge profits. Authorities said some of the money from that operation went to banks in Jordan and Egypt, but they, too, avoided any suggestion that the ring was tied to terrorism or terrorist activities.

Investigators with the Joint Terrorism Task Force in Phoenix said the Valley operation made more than an \$11 million profit fencing \$22 million worth of stolen baby formula since 1997.

The ring leader of the operation was identified as Samih Jamal, 34, of Mesa, owner of the Tempe-based Jamal Trading Co., and several other businesses.

“Jamal Trading Company is part of a national network of businesses owned and operated by foreign nationals and/or naturalized citizens of Middle Eastern descent who are engaged in the trafficking of stolen infant formula and other goods,” said J. Swain Granieri, a detective with the Phoenix Police Department Organized Crime Bureau and a member of the Joint Terrorism Task Force.

Baby formula is particularly attractive and profitable largely because of a program enacted by Congress to provide supplemental food for low-income women and children. The Women, Infants and Children Program, better known as WIC, creates a steady market for baby formula.

“If you are able to obtain baby formula through theft or fraud at greatly reduced prices, then you know you always have a steady customer, in this case the government,” Charlton said.

The Valley-based infant-formula operation worked much the same as others across the country, relying on a three-tier hierarchy.

At the lowest level, thieves were recruited, and sometimes trained, to steal baby formula from stores, including Wal-Mart, Kmart, Target and Albertson’s. Thefts could be as trivial as shoplifting a single can or as brazen as hijacking a semi-trailer.

The second tier involved companies doing what Jamal Trading is accused of doing – gathering the formula, repackaging it and passing it on to wholesalers who make huge profits selling it to businesses throughout the United States.

Documents released by the Valley task force indicate that Jamal and his operation had business ties in at least 15 states, including some as far away as Illinois and North Carolina.

The strongest ties alleged in the indictment were with a smaller company in Garden Grove, Calif., 35 miles southeast of Los Angeles. That company, RJ Grocery Trading, is owned by Jamal’s brother, Ramy Jamal, and an uncle, Mamoun al-Jamal, who also were indicted.

Undercover agents said two men working for Jamal Trading Company delivered 960 cases of stolen baby formula to RJ Grocery Trading on May 16, 2002. According to indictments, Ramy Jamal paid his brother’s company \$33,720 for the formula that day.

The largest single transaction the indictments allege occurred in 2002 when undercover agents loaded a Wal-Mart semi-trailer with 1,440 cases of infant formula and met members of Jamal’s operation near Quartzite, Ariz. The agents made video and audio tape recordings of themselves telling Jamal’s associates the formula was stolen and could be had at a good price, which turned out to be \$72,793.

According to investigators, Jamal transferred at least \$64,500 from his operation to banks in the United Arab Emirates, Lebanon and Jordan. But the total could be far higher.

“Samih Jamal obtained more than \$8 million in cash from Jamal Trading Company Bank accounts which is currently unaccounted for,” said Granieri.

Jamal was indicted on eight felony counts ranging from conspiracy to commit interstate transport of stolen property to making false statements and conspiring to commit money laundering.

The false statement allegations stem from his failure to disclose a 1999 felony conviction involving stolen baby formula in Kentucky.

He faces up to 20 years in prison and a \$500,000 fine on the money laundering charge and five to 10 years in prison and fines of \$250,000 on the other counts.

May 2003, New York

New York Daily News

May 7, 2003

New Shoplift Rings Score Big-Time Loot

Several mornings a week, a small group of men and women gather at a spot under the Roosevelt Ave. el in Queens and pile into a van for a shopping trip to the suburbs.

But they are not just your everyday bargain hunters.

Making their way to Westchester County and then through the sprawling malls of northern New Jersey, they enter stores and steal all the designer labels they can get their hands on.

Mostly South American immigrants, they are the foot soldiers in a burgeoning black-market trade in shoplifted goods that has swept the city in the past year, causing retailers millions of dollars in losses.

Welcome to the world of New York's shoplifting gangs.

Within hours, the stolen clothes – minus their security tags – will stock the shelves of storefronts in Corona, Queens, and Washington Heights at deep discounts.

And it's not just clothes.

With the help of the Internet, thefts of pharmaceuticals – mostly over-the-counter drugs and shaving accessories – have turned even bigger profits.

Detectives staking out a Corona storefront last year at first assumed the vast stash of stolen clothes inside had come from warehouse thefts. But the daily march of thieves walking up to the door suggested otherwise.

"At first I thought it was all cargo stuff," said city Detective Carmen Figueroa. "But then we saw them coming in with two bags, three bags..."

One state trooper, who helped bust one of the nation's biggest fencing operations here, said thieves he's arrested swear that retail shoplifting rings are "the wave of the future."

They're onto a lucrative business. Shoplifting losses nationally peaked at \$10.2 billion last year – up from \$8.5 billion two years before. Cops and private security experts estimate the annual take in the New York area could be in the tens of millions.

Retail theft now costs the average family of four \$440 a year in higher prices, thanks to increases security costs to prevent shoplifting, according to a survey of 118 major retailers by researchers at the University of Florida.

Detectives Stunned

"We've never come out of one of these fencing locations with less than \$150,000 in stolen product," said Detective Sgt. Francis Murnane of the NYPD's major case squad. "And it's always current stuff. It's stuff that's just hit the market."

The sheer volume of shoplifted goods that has turned up in New York fencing locations over the past year has stunned veteran detectives such as Murnane, who are used to chasing down cargo thieves.

More than \$500,000 in shoplifted designer clothes – Tommy Hilfiger, Ralph Lauren and Gap – were seized from a Corona storefront in May. Three months later, members of the Queens North anti-crime unit hauled an additional \$277,000 in hot brand-name clothes out of a location blocks away.

A raid on another fencing operation last year turned up as much as \$3.5 million in shoplifted pharmaceuticals at one location.

In January, the NYPD seized \$750,000 in stolen over-the-counter drugs at three wholesalers in Brooklyn and Queens. One New York fence recently bragged to an undercover officer that last year he did more than \$25 million in business trafficking in shoplifted pharmaceuticals.

But these are only isolated snapshots of the shoplifting scene. In a year, each of these fencing operations turns over millions of dollars in goods.

"They can make more money, and it's a lot easier than breaking into houses and stealing VCRs," said Pennsylvania State Trooper Barry Harvey.

Criminal penalties serve as little deterrent. Even multiple offenders are sentenced to probation.

Hard-hit retailers like Brooks Brothers, Gap, Ann Taylor and other highly sought labels have hired a small army of private investigators to stem their losses.

Lou Granda, former head of loss prevention at Brooks Brothers and now an executive with Metro One Loss Prevention Group in Staten Island, works with police to identify fencing locations.

"They'll even take special orders," Granda said. "You go in one day and ask for a 43 large, and it's there in two days at 50% off the retail price."

Wanna bargain? How about a \$45 Brooks Brothers shirt for \$13? Or a \$160 Ann Taylor dress for \$30? Both could be had at storefronts in Queens taken down by the NYPD.

"It's a woman's dream," said Figueroa.

All in a Day's Work

The day laborers in these operations are recent immigrants from Ecuador, Peru and Columbia, most of whom live in Corona and neighboring Jackson Heights and Elmhurst.

They are hardworking. In recent years, police up and down the Interstate 95 corridor, from Conway, N.H., to Fairfax, V.A. – and as far away as Los Angeles – have arrested shoplifters with Corona addresses.

Contact among individual shoplifters and the gangs who supply the vans is strictly word-of-mouth. Efforts by police to link bands of thieves in a Mafia-style leadership hierarchy have been fruitless.

Thieves work with one gang one day and another the next, depending on who's available. They can make \$200 to \$300 for a day's work.

Outfitted with foil-lined booster bags to evade microwave anti-theft devices, they go into stores and snatch up what they can.

At the end of the day, their take is delivered to mom-and-pop clothing stores in Washington Heights or hideaway rooms in Queens apartments, where workers in back rooms remove security tags with the same devices used by retailers.

The Daily News visited several known fencing locations in Queens and Manhattan recently and found owners fearful of the same shoplifters who help fuel their trade. In several spots, customers have to be buzzed inside. Mounted on walls are closed-circuit television monitors trained on racks of designer clothes to catch shoplifters.

The epicenter of the stolen clothing trade is Corona.

"Corona is the black market capital for fenced stolen clothes," Murnane said.

His squad – as well as Sgt. Nelson Quinones, a Washington Heights-based detective who has arrested hundreds of fences and shoplifters – has made dozens of arrests there.

Among the biggest clothing fences arrested last year was Luis Baez, the former owner of Mundo Fashions in the heart of Corona's shopping district.

Cops seized more than \$500,000 in stolen clothing from Baez's second-floor operation, where employees worked the back rooms removing plastic anti-theft strips from clothes.

Baez pleaded guilty and was sentenced to three years' probation in September.

The Real Money's in Tylenol, Toiletries & the Net

Shoplifting rings are generating their biggest profits ripping of pharmacies.

Over-the-counter drugs, health and beauty aids, razors and film. All are easy-to-steal favorites that are being repackaged for sale in mom-and-pop stores or, lately, over the Internet.

In April 2002, at a warehouse in New Jersey owned by a Long Island businessman, state investigators seized more than \$3.5 million in shaving gear, glucose strips, painkillers and other shoplifted items. Much of it was offered for sale online.

Investigators seized another \$104,500 in cash from a Brooklyn businessman named Martin Einhorn, who happened to turn up at the warehouse carrying a bag of cash just as state troopers were taking inventory of the stolen goods.

Court documents filed by the New Jersey attorney general say Einhorn negotiated some \$400,000 in corporate checks from accounts linked to the warehouse operators.

That cash went to pay the owners of a number of grocery stores in inner-city Philadelphia who put out the word to shoplifters that Tylenol, or Rogaine, the hair-growth formula, were in demand, police and court documents say.

Glucose test strips used by diabetics that typically sell for \$60 to \$80 would go for \$30. After delivering the goods in return for cash payments, the thieves would walk a few blocks to cop heroin in north Philadelphia.

At the North Bergen warehouse, the goods were repackaged and sold to legitimate distributors across the country or on www.shavethis.com, formerly operated by the owner of the warehouse, Martin Powers, according to law enforcement officials.

In a back room, investigators found lighter fluid, heat guns and alcohol used to strip labels off the products, a source said.

Powers and Einhorn have denied the allegations. Neither has been arrested, but authorities say the investigation continues. A similar operation was broken up in January by detectives from the Bronx's 46th Precinct.

Items stolen by junkies and full-time shoplifters at Duane Reade and other city drugstores were taken to wholesalers in Brooklyn and Queens, where illegal immigrants peeled off price tags and repackaged them.

Five people – each working the planning and organizational end of the operation – were arrested.

Suspected fence Abe Lefkowitz allegedly paid an undercover officer \$2,400 for \$3,000 worth of razors and pharmaceuticals from Pepcid AC to anti-fungal cremes the officer delivered to his Williamsburg, Brooklyn, business in November.

Cops also nabbed Mazen Alromhein, a Syrian immigrant who police say agreed to pay an undercover officer \$1,296 for delivering \$3,000 worth of pharmaceuticals provided by Duane Reade to his Brooklyn business in October.

Alromhein said he believed he was dealing with an employee of a legitimate broker he had dealt with before. "I've been set up," he said. "I'd worked with this company before."

He's more careful now. "You can't buy anything without an invoice," Alromhein said. "They send me invoices. I wire them the money."

January 2003, Ohio

The Cincinnati Enquirer

January 8, 2003

Yemen Native's Warehouse Raided – He's Accused of Trying to Bring Men in for Improper Reasons

West Chester Twp. – Police raided a warehouse business here and arrested an Ohio businessman who has been ordered held without bond because of allegations he tried to bring 25 Yemeni men into the United States for "improper reasons."

At the warehousing company at 4610 Interstate Drive, called Twins Wholesaler, West Chester police say they recovered stolen baby food Dec. 30 in a 10-hour search and arrested Ali Kareem Aladimi. Federal authorities took over the case Thursday.

Assistant U.S. Attorney Amul Thapar said Monday the government has found nothing that shows Mr. Aladimi intended the 25 Yemenis to work for his business.

His lawyer, Janet Kravitz, argued that the Yemenis were artisans skilled in making stained-glass windows.

Ms. Aladimi filed immigration paperwork in 2001 seeking to bring the artisans to the United States "but all those steps stopped after 9-11," Ms. Kravitz said. "It was impossible to bring anyone into the United States."

Mr. Aladimi, now a U.S. citizen, was born in Yemen, a Middle Eastern nation whose government has been allied with the United States in the war against terrorism.

"Assisting other people in entering this country illegally is troubling, especially in light of the current situation," U.S. Magistrate Timothy Hogan said.

There was no mention of any link to terrorist activities during a bond hearing Monday in Cincinnati. Ms. Aladimi is suspected of using aliases and trying to move large amounts of cash and people under suspicious circumstances.

Yemen is the nation where three American missionaries were shot death last week.

Mr. Aladimi has lived in the United States for nearly 20 years. He and his U.S.-born wife have six children.

The government previously seized \$784,000 from his home in Veavercreek, a Dayton suburb, court records show.

The money was packed into resealed shampoo boxes.

Mr. Aladimi, 41, is already under federal indictment in California, accused of taking part in a conspiracy to distribute an over-the-counter drug used in illegal labs. He was free on \$400,000 bond until his arrest last week.

A federal warrant accuses him of transporting stolen merchandise in interstate commerce.

Authorities said they found stolen baby food loaded aboard a stolen trailer at Mr. Aladimi's warehousing company in West Chester.

An elite regional drug squad tipped West Chester police that the warehouse contained stolen baby food, West Chester Police Sgt. Erik Niehaus said Tuesday. The squad, the Regional Enforcement Narcotics Unit – a Cincinnati-Hamilton County joint drug task force – targets distributors of large amounts of narcotics.

When a West Chester police officer interviewed Mr. Aladimi during the search, he denied the food was stolen and said little else, Sgt. Niehaus said. "He was polite and cooperative with us," Sgt. Niehaus recalled. He added that two employees were questioned but not arrested, and had no involvement in the alleged crimes.

Mr. Aladimi was charged with receiving stolen property and drug abuse after officers recovered khat, an East African shrub that is chewed and contains cathinone, which is said to make users feel happy, chatty and energetic. But after the U.S. Secret Service and FBI took over the case and filed charges against Mr. Aladimi, West Chester police dropped their charges.

The Cincinnati Enquirer

January 15, 2003

Officials Search Business 2nd Time

West Chester Twp. – Investigators reported seeing about 100 pallets of baby formula – and some items they said could be used to illegally restamp outdated formula with new, false expiration dates – when they previously searched a businessman's warehouse.

So authorities, citing potential risks to infants' health, returned to Twins Wholesale Inc. with intention to seize the formula and other materials, according to a search warrant released Tuesday.

West Chester police said they escorted U.S. Food and Drug Administration (FDA) investigators to the warehouse at 4610 Interstate Drive late Monday, and remained there while the FDA searched for several hours.

It was the second time in two weeks that a federal search warrant was executed at the warehouse connected to Ali Aladimi, 41, of Beavercreek, Ohio, near Dayton. The Yemen-born man is at the center of "an ongoing federal and local investigation that has many aspects to it," said Jim Turgal, spokesman for the FBI's Cincinnati office. "I'm not sure anyone can say what the end result is going to be."

Mr. Aladimi's attorney has suggested that his client's Middle Eastern ties have drawn heightened scrutiny.

Mr. Aladimi is the married father of six and a naturalized citizen who has been in the United States for two decades. He has been a target of federal investigations since 1999.

He remains in custody without bond and is scheduled for arraignment Thursday on federal stolen-goods charges involving Gerber baby products found Dec. 30 in the Twins warehouse. Three out-of-state men have been ordered detained in that case. A fifth suspect, a Tennessee woman, also has been federally charged but is free on her promise to appear in court.

Max Kravitz of Columbus, one of Mr. Aladimi's lawyers, said he intends to appeal Mr. Aladimi's bond and "address any remaining issues that may be out there" within the next couple days.

Mr. Kravitz said he had not yet had time to carefully examine Monday's search warrant.

Federal authorities have not released the inventories of items seized in either warehouse search, or from the Jan. 4 search of Mr. Aladimi's home, said Fred Alverson, a spokesman for the U.S. Attorney's Office in Columbus.

However, a Gerber spokeswoman said the shipment missing from Marshall County, Miss., included 4,000 cases of baby food: jarred foods, cereal and baked goods. A theft report does not

indicate an estimated value of the stolen goods, said Marshall County Sheriff's Chief Investigator Randy Harper.

A truck driver reported he had left the 53-foot trailer parked at a highway gas station on Dec. 27. The driver told police the trailer, laden with baby products, had disappeared by the time he returned to retrieve it on Dec. 29, Mr. Harper said.

The Dec. 30 raid included multiple local and federal agents, who shared information with the FDA.

In a sworn statement applying for Monday's second search warrant, Marc S. Griswold, senior special agent with the FDA's Office of Criminal Investigations, said officers probing the stolen Gerber shipment noticed large quantities of Enfamil and Similac baby formula in the Twins warehouse.

Those officers also had spotted "two or three machines used to reshrink wrap products, a stamping machine that imprinted the words, 'use by this date,' a quantity of rubbing alcohol and what appeared to be new boxes used to package infant formula," Mr. Griswold said.

In the past, criminals have used those materials to remove old expiration dates from formula containers, restamp the containers with new dates, put the containers into a counterfeit box then shrink-wrap them again "so as to appear new," Mr. Griswold said.

"Certain criminal enterprises specialize in the illegal repackaging and resale of expired infant formulas," he said.

On Friday, to confirm the formula and related items were still there, West Chester police went into a publicly accessible parking area of the Twins warehouse and looked through a window, Mr. Griswold's affidavit says.

U.S. Magistrate Judge Timothy S. Hogan signed the search warrant Monday.

Baby formula thefts and illegal relabeling, repackaging and sales have been reported on the rise across the nation.

In Cincinnati during 2001, at least a dozen people were accused in an elaborate fencing operation involving sales of stolen goods, including relabeled baby formula, at four neighborhood markets.

Baby formula may be resold at a profit in corner convenience stores or in foreign countries. Drug dealers also may use it to "cut" with cocaine or methamphetamine, so they sell less of the actual drug and increase their profits.

December 2002, Oregon

Federal law enforcement agents arrested Ninh Van Vuong, his wife, Thao Phuong Vuong of Vancouver, Khung Van Vuong of Aloha, OR, Hoa Lau, of Portland, OR, and Llan Amar of Davie, FL on federal charges of conspiring to receive, store, sell and transport stolen goods. The indictment alleges that shoplifters who stole merchandise from supermarkets, drug stores and department stores sold their stolen merchandise to a business owned by Mr. and Mrs. Vuong. Much of the stolen merchandise was shipped to Llan Amar to be sold in his business, SMP Wholesale in Florida. Merchandise shipped to Amar by Vuong over a nine-month period in 2002 had an estimated value of \$1.3 million. Stolen merchandise included OTC drugs, shaving products, film, batteries, health and beauty aids, analgesics, diabetic test kits, hair growth products, CDs, and DVDs.

September 2002, Kentucky

Unity Trading Co. and Unity Wholesale Co.

United Trading Co. and Unity Wholesale Co. headquartered in Lexington, Kentucky, are owned and operated by Mohammed Said Shalash and his sons, Tareq and Ziyen Shalash, a Jordanian family with ties to the Middle East. On September 6, 2002, the Shalash brothers were found guilty on twenty counts of racketeering, money laundering, interstate transportation of stolen property, and conspiracy. Mohammed Said Shalash fled the U.S. in the spring of 2001 and reportedly died in Palestine on November 7, 2001.

Unity Wholesale Co. bought and sold goods acquired from major cargo thefts and professional shoplifter rings. Stolen products arrived the Shalash distribution center in Lexington, Kentucky, from at least 16 stores, including California, New Mexico, Texas, Arizona, Tennessee, Ohio, Indiana, Michigan, and Kentucky.

Informants testified that the Shalash family bought trailer loads of Motrin, Tide, Huggies diapers, Enfamil infant formula, Kellogg cereal, Gillette razors, Noxema, Nyquil, and other products, including Viagra and various toiletries. Professional shoplifters supplied the Shalash organization with health and beauty care products, vitamins, films, batteries, CDs, and other merchandise.

United Trading Co./Unity Wholesale Co. reported sales of \$41 million in 2001. The FBI, law enforcement from several states, and a number of local law enforcement agencies, aided by victim manufacturer and retailer security executives, spent more than two years investigating the case. The Shalash brothers were sentenced to six years in prison on December 6, 2002.

Associated Press Newswires

October 20, 2001

Man Indicted on Racketeering Charges Now in Ramallah

Lexington, KY (AP) – Mohammed Shalash, a major figure in one of Lexington’s largest Arab-American families, may never come home to face federal racketeering charges, Assistant U.S. Attorney Ken Taylor said.

Shalash, who was indicted earlier this month along with two of his sons and a cousin, is apparently in Ramallah, in Palestine’s disputed West Bank.

“We are not optimistic that he will be returned or that extradition will work,” Taylor told Chief U.S. District Court Judge Karl S. Forester. “We intend to proceed with the others.”

The courtroom revelation came Friday as cousin Mohamad M. Shalash of Cincinnati, 31, was arraigned on 23 counts of racketeering and interstate transport of stolen goods. He pleaded not guilty, as did Tareq Shalash, 33, and Ziyad Shalash, 30, earlier this week. The latter two Shalashes are sons of Mohammed Shalash, of Lexington. That Shalash is the principal owner of the two Lexington businesses the indictment charges: United Trading Co. and Unity Wholesale Grocers.

The indictment alleges the four men conspired to transport, repackage and sell tractor-trailer loads of hijacked Motrin, Tide, Huggies diapers, Enfamil formula and other easily resold stolen goods through their businesses. The indictment also alleges that the men used professional shoplifters to steal the goods they wanted for resale.

The trial is set to begin Jan. 22.

Herald Leader

December 7, 2003

Brothers Sentenced in Racketeering Case

Lexington, KY – Two brothers were sentenced to prison on a racketeering conviction, but the presiding judge refused to put them behind bars, saying he believes they might have a chance of winning an appeal.

If they lose their appeal, wholesale grocers Tareq and Ziyad Shalash, who were convicted of using their businesses to fence stolen baby formula, razors and other goods, will be sent to federal prison. On Friday, Chief U.S. District Judge Karl S. Forester sentenced Tareq Shalash to 6½ years and Ziyad Shalash to four years and nine months.

Yet to be determined is what the Shalashes, who own Unity Wholesale Grocers and United Trading Co., will forfeit. Forester said the forfeiture could be as large as \$4 million.

The Shalashes’ attorneys are objecting to the fairness of the trial, saying prosecutors focused on the brothers’ Arab ethnicity.

April 2002, Pennsylvania

Bureau of Criminal Investigation, Organized Crime

Public Information Report for April 17, 2002

Today, Pennsylvania State Police Troopers, Philadelphia Police Officers, US Immigration and Naturalization Agents, Pennsylvania Department of Revenue Cigarette Tax Investigators and New

Jersey State Police Troopers executed 48 arrest warrants and 64 search warrants stemming from a large Receiving Stolen Property criminal organization based in the Kensington section of Philadelphia with ties to northern New Jersey which has plagued grocery stores, department stores, warehouses and hospitals in the Tri-State area resulting in millions of dollars in lost merchandise and inventory. A snapshot of this group's activity for 10 weeks resulted in investigators identifying 7½ tons of stolen items with an estimated value of \$1.3 million dollars being shipped out of Philadelphia to New Jersey. This is the culmination of a three-year investigation by the Pennsylvania State Police, Bureau of Criminal Investigation, Organized Crime Unit, Pennsylvania State Police, Troop K Vice Unit, Philadelphia Police Department Major Crimes Unit, District Attorney Lynne Abraham's Office, Pennsylvania Department of Revenue. Further assistance has been provided by the New Jersey State Police, US Attorney's Office, Federal Bureau of Investigation Philadelphia Office, US Immigration and Naturalization Service, Whitpain Township Police, Lower Moreland Township Police, Towamencin Township Police, Aston Township Police, Redner's Warehouse Markets, Giant Food Stores and other retailers.

From approximately August 1999 to the present, Tpr. Barry HARVEY and Tpr. Glen HOPEY, Pennsylvania State Police, Bureau of Criminal Investigation, Organized Crime Division, have been involved in an investigation in the Philadelphia area in which numerous small corner grocery stores have been identified as being major purchasers of stolen property. The investigation has dealt with the allegation that the operators and/or employees of the various stores engage in the buying of items purported to be, or known to be stolen. This information has come through interviews with confidential sources and informants who have been arrested for retail theft or drug offenses. Also information from the Federal Bureau of Investigation, Philadelphia Police Department and area local police departments, numerous instances of physical surveillance and information obtained during an undercover investigation into these stores.

The stores identified in this investigation are located in close proximity to each other in the Kensington and West Kensington sections of Philadelphia and the information indicates that the stores buy large quantities of over-the-counter (OTC), pain relievers and health and beauty aids (HBA).

These items are stolen by "boosters", persons that participate in large-scale retail thefts, sometimes in organized groups or using organized methods. Investigators found that a large majority of these boosters were from out of the City of Philadelphia and once selling their stolen property would travel a short distance to other locations in Kensington in order to buy illegal drugs. Investigators are of the opinion that the "fencing" locations and the drug trade act in a symbiotic relationship, one supporting the other. Information gathered indicates that the boosters that sell their stolen property in Philadelphia steal from retail stores throughout all of Pennsylvania as well as southern New Jersey and Delaware. The boosters then sell the items to a "fence", in this case, the numerous corner grocery stores mentioned above. In this investigation, Troopers have identified eight stores that actively participate in this activity and even solicit boosters to bring products to their stores. All of these stores are located near each other in the Kensington section of Philadelphia. It is believed that another store serves as a product transfer location and meeting place for associated persons directly involved in the transporting of the stolen property. These stores typically pay between 20% and 50% of the item's retail value to the boosters and individual stores are known to purchase many thousand dollars worth of stolen property each day. The transactions between booster and the store are cash transactions, meaning the boosters are paid in cash for the stolen property they bring into the store. Information obtained by Troopers from sources and confidential informants indicates that most frequently, the boosters are paid large amounts of money due to the quantity and/or type of stolen product they bring into the stores. Often, these amounts are \$100 or more for each transaction. The Troopers know that from their own undercover sales to the eight stores in question, eighty-eight sales overall, the stores paying out between \$150 and \$250 each time is not uncommon. Troopers believe that in order for the stores to be able to pay the boosters each day for the products they bring in, the accumulated product needs to be frequently collected from the stores and the cash flow back into the stores must be consistent.

These stolen products are typically not put on the shelves and sold at the stores that purchase the products. The only believed, regular exception to this is cigarettes and baby formula. Many of the items such as blood glucose test strips, teeth whitening strips and Nicorette smoking cessation gum are

costly items and retail for as much as \$65-\$70 as in the case of the glucose test strips. Instead, the products are accumulated at the store for a brief period and then periodically picked up at the stores by several persons whose primary function appears to be collecting the accumulated products from the stores and sorting and preparing the products for shipment to another location. In this investigation, the products are transported by various identified means to a further distribution point in North Bergen, New Jersey. Investigators believe that these transport persons are also the conduits for the cash flow back to the stores from the products shipped up to New Jersey. Based upon numerous instances of surveillance over the duration of this investigation it appears that the product transport persons have consistent and regular contact between the stores and New Jersey warehouse.

Several locations in the immediate vicinity of the stores in Kensington serve as storage facilities or transfer locations for the stolen property between the stores and it's eventual movement to North Bergen, New Jersey. At these locations, the stolen products are believed to be sorted, cleaned up and likely re-boxed for later transport or shipment.

Investigators have identified a location in North Bergen, New Jersey that the stolen property is eventually transferred to. This location is known as Sirius Sales, AKA: Marty Powers Sales and or The Powers Group, and is located at 2321 North Kennedy Boulevard in North Bergen, New Jersey. During the course of the investigation, Troopers have identified several methods used by subjects in this investigation to transport the stolen property to New Jersey. In addition to personal vehicles, early in the investigation Federal Bureau of Investigation surveillance revealed that trucks were sent down from New Jersey to Philadelphia to pick up products. State Police surveillance and investigation determined that the subjects then utilized Ryder rental trucks from Philadelphia to transport the product and eventually began to ship large quantities of products via a trucking transport company.

November 2001, Florida

National Theft Ring Stole Computer Parts and Supplies

Twelve suspects, all illegal immigrants from Colombia, were arrested in November 2001 and charged with stealing printer ink cartridges, computer games and other computer parts mostly from Wal-Mart. Miami-Dade County police and the FBI seized more than \$300,000 worth of ink cartridges and electronics, all with Wal-Mart identification at an apartment in Hammocks District.

The ORT ring used UPS to ship stolen merchandise from several states to the Hammocks/Miami area address. Police found fake identification cards and counterfeit residency cards in the raid. Eight Colombia Nationals were arrested in Danville, Illinois, a few days prior to the Hammocks/Miami raid. Several of the suspects arrested in Danville, Illinois, were identified through some of the IDs in the Hammocks apartment. Law enforcement believe the twelve suspects are only a part of a large ring of professional shoplifters. No further information is available as this case is still under investigation.

March 2001, Kentucky

The Washabaugh Family Theft Ring

The Washabaugh family organized retail theft ring stole millions of dollars of merchandise over a twenty-year period. Tim Washabaugh, family patriarch and head thief, described the activities of his illegal enterprise in an interview at the U.S. Postal Inspector's Office in Lexington, Kentucky. Washabaugh is currently serving a six year sentence in a federal penitentiary but agreed to talk with authorities in exchange for a lighter prison sentence.

The Washabaugh family theft ring stole almost exclusively from Wal-Mart. Family members studied Wal-Mart store designs, and security practices and CCTV coverages in the stores. They knew the work schedules of store supervision and security personnel. Washabaugh said his group would steal mostly electronics and non-prescription drugs. Washabaugh's daughter, Mitzi, would plan each trip so the group could hit as many Wal-Mart stores as possible in a typical four-day journey, without having to backtrack to a store. The Washabaugh ring would hit several Wal-Mart stores in a single day, operating in teams of five people. The ring sold to dishonest retailers and flea market vendors. They shipped stolen merchandise via UPS regularly to fences out of state. The ring operated throughout the Southeast and Mid-West.

June 2000, Arizona

Organized Retail Theft Ring Shipped \$10 Million of Loot to New York

Twenty-two people were indicted in Phoenix, Arizona, for operating an organized retail theft ring that stole more than \$10 million of health and beauty care products and then shipped the merchandise to Brooklyn, New York, for resale.

Leaders of the ring were charged with 24 counts of conspiracy, interstate transportation of stolen property, conspiracy to money launder and money laundering. The merchandise was stolen primarily from stores in Arizona and California.

Professional shoplifters would operate in teams of two or more. The thieves were given a list of products to steal by their fence each day. The boosters were paid 10% to 15% of the retail value of the merchandise they stole, in cash every day. The ring operated in the Phoenix area, Tucson, and the Los Angeles area. The clean-up operations, where security tags and store markers were removed, were located in Los Angeles and Phoenix. Several store fronts were established to conceal the clean-up operations and to launder money.

October 1999, Georgia

Operation American Dream – Pakistani Organized Retail Theft Ring

In the mid-1990s, a Pakistani criminal enterprise ran a large-scale fencing/repackaging business in the Atlanta metropolitan area. The targets were stores located in and on the outskirts of Atlanta. You name it, these thieves stole it. Over-the-counter medicines, pharmaceuticals, razors, and all types of health and beauty aids from retail stores. Computers, DVDs, stereos, TVs, clothing, shoes, even jet skis and household goods disappeared from the shelves of nationally-recognized retail stores.

The activities of this criminal group, however, did not go unnoticed. As far back as 1997, the Georgia Bureau of Investigation (GBI) conducted a six-month investigation of the Pakistani shoplifters before raiding the operation and shutting it down. But within a few weeks, the culprits simply regrouped and were back in business. At that time, investigators for the Dayton Hudson Corporation (DHC), owners of nationally known retail stores like Target, began to investigate the group. They discovered that its operation expanded far beyond Atlanta. It was then, in October 1998, that DHC contacted the FBI's Atlanta office.

Both agencies – along with the Atlanta Police Department, Immigration and Naturalization Service, and Internal Revenue Service – joined forces and initiated "Operation American Dream." Over the next year, investigators learned that the Atlanta fencing operation was conspiring with other foreign nationals in Baltimore, two cities in New York, and in Pakistan, to fence and repackage millions of dollars worth of stolen merchandise. In addition to fencing stolen items, this group was also involved in money laundering, illegal alien smuggling, auto theft, interstate transportation of stolen goods, and attempted murder.

The modus operandi of the criminal enterprise operating out of the Atlanta area was comprised of thirty predominately illegal Pakistani nationals who had also committed crimes in at least three states. The leaders of the enterprise, who operated convenience stores that were receiving the stolen merchandise, recruited a group of over 200 professional shoplifters. They also recruited illegal Pakistani immigrants with promises of a better life in America and plenty of money to send home to their families in Pakistan.

The shoplifters would steal from retail stores and travel to small towns where store security, in most cases, was minimal. They would usually operate in groups of four or five, often using distraction techniques to steal merchandise. The group leaders supported the efforts of their boosters by providing them with vehicles and by posting bond for them if they were arrested. On a good day, they could steal fifty to one hundred thousand dollars worth of merchandise. The stolen merchandise would later be taken to a warehouse where it was repackaged and shipped to co-conspirators in New York, Baltimore, and Pakistan. Subjects in New York and Baltimore would sell the stolen merchandise to wholesale companies who would often resell the merchandise to retail stores. Some of the stolen merchandise was also sold in the Atlanta area to businesses that would, in turn, put the merchandise in their stores and sell it to their customers.

Interestingly, competition to buy the stolen merchandise from the shoplifters was intense. In one instance, a group member was so enraged by another member who bought more merchandise and

made more money, that he hired a couple of thugs to rough-up a clerk who helped operate his rival's store. The clerk was severely beaten and shot.

Then there was merchandise skimming. Some group members would keep the better, more costly shoplifted items for themselves instead of turning the merchandise in to the leader of the group. This created a shortage in the take and caused fights among group members. This enterprising crime group was not afraid of the police, and for good reason – at least two Atlanta police officers were being paid to assist the group. The officers would provide security during illegal operations and transactions, and warn the group of impending police action.

So why not just deport the criminals? It wasn't that easy. In one instance, several members of the group paid \$35,000 to have another member smuggled back into the United States after he was deported for shooting a police officer.

While members of the Pakistani criminal enterprise were haggling amongst themselves, Operation American Dream was hard at work trying to shut the operation down. The year-long investigation produced cooperating witnesses and positive identification on all participants – including the illegal alien immigrants who were using false identifications.

On October 14, 1999, a 214-count indictment was issued in Atlanta charging twenty-nine subjects in this matter with multiple counts of conspiracy, money laundering, and interstate transportation of stolen property. On October 26, 1999, Operation American Dream culminated in forty-one federal arrests, forty-five local arrests, the seizure of approximately \$450,000 plus five luxury vehicles, and the recovery of approximately \$1.6 million in stolen retail merchandise. One Atlanta police officer was arrested and convicted, while another chose to resign and was likely to be indicted at a later date. In addition to the arrest and search operations in Atlanta, investigative support was provided by the Baltimore, Los Angeles, and New York offices of the FBI, which resulted in one arrest in California, four arrests in New York, and three arrests in Maryland.

Source: Federal Bureau of Investigation

May 1999, Maine

Leaders of Organized Retail Theft Ring Charged with Operating Three-State Criminal Enterprise

After an eight-month investigation, federal authorities charged three men with conspiracy to transport stolen goods, theft, and income tax evasion. The individuals operated an organized retail theft ring that stole health and beauty care items, film, batteries, videos, vitamins, and other non-foods from retail stores in Maine, New Hampshire and Massachusetts.

The stolen merchandise was sold to a dishonest supermarket operator who bought the goods from two street fences, who are charged in the case. The individuals were found guilty in subsequent trials and were sentenced to 3 to 5 year terms plus orders for restitution to victimized retailers. All three were on "supervised release" programs for previous crimes.

December 1997, California

San Bernardino County Edition, The Press-Enterprise

Three Arrested in Baby Formula Thefts

Rancho Cucamonga – Three San Bernardino women were arrested on suspicion of attempting to steal several shopping bags full of baby formula from a Rancho Cucamonga supermarket, authorities said Tuesday.

The thefts occurred about 9:45 p.m. Monday when three women walked into the Food 4 Less store at 12879 Foothill Blvd. And began filling empty bags with Enfamil baby formula, a San Bernardino County sheriff's report said.

Store employees saw the thefts and called police as the three women ran from the store and got into a car. Store employees attempted to stop it but the driver sped toward them and then sped away, the report said.

The employees flagged down two sheriff's deputies who stopped the car. Arrested on suspicion of robbery were Donna Lee, 43; Lawanda Williams, 24; and Melissa King, 22, the report said.

In past months several retailers in the Inland area have reported instances of baby formula thefts in which suspects stuff bags and run from the stores. On Dec. 18, authorities arrested four men

and a youth in connection with the theft and distribution of about \$330,000 in stolen formula from Wal-Mart and Target stores in California.

In October, two Rialto men were arrested on suspicion of a series of formula thefts after reportedly running from two Stater Bros. supermarkets in Rancho Cucamonga. In another case, two Fontana men were arrested in August after reportedly stuffing formula into duffel bags and running from a Riverside Stater Bros. supermarket.

Spring 1996, North Carolina

Operation Travelers Leads to Arrests of Twenty-Five Individuals in Organized Retail Theft Ring

This case drew a lot of attention during trial. Investigations revealed the modus operandi of a large organized retail theft ring that operated in the Carolinas and other southeastern states. Stolen merchandise was shipped to illicit wholesalers in New York and sold to a number of flea market vendors, probably in North Carolina.

The methods the ring leaders used in operating this organized retail theft ring were much the same found in other similar cases up until this day. Information gathered in the investigation assisted retail security professionals and law enforcement agents in subsequent organized retail theft investigations.

There is little readily available information about this case. However, more than twenty individuals were either convicted or pled guilty. Retail losses were several million dollars.