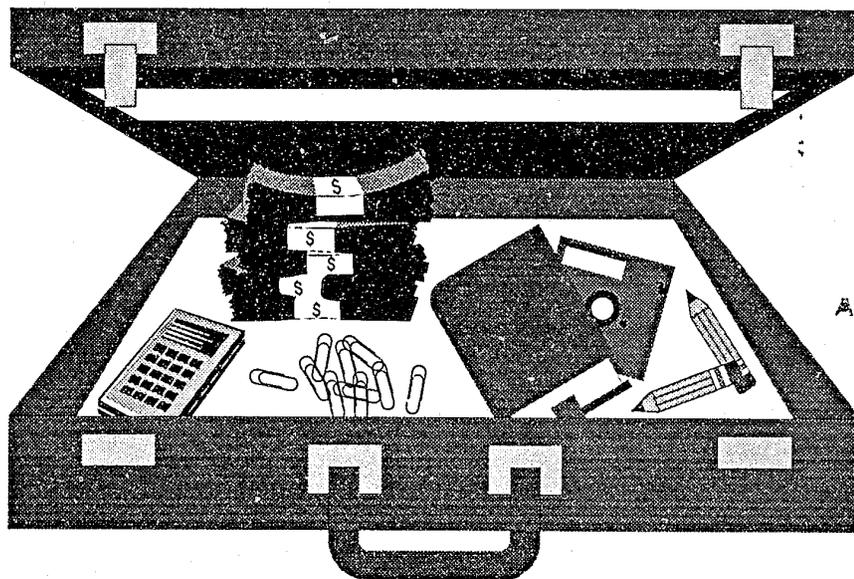


155249

Business Crime Prevention

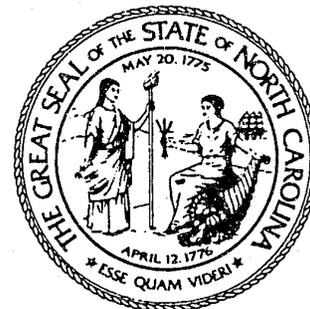


NCJRS

JUN 80 1995

ACQUISITIONS

Crime Prevention Division
North Carolina Department of
Crime Control and Public Safety
430 North Salisbury Street
Raleigh, NC 27611-7687
Phone: (919) 733-5522
Fax: (919) 715-0227



Revised September 1, 1994

BUSINESS CRIME PREVENTION

Security Pays

155249

U.S. Department of Justice
National Institute of Justice

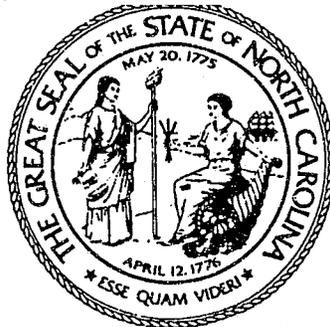
This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this copyrighted material has been granted by

North Carolina Dept. of Crime
Control and Public Safety

to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the copyright owner.



Crime Prevention Division
Department of Crime Control and Public Safety
430 North Salisbury Street
Raleigh, NC 27611-7687
Phone: (919) 733-5522
Fax: (919) 715-0227

Revised September 1, 1994

BUSINESS CRIME PREVENTION

Security Pays

PURPOSE:

This text presents ways for you, as business owners and managers, to protect against losses due to crime by:

1. *Increasing your awareness of crimes against business*
2. *Giving you proven guidelines for prevention and control*
3. *Identifying agencies which can provide you with assistance*

SUMMARY:

The security guidelines in this text are the same ones that all successful businesses use. The size and type of your business will determine which of these guidelines should be used and to what extent they should be implemented in order to be most effective.

TABLE OF CONTENTS

Introduction	Pages 01-03
General Management Principles	Pages 04-06
Employee Theft	Pages 07-13
Robbery	Pages 14-18
Breaking & Entering	Pages 19-21
Shoplifting	Pages 22-31
Bad Checks	Pages 32-40
Refund Fraud	Pages 41-42
Credit Card Fraud	Pages 43-45
Counterfeit Bills	Pages 46-47
Helpful Agencies	Page 48
Incident Report	Page 49
Suspect Description	Pages 50-51
Crime Alert Telephone System Chart	Page 52
Notes	Pages 53-54

INTRODUCTION

According to the Small Business Administration, the early 1980's saw the highest number of business closings since the Great Depression. Insurance companies estimate that 30 percent of recent business failures were caused by losses due to crime.

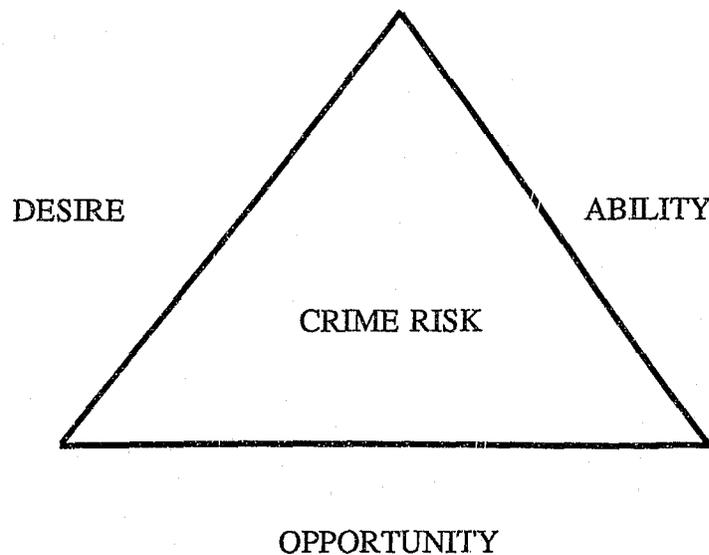
Most companies lose between one to fifteen percent of their gross sales volume to crime. The hardest hit are small businesses which lose more than medium or large companies.

- * *You and your key employees should read and understand this text and review it as often as necessary to ensure that security standards are reinforced until they become habit.*
- * *You must personally recognize the benefits of using these principles and instill the desire in your employees to conscientiously follow them.*
- * *You should generate check-off lists from these pages to make sure recommendations are followed on a daily basis.*
- * *Security procedures can have a high impact on your personal and business liability. Therefore, as added precaution, have an attorney review them in light of any special considerations pertaining to your particular business before you implement them.*
- * *Small businesses typically lack adequate security controls and are easier to prey upon than larger businesses. Large companies discovered long ago that controls are necessary for minimizing losses that otherwise hinder growth and profit.*

The main reason for this disproportionate amount of loss is:

CRIME FOLLOWS THE PATH OF LEAST RESISTANCE

THE CRIME RISK TRIANGLE illustrates the three basic elements necessary for a crime to occur. It takes a criminal with the **DESIRE** and the **ABILITY** to commit a crime, and a victim who provides the **OPPORTUNITY** for the criminal to act:



Crimes against business are crimes of opportunity. If you minimize opportunity, which is the easiest of the three elements to control, then you will minimize your losses due to crime. On the other hand, ***IF YOU MAKE IT EASY TO STEAL FROM YOU, SOMEONE WILL DO SO. DON'T MAKE IT EASY; MAKE IT DIFFICULT, RISKY AND UNREWARDING.***

Criminal activity tends to occur against "softer," easier targets where the potential for gain is greater and the risk of apprehension is smaller. Successful businesses do not allow this to happen. They "harden the target" and serve notice to all!

Crime can enter a business in two ways:

INTERNAL CRIME comes in the form of employee theft. It is by far the most common source of business crime, accounting for approximately 80 percent of the losses. Yet it is the one that catches most owners and managers by surprise. They just cannot believe that employees they know and trust would steal from them. But who else knows your business well enough to exploit its vulnerabilities?

EXTERNAL CRIME comes in the form of robbery, burglary, shoplifting or fraud. These crimes account for approximately 20 percent of the crime-related losses for businesses.

GENERAL MANAGEMENT GUIDELINES

Principles of good management designed to reduce crime and increase profits are found in all successful companies. They affect the attitudes of everyone connected with a business, from management to employees, customers, and the community. Positive attitudes play a major role in making your business more secure and successful. Communicating to employees that security is a priority has a positive effect for everyone in the workplace.

RESPONSIBILITY--No one will look out for your interests as well as you will. You must assume the ultimate responsibility.

- * *Know your business and recognize its vulnerabilities.*
- * *Keep accurate records so that you will know what your actual losses are.*
- * *Set controls and enforce them to minimize criminal activity.*
- * *Thoroughly train employees so that they are confident and can adequately fulfill what is expected of them.*
- * *Disclose proprietary and security information to your employees on a "need to know" basis only. Make sure employees follow the same policy so that sensitive information does not fall into the wrong hands.*
- * *Post emergency numbers and security procedures in a safe but easily accessible place for quick reference by employees during business operations.*
- * *Insist that employees report all suspicious activity immediately.*
- * *Encourage employees to identify any criminal opportunity they might encounter in the business and reward them for doing so.*
- * *Research and install the appropriate insurance policies to cover losses when they occur.*
- * *Weigh the cost of each security measure against its potential for loss reduction savings.*

STRENGTH--Weakness attracts crime.

- * *The obvious presence of a good security program will go a long way towards deterring criminal attempts. Don't provide the opportunity for crime.*
- * *Prosecute all criminal activity and make that policy well known to employees and customers.*

FAIRNESS--"What goes around comes around."

- * *Pay your employees a fair wage.*
- * *Have clear cut policies on employee discounts and other types of fringe benefits.*
- * *Treat employees, customers and all business contacts fairly. Do not create "get even" situations.*
- * *Happy people do good work.*

HONESTY--Build respect by setting a good example and others will tend to follow.

CARING--Build loyalty among your employees, customers and neighbors.

- * *Recognize employees' personal problems and needs, and be ready to provide appropriate assistance.*
- * *If your employee or a member of his or her family becomes a victim of crime or an accident, you suffer, not only through emotional empathy but also through possible loss of man-hours, productivity, and efficiency on that employee's part. Good security and safety habits in the work place are reinforced by attention to security and safety precautions in employees' private lives. Encourage your employees to participate in crime prevention programs in their neighborhoods and see that they are provided with appropriate information and brochures pertaining to personal, family, and home security and safety.*
- * *Promote Community Watch Programs. One of the major concerns of an employee when contemplating a relocation is the relative safety of alternative neighborhoods. Anything you can do to help promote a safe environment in which employees and their families can work and live without fear will be a plus for your business and increases your chances to attract and keep good employees.*

- * *Promote Business Watch Programs. Communicate with and be ready to assist other businesses in your community in their crime prevention efforts. The time will come when you may very well need their assistance.*
- * *Give back to the community by attending to civic responsibilities.*
- * *Identify potential problem groups, such as juveniles, and make efforts to win their support through local promotion and education programs.*

REMEMBER, BY DENYING AN EASY OPPORTUNITY TO A POTENTIAL CRIMINAL, YOU MAY BE HELPING SOMEONE AVOID A COSTLY MISTAKE OR A LIFE OF CRIME.

EMPLOYEE THEFT

Laws Pertaining To Employee Theft

Two criminal statutes that employee thieves are commonly charged with are G.S. 14-74 "Larceny by Employee" and G.S. 14-90 "Embezzlement." Their elements and punishments are set forth below for your review.

NORTH CAROLINA GENERAL STATUTE 14-74, LARCENY BY EMPLOYEE.

Elements:

A person is guilty of this offense if:

- (1) Being an employee;
- (2) Over 16 years of age;
- (3) (a) He willfully goes away with a thing of value, or
(b) He willfully embezzles or converts to his own use a thing of value;
- (4) Delivered to him to be kept for the use of his employ, or;
- (5) With the intent to steal it and defraud his employer.

PUNISHMENT: Class H Felony

NORTH CAROLINA GENERAL STATUTE 14-90, EMBEZZLEMENT

Elements:

A person is guilty of this offense if:

- (1) Fraudulently or knowingly and willfully;
- (2) He uses for a purpose other than that for which he received it;
- (3) The property of another;
- (4) Held by the defendant in a fiduciary capacity.

PUNISHMENT: Class H Felony

NORTH CAROLINA GENERAL STATUTE 1-538.2, CIVIL LIABILITY FOR SHOPLIFTING AND THEFT BY EMPLOYEE

This statute was enacted as of October 1, 1987, and gives employers the ability to sue employee thieves and shoplifters for three times the amount of damages or losses plus reasonable attorney fees. This statute is contained in its entirety at the end of the shoplifting section of this manual on Page 25. Consult your civil attorney if you plan to use this statute to recover your losses to a dishonest employee.

Employee theft in layman terms is any type of theft committed by an employee against his employer. This could be stealing cash, goods, tools, equipment, supplies, time, services, information or anything else of value.

On the average, 80 percent of all crime related losses suffered by businesses are due to employee theft. When you realize that all business crime losses and, for that matter, all business profits are affected by employee behavior, it is easy to see that your employees can be either your greatest asset or worst enemy. Which of these two categories they fit depends primarily on you.

**80% OF ALL CRIME RELATED LOSSES
ARE DUE TO EMPLOYEE THEFT**

You are responsible for setting the basic policies and standards of honesty for your employees, as well as hiring them, training them and supervising them.

POLICY STATEMENT:

All your employees will look to you as a model for their attitudes and behavior pertaining to your business. Do not be careless enough to assume they know the standards of honesty you expect from them. Spell it out in a straightforward, written policy statement. Have them read it, understand it, agree to it and sign it as a condition for employment.

This policy statement may include all areas of concern to prospective employees but, in particular, should cover general security procedures and consequences for not following them. Once this policy has been established, do not let anyone deviate from it, including yourself. Remember, you are the role model. If your employees witness any form of dishonesty on your part against anyone, it will make it easier for them to rationalize being dishonest with you.

HIRING PROCEDURES:

The most important step you can take to prevent employee theft is to hire honest people. By strictly adhering to thorough screening practices with every prospective employee, you will be able to eliminate any of those that are dishonest on the application or have a history of dishonesty.

- * *Have them fill out a complete application.*
- * *Check all information for accuracy.*
- * *Check all references.*

As a further option:

- * *Contact the Clerk of Court wherever the prospective employee has resided to obtain any criminal history records.*
- * *You may wish to administer an honesty test.*

If you cannot verify all pertinent information or you discover inconsistencies or dishonesty, do not hire that individual.

TRAINING:

Training sessions are not only valuable in order to impart specific job skills and knowledge to your employees, but they also give you a good chance to develop positive attitudes and loyalty.

Help your employees understand that you are partners with mutual interests. By working hard to make your business successful, they will be given job security, a fair wage, respect, consideration and gratitude. Point out that dishonesty is not only morally wrong, but losses due to crime will weaken the business and its ability to continue their employment. Make them realize that you are not questioning their personal integrity, but rather helping them develop good security habits that will make them valuable employees.

SUPERVISION:

Employees divert your business assets, in the form of cash or goods, to their personal use by one of two ways:

- * *They manipulate paperwork so that stolen assets leave under the guise of a legitimate transaction, or*
- * *They bypass the paperwork completely and remove the stolen assets in secrecy.*

Two approaches can be used to foil these diversion attempts:

- * *Limit employees' access to theft-prone valuable items.*
- * *Make it difficult for items to be removed without your knowledge.*

The first approach should be employed to the degree that it does not interfere with your employees' abilities to sell or use the items for legitimate profit making. The second approach can be made to work by:

- * *Strengthening your awareness concerning the amount and movement of assets in your business.*
- * *Closely supervising transactions to verify their legitimacy.*
- * *Keeping a tight ring of physical security so that assets cannot be removed secretly.*

Your full awareness of what is happening on a daily basis with your business is of utmost importance for preventing crime-related losses. Remember, no one will look out for your interests as well as you.

PREVENTION:

The following are guidelines you should use to decrease employee theft in your business:

- * *Keep accurate records on the movements of cash and goods from the time they enter your business until they leave.*
- * *Separate operations from accounting and provide a double check for all transactions.*
- * *Keep an accurate inventory system and have it checked regularly by someone other than the person responsible for maintaining it.*
- * *Monitor cash register activities to assure that they are being handled properly.*
- * *Monitor business activity over time and resulting income patterns to see if income is dropping during any particular situation.*
- * *Do not allow employees to handle any transactions or sales to themselves or close friends and relatives.*
- * *Have a very clear cut employee discount and fringe benefit policy.*

**NO ONE CAN LOOK OUT FOR YOUR BUSINESS
INTERESTS AS WELL AS YOU CAN**

- * *Use a shopping service or a trusted individual outside of your business to pose as a customer in order to uncover weaknesses in your operations.*
- * *Limit access to valuables. Strict key control should be used for access to business premises, store rooms and display cases.*
- * *All tools and equipment used by employees should be signed for.*
- * *Employees' personal belongings such as coats, purses and packages should be stored in a safe place with limited access, away from concealable merchandise.*
- * *Search trash on a semi-regular basis to prevent goods from being carried out with it, and flatten all boxes taken out with trash to eliminate possible hiding places for merchandise.*

- * *Have employees park away from the building so that easy access to their personal vehicles does not aid their ability to hide merchandise.*
- * *Limit the number of exits and monitor them so that employees will find it difficult to carry merchandise out of the building without your knowledge.*
- * *Put locked screens across windows or any other openings that might allow employees to pass merchandise through them.*
- * *Monitor shipping to assure that merchandise is leaving legitimately and being shipped to the appropriate address.*
- * *Reward employees for uncovering security problems in your operations.*
- * *If dishonesty is discovered, deal with it swiftly, firmly and visibly. Rules become meaningless when not enforced.*

PROFILE OF AN INTERNAL THIEF

It is one of your primary responsibilities to know your employees well enough to recognize potential problems in their lives that might have a negative effect on your business. By increasing your awareness, you send a message to your employees that you care. Be aware of the following characteristics in your employees:

- * *Disgruntled, frustrated, "overworked and under appreciated"*
- * *Poor attitude towards security matters; promotes lax security attitudes among other employees*
- * *Alcohol or drug abuse*
- * *Irresponsible money management, deeply in debt, pending bankruptcy, gambling debts*
- * *Shows dishonest tendencies in job related activities*
- * *Too quick to accuse fellow workers of dishonesty, instigates or spreads rumors*
- * *Makes it a point to brag of his own high degree of honesty and integrity; self-righteous*
- * *Living beyond means of job income, claims to have suddenly come into a lot of money through inheritance, investments, insurance settlement, etc.*
- * *Close relationships with other employees, (dating, unusual closeness), and family*
- * *Salesman who is too popular with customers*
- * *Visited by friends at work*
- * *Personal relationship with suppliers or customers*
- * *Works long hours, assumes and guards responsibilities, recopies paperwork to supposedly "make it neater"*

WHEN YOU DO UNCOVER AN EMPLOYEE THIEF, NOTIFY LAW ENFORCEMENT. DO NOT HELP HIM SET UP HIS NEXT VICTIM BY SIMPLY FIRING HIM AND PASSING HIM ON. PROSECUTE!

ROBBERY

Laws Pertaining to Robbery

The Criminal Statutes pertaining to Robbery are derived from "common law." Also G.S. 14-87, "Robbery with a firearm or other dangerous weapons" are set forth below.

COMMON LAW ROBBERY.

Elements:

A person is guilty of the offense if:

- (1) He commits larceny;
- (2) from the person or from his presence;
- (3) by violence or intimidation.

Punishment: Class G felony

NORTH CAROLINA GENERAL STATUTE 14-87, ROBBERY WITH FIREARMS OR OTHER DANGEROUS WEAPONS.

Elements:

A person is guilty of this offense if:

- (1) He commits or attempts to commit larceny;
- (2) from the person;
- (3) by the use or threatened use of a firearm or other dangerous weapons; and
- (4) endangers or threatens the life of a person.

Punishment: Class D felony

Generally speaking, robbery is a face-to-face confrontation where something of value is taken by force. It may or may not involve the use or threat of a weapon.

Although robbery does not occur as often to businesses as some of the other crimes, the potential for loss can be much greater from a single incident, and may even result in injury or death. The following guidelines have been used successfully by high target businesses, such as convenience stores and grocery stores, enabling them to drastically reduce the incidence of robbery and physical violence against their employees.

PREVENTION:

- * *Train employees so they have the best chance of protecting themselves and your business interests.*
- * *Security training for employees should be on a "need to know" basis only. Caution your employees against divulging any security information to anyone who has not been cleared by you.*
- * *Instruct your employees to report any suspicious person or activity immediately and make note in case it is needed for future reference.*

**MAKE YOUR ADDRESS VISIBLE SO
THAT ANY EMERGENCY RESPONSE
UNIT CAN FIND YOU EASILY**

- * *Train employees to stay away from the register when it is not in use. They should stay busy keeping your business neat and clean. Every person who enters should be acknowledged and greeted in a friendly manner. The presence of aware, efficient, and capable employees will discourage a would-be criminal.*
- * *Maximize visibility into and out of cash transaction areas by keeping windows clear and both the inside and outside of your business well lit.*
- * *Keep minimum amounts of cash on hand and use a "drop safe" system where all large bills and excess cash are dropped into a safe by employees on duty and cannot be retrieved by them. Post these facts along with a robbery awareness poster where any would-be robber could not help but see them.*

- * *Make bank deposits often. To ensure transport security, either use an armored car service or on each trip to the bank, take a different route at a different time of day. Carry the deposit inside your clothing in an unseen way. You might also request a law enforcement escort from your local department.*
- * *Employ a safe "staggered method" of opening and closing. While one employee enters your business and determines it is safe inside, a second employee monitors from a safe distance outside. When he is given a signal, the second employee approaches to be safely let in by the first employee. A similar procedure is to be used at closing.*
- * *Do not allow customers or non-employees inside after hours. Be especially wary of anyone soliciting entrance before you open or after you close.*
- * *Beware of emergency calls or any other attempt to get you to your business location outside of regular hours.*
- * *Control the entrance into your business during both open and closed hours. Make all persons, including delivery men and employees taking trash out, enter through a monitored entrance. Keep all other doors locked.*
- * *Do not work alone. However, if you must work alone, leave a radio or television playing in a back room to give the impression that someone else is there.*
- * *Place height marks on door trim to help with criminal descriptions.*
- * *Make your address visible so that any emergency response unit can find your business easily.*
- * *Ask local law enforcement how you are to proceed should they ever respond to your location for a robbery in progress.*

If you are a high risk target because of the nature of your business or location, you may want to add these further deterrents:

- * *Highly visible, armed security guards*
- * *Closed-circuit television cameras*
- * *Bullet-resistant barriers between customers and cashiers*

VIOLENCE PREVENTION - DURING A ROBBERY:

- * *Do not resist.*
- * *Obey instructions.*
- * *Do not alarm the robber with any sudden movements. Keep your hands in view, and keep him advised of anything you or another might do that may alarm him.*
- * *Give what is asked for and no more.*
- * *Give bait money in the form of bills from which you have previously recorded serial numbers.*
- * *Activate alarms only when it will not endanger anyone.*
- * *Observe the suspect in an inconspicuous way for later description.*
- * *If a robber presents you with a note, try to save it and handle it as little as possible.*

AFTER THE ROBBERY:

- * *Lock the door immediately. This keeps the robber from re-entering and keeps witnesses inside and safe until they wish to leave.*
- * *Call the local law enforcement agency immediately and stay on the phone until they instruct you to hang up. Give them the following information as clearly as possible:*
 - *Your name*
 - *Crime committed*
 - *Business name and location*
 - *Medical emergency if any*
 - *Description of the robbers*
 - *Description of the vehicle and direction of travel*
- * *Protect the crime scene until the police arrive. Do not let any other customers enter or anybody already inside tamper with the crime areas or any possible evidence.*

- * *Advise witnesses not to leave or discuss the incident until police arrive. If they insist on leaving, get their names, addresses and telephone numbers.*
- * *Fill out a description of the robber while it is still fresh in your mind. (See Suspect Description form in back of this manual).*
- * *Note what he touched and what he took, including serial numbers on bait money, etc.*
- * *Cooperate fully with authorities throughout the investigation and trial.*
- * *Do not disclose to reporters or anyone else other than authorities any large losses or security details.*
- * *Review the incident and improve your security measures if warranted. Provide support for employees involved.*

BREAKING OR ENTERING

Laws Pertaining to Breaking or Entering a Business

Breaking into a place of business is chargeable by G.S. 14-54 and can be either a misdemeanor or a felony depending on the intent of the proprietor once inside as detailed below in Element Number 4.

NORTH CAROLINA GENERAL STATUE 14-54, BREAKING OR ENTERING A BUILDING.

Elements:

A person is guilty of this offense if:

- (1) He breaks or enters
- (2) without consent
- (3) any building
- (4) with the intent to commit any felony or larceny therein.**

Punishment: Class H Felony

**If intent is not determined, then it is a lesser included offense: misdemeanor--breaking or entering.

Ninety percent of breaking or entering (B&E) prevention is physical security. If your complex is locked up and unauthorized entry is made difficult, time consuming, noisy and visible, chances of a successful B&E are kept to a minimum. The perpetrator will pass up your business and look for an easier target.

PREVENTION:

- * *LOCKS on all outside entrances and inside security doors should be double cylinder deadbolts with movable collars that are recessed into the door. The deadbolt should have at least a one inch throw containing a hardened steel insert and protected by a latch guard. Check with the Fire Marshall for safety requirements. For further information on locks or competent locksmiths in your area, you might want to check with the North Carolina Association of Locksmiths or the Associated Locksmiths of America.*

- * ***PADLOCKS** should be of hardened steel, mounted on bolted hasps and always locked to prevent exchange. Serial numbers should be filed off to prevent new keys being made.*
- * ***DOORS** (all outside or security doors) should be of solid construction, metal lined and secured with heavy metal crossbars. Jams around doors must be solid. All exposed hinges should be pinned to prevent removal.*
- * ***WINDOWS** should have secure locks, and burglar-resistant glass. Heavy metal grates should be used on all windows, except possibly display windows.*
- * ***GOOD VISIBILITY** should be maintained through windows, and all expensive items should be removed from window displays during closed hours.*

**THINK LIKE A CRIMINAL AND GO
OVER YOUR ENTIRE COMPLEX**

- * ***LIGHTS** must provide optimum visibility both inside and out, with outside lights having vandal-proof covers over the lights and power source. The entire perimeter must be well lit, especially the area around doors and other possible entry points.*
- * ***ALARM SYSTEM** should be supplied by a licensed alarm company with a central monitoring station. Alarm companies are licensed in this state by the North Carolina Private Protective Services Board. For reliable alarm companies in your area, check with local law enforcement. They may be able to recommend several from which you can choose. Check the alarm system on a daily basis, and advertise its presence to deter break-ins.*
- * ***CASH REGISTER** should be kept in plain view from outside the building so it can be easily monitored and should be left open when empty and not in use.*
- * ***SAFE** should be fire proof, burglar resistant, anchored securely and in plain view. Leave it open when it is empty, and use it to lock up valuables when business is closed. Change the combination whenever someone with access to it leaves your employment.*
- * ***BUILDING EXTERIOR** should be checked including roof, cellar and walls. Secure all openings larger than 12" X 12" with half-inch metal bars welded together in a grid pattern on 6" centers.*

- * **MAINTAIN GOOD VISIBILITY** by not allowing landscaping, boxes, trash bins, vehicles or equipment near building where they might provide concealment or access to the roof.
- * **PROVIDE A DRIVEWAY**, if possible, all the way around the building to encourage police patrol.
- * **PERIMETER FENCES** need to be adequate enough to keep intruders out, and at the same time allow good visibility of your business by neighbors and police patrol. Perimeter alarms on fences can give you an added ring of protection. Guard dogs inside the perimeter fence are also a very effective deterrent to unauthorized entry.
- * **KEY CONTROL** should be done in a responsible manner. A master key system where one key opens all locks may not be the best for security. Code keys, keep them locked up when not in use, and do not allow employees to leave them lying around or make duplicates. Change locks whenever you suspect key security has been jeopardized.
- * **OPERATION ID** numbers should be marked on all equipment and stickers should be displayed to make that fact plainly evident to would-be thieves. The best number to use is your personal North Carolina driver's license number. Also, keeping a record of serial numbers on all equipment may help in recovery.
- * **SECURE** equipment and merchandise in order to delay a burglar in his attempt to clean you out in a hurry.
- * **CLOSING SECURITY CHECK** should include the entire inside of your business so you do not lock an aspiring burglar inside. Check the exterior to make sure there have been no security breeches. Run a test on the alarm system at every closing.

DISCOVERY:

You do not want to walk in on a perpetrator. He or she may become violent. When you arrive to open the business, look for signs of entry. If you have any reason to believe that an unauthorized entry has been made, then proceed as follows:

- * *Immediately back out and call the police from a safe place;*
- * *Protect access to the scene;*
- * *Disclose information to the authorities only.*

SHOPLIFTING

Laws Pertaining to Shoplifting

Shoplifting, as it is generally understood by most businessmen, refers to theft from a merchant or shop, usually by a customer. There are two statutes in North Carolina that this general description of shoplifting could fall under. They are G.S. 14-72 "Larceny" and G.S. 14-72.1 "Concealment or Price Changing." These two statutes, along with the new civil liability statute G.S. 1-532.2 "Civil Liability for Shoplifting and Employee Theft," are set forth below in order to enhance your understanding of the offense and enable you to better identify and apprehend offenders and recoup your losses.

Your main concern is generally to apprehend the suspected shoplifter in a safe and appropriate manner. The police officer, after reviewing the circumstances of the incident, will decide if a charge is to be made and under which statute. If the officer believes there is probable cause to charge the suspect and he decides to do so, he can either make an arrest or issue the suspect a misdemeanor citation. This citation is the suspect's notice to appear in court to face the charges. If he fails to do so, an offer will be issued for his arrest.

If a police officer decides to make an arrest for shoplifting, North Carolina General Statute 15-401, "Warrantless Arrest," allows him to make a warrantless arrest but does not require him to do so. If the officer decides it is best not to make an arrest without a warrant, he may require the witness of the shoplifting to go before a magistrate and swear out a warrant prior to arrest.

NORTH CAROLINA GENERAL STATUTE 14-72, LARCENY OF PROPERTY

A shoplifter is guilty of G.S. 14-72 Larceny if:

- (1) He takes personal property belonging to another;
- (2) and carries it away;
- (3) without the consent of the possessor;
- (4) and with intent to deprive the possessor of its use permanently.

A good example of this is the "grab and run" shoplifter who makes no attempt to conceal the stolen merchandise as he exits the premises. Depending on the value of the items(s) taken, this form of shoplifting is punishable by imprisonment ranging up to the limit of 10 years, and may also be accompanied by a fine.

NORTH CAROLINA GENERAL STATUTE 14-72.1, CONCEALMENT OF MERCHANDISE OR CHANGING A PRICE TAG.

"(a) Whoever, without authority, willfully conceals the goods or merchandise of any store, not theretofore purchased by such person, while still upon the premises of such store, shall be guilty of a misdemeanor and upon conviction, shall be punished by a fine of not more than one-hundred dollars (\$100), or by imprisonment for not more than six months, or by both such fine and imprisonment. Such goods or merchandise found concealed upon or about the person and which have not theretofore been purchased by such person shall be prima facie evidence of a willful concealment.

(b) Repealed

(c) A merchant, or the merchant's agent or employee, or a peace officer who detains or causes the arrest of any person shall not be held civilly liable for detention, malicious prosecution, false imprisonment, or false arrest of the person detained or arrested, where such detention is in a reasonable manner for a reasonable length of time, if in detaining or in causing the arrest of such person, the merchant, or the merchant's agent or employee, or the peace officer had at the time of the detention or arrest probable cause to believe that the person committed the offense created by this section. If the person being detained by the merchant, or the merchant's agent or employee, is a minor under the age of 18 years, the merchant or the merchant's agent or employee, shall call or notify, or make a reasonable effort to call or notify the parent or guardian of the minor, during the period of detention. A merchant, or the merchant's agent or employee, who makes a reasonable effort to call or notify the parent or guardian of the minor shall not be held civilly liable for failing to notify the parent or guardian of the minor.

(d) Whoever, without authority, willfully transfers any price tag from goods or merchandise to other goods or merchandise having a higher selling price, or marks said goods at a lower price, or substitutes or superimposes thereon a false price tag and then presents said goods or merchandise for purchase, shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than one-hundred dollars or by imprisonment for not more than six months or by both fine and imprisonment. Nothing herein shall be construed to provide that the mere possession of goods or the production by shoppers of improperly priced merchandise for checkouts shall constitute prima facie evidence of guilt."

A shoplifter is guilty of this offense, G.S. 14-72.1, if:

- (1) He willfully conceals goods or merchandise of a store;
- (2) without authority;
- (3) without having purchased the goods or merchandise;
- (4) while still upon the premises of the store.

or

- (1)
 - (a) He willfully transfers a price tag from goods to other goods having a higher selling price, or
 - (b) he willfully marks goods at a lower price, or
 - (c) he willfully places a false price tag on goods;
- (2) without authority;
- (3) and then presents the goods for purchase.

"(e) Punishment. For a first conviction under subsections (a) or (d), or for a subsequent conviction for which the punishment is not specified by this subsection, the defendant may be guilty of a Class 3 misdemeanor. The term of imprisonment may be suspended only on condition that the defendant perform community service for a term of at least 24 hours. For a second offense committed within three years after the date the defendant was convicted of an offense under this section, the defendant may be guilty of a Class 2 misdemeanor. The term of imprisonment may be suspended only on condition that the defendant be imprisoned for a term of at least 72 hours as a condition of special probation, perform community service for a term of at least 72 hours or both. For a third or subsequent offense committed within five years after the date the defendant was convicted of two other offenses under this section, the defendant may be guilty of a Class 1 misdemeanor. The term of imprisonment may be suspended only if a condition of special probation is imposed to require the defendant to serve a term of imprisonment of at least 14 days. However, if the sentencing judge finds that the defendant is unable, by reason of mental or physical infirmity, to perform the service required under this section, and the reasons for such findings are set forth in the judgment, he may pronounce such other sentence as he finds appropriate.

NORTH CAROLINA GENERAL STATUTE 1-538.2, CIVIL LIABILITY FOR SHOPLIFTING AND THEFT BY EMPLOYEE.

This new civil law will help you recover your losses in event of shoplifting and/or employee theft. Consult your civil attorney for any action you may wish to take under this statute.

G.S. 538.2 Civil liability for shoplifting and theft by employee. (a) Any person, other than an unemancipated minor, who commits an act that is punishable under G.S. 14-72.1 or G.S. 14-74 is liable for civil damages to the owner of the property. In any action brought by the owner of the property he is entitled to recover the value of the goods or merchandise, if the goods or merchandise have been destroyed, or any loss of value to the goods or merchandise, if the goods or merchandise were recovered, or the amount of any money lost by reason of the embezzlement or fraud of any employee. In addition to the above, the owner of the property is entitled to attorney fees. If damages are assessed against the defendant, in favor of the plaintiff, the amount established for actual or consequential damages shall be trebled. The total of all damages awarded to a plaintiff against a defendant in an action under this section shall not exceed one-thousand dollars (\$1,000).

(b) The parent or legal guardian, having the care, custody and control of an unemancipated minor who commits an act punishable under G.S. 14.72.1 or G.S. 14-74, is civilly liable to the owner of the property obtained by the act if such parent or legal guardian knew or should have known of the propensity of the child to commit such an act; and had the opportunity and ability to control the child and made no reasonable effort to correct or restrain the child. In an action brought against the parent or legal guardian by the owner, the owner is entitled to recover the amounts specified in subsection (a) except punitive damages.

(c) A person may not be found liable under this section unless a sign was conspicuously displayed in the place of business at the time the act alleged in the action occurred stating that civil liability for shoplifting and for theft by an employee is authorized under this section. An action may be brought under this section regardless of whether a criminal action is brought or a criminal conviction is obtained for the act alleged in the civil action.

(d) Nothing contained in this act shall prohibit recovery upon any other theory in the law.

Sec 2. This act shall become effective October 1, 1987, and applies to acts committed on or after that date.

PROFILE OF A SHOPLIFTER:

Don't make the mistake of thinking that only certain types of people will steal from you. They come in every age, sex and race.

The largest number of shoplifters may be regular customers. They not only help your profits by making legitimate purchases, but also help themselves fight inflation by stealing a little when the opportunity presents itself. You want to keep these customers, so minimize their opportunity to steal by making your store secure and by making them aware of the substantial risks involved.

**ATTENTION AND SERVICE FROM
COMPETENT SALESPEOPLE ARE THE
BEST DETERRENTS TO SHOPLIFTING**

A smaller number of shoplifters will enter your store with the sole intent of stealing you blind. Many of these will already have criminal records for shoplifting, and they merit special attention.

Here are some cues that may help you spot potential shoplifters:

- * *Nervousness*
- * *Eye movement-inappropriate attention on your security, not the merchandise*
- * *Wandering shopper-not really interested in buying*
- * *Seeks privacy-takes merchandise to isolated areas*
- * *Shoplifting tools-anything that would allow for the concealment of merchandise such as:*

- baggy clothes*
- umbrellas*
- newspapers*
- books*
- backpacks*
- purses*
- bags*
- boxes*
- baby strollers*

* *Distracting behavior to put you off guard or avert attention from an accomplice, such as:*

- overly friendly*
- belligerent*
- attention commanding*
- trying on items*

* *Removal of packaging or tags*

* *Palming small items*

* *Desperate "Grab and Run" (Juvenile, drug addict, vagrant):*

- disheveled appearance*
- near exit*
- face-strained and desperate looking*
- running*
- exiting quickly*
- no attempt to hide item*

* *Professional:*

- may work in teams*
- may pose as repairman, salesman or delivery man*
- self-assured*
- may not conceal item*
- if verbally challenged--belligerent*
- if physically challenged--fights and runs*

PREVENTION:

If you allow your security to become slack, your shoplifting losses will mount accordingly. The following guidelines should be used in accordance with your particular business needs and ability to implement:

- * *Train your employees if you expect them to effectively prevent shoplifting opportunities and safely apprehend shoplifters.*
- * *Allow adequate floor coverage for all areas accessible to customers. You may need a phone at the register so adequate coverage can be maintained during necessary phone use.*

- * *Attentive salespeople should greet all customers and monitor their activities, especially at dressing rooms and rest rooms.*
- * *Be on guard for distractions.*
- * *Keep small valuable items locked in display cases.*
- * *Limit the number of items that you remove from a display case for customer inspection to only those which you can adequately supervise.*

**ENFORCE A STRICT ANTI-SHOPLIFTING
POLICY AND MAKE IT KNOWN**

- * *Keep valuables away from store exits to prevent grab and run situations.*
- * *Keep display cases locked at all times. Check to make sure glass tops of display cases cannot be lifted. Sliding doors may also lift out although still locked.*
- * *Anchor all valuable display models to counters.*
- * *Proper aisle layouts and low counters should maximize visibility to allow monitoring of the customers. If necessary, visibility can be greatly enhanced by raising the cash register area or by the use of convex mirrors, one-way mirrors and closed circuit television cameras.*
- * *Keep the store neat and orderly. Pattern displays and keep them filled so that you can tell in a glance if something is missing.*
- * *The cash register should be inaccessible to customers, locked and monitored at all times. It should be placed near the front so cashiers can help monitor entrance and exit of customers.*
- * *Stockrooms should be off limits to all but employees.*
- * *Monitor shipping and receiving areas.*
- * *Delivery men can be one of your biggest sources for shrinkage. Monitor them closely.*

- * *Control price tags, refund slips, etc.*
- * *Watch for price switching. Cashiers should do price checks.*
- * *Control containers brought in by customers.*
- * *Every customer should be given a sales receipt and every bag should be stapled closed with a sales receipt. Sales receipts should be spot-checked at exits.*
- * *Control exits by designing exit lanes so that all persons leaving the store must pass by the scrutiny of a cashier or other employees. No one should be allowed to leave the premises with any article belonging to the business without a sales receipt or verified direction from management.*
- * *Cashiers should check every item being sold that might conceal other merchandise.*

MONITOR DELIVERY MEN CLOSELY

- * *You may want to assign special security personnel to monitor customers.*
- * *You may want to use an electronic article surveillance system.*
- * *Keep accurate records of shoplifting incidences in order to improve security.*
- * *Advertise in plain view your aggressive anti-shoplifting policy.*
- * *Notify management and other employees immediately concerning suspicious activities. You may want to use a code if you broadcast any security information over an intercom.*
- * *Check with local law enforcement about barring known troublemakers from the premises.*
- * *Ask that a convicted shoplifter's judgment bar them from returning to your premises.*

APPREHENSION:

- * *You or a reliable witness must see the suspect conceal merchandise, remove it from the store or change the price tag and present the merchandise for purchase.*
- * *Keep the suspect under constant surveillance to be sure that he does not abandon the merchandise in the store before you apprehend him.*
- * *Determine if the suspect is acting in a suspicious manner.*
- * *Determine if possible whether the merchandise in question belongs to the store and whether the suspect has already paid for it. You may not be able to do this until after you contact the suspect and inspect the merchandise.*

**APPREHEND THE SUSPECT WHILE STILL IN THE STORE.
DO NOT ACCUSE HIM OF A CRIME
OR THREATEN HIM WITH ARREST**

Guidelines for Detainment (not an arrest):

- * *You must have probable cause to believe that a suspect has shoplifted an item. This can be determined by the four Guidelines for Shoplifting listed under APPREHENSION.*
- * *Apprehend the suspect while still in the store whenever possible. When apprehended outside, suspects have more of a tendency to run or fight.*
- * *Approach suspect in a polite manner, away from other customers if possible. Identify yourself and state the following:*

"I would like to talk to you about the item (specific) in your possession. To avoid embarrassment, please step into the office so we can straighten this out."
- * *Do not accuse the suspect of a crime or tell him that he is under arrest.*
- * *If he/she refuses to cooperate:*

Avoid physical confrontation if at all possible in order to protect against damage to: store property, employees, other customers, yourself, or the suspect.

- *If physical measures become necessary, use only that amount which is reasonably necessary to protect your safety while detaining the suspect or allow the suspect to leave and call the police immediately.*
- *If you choose not to physically detain the suspect, be sure to get a good description, direction of travel, license plate number or any other information that will give law enforcement a better chance of contacting the suspect. (use the Suspect Description Form in the back of this manual).*
- *Since you may only detain a suspect for a short, reasonable time, you should call the police immediately.*
- *Have an employee of the same sex as the suspect in the office as a witness if possible.*
- *If suspect is a minor, make every effort to notify his parent or guardian immediately. Document these efforts.*

* **Interrogation:**

- *Be polite*
- *Do not threaten with arrest or prosecution*
- *Do not search the suspect*
- *Give the suspect an opportunity for explanation, confession and disclosure of stolen items*
- *Investigate the situation to determine if, in your best judgment, a shoplifting has occurred*

* **Police arrival:**

- *Give all information to the officer*
- *Cooperate in whatever way requested*

* **Testifying in court:**

- *Take notes of incident with you and make sure you have reread prior to court date*
- *Identify yourself to the District Attorney and give them the case or cases you have to testify for*
- *Dress professionally*

BAD CHECKS

LAWS PERTAINING TO BAD CHECKS

A check is not cash; it is an I.O.U. It is a promise to pay cash if presented at the writer's bank. It is a "bad" check when it cannot be redeemed for cash.

You want to accept checks in good faith from good customers in order to make sales. However, it is easy for a criminal to steal money from you if you do not use a sensible criteria for accepting these I.O.U.s. You can never eliminate all bad checks, but you can certainly reduce their impact on your business by using the following guidelines as they may apply to your particular needs.

NORTH CAROLINA GENERAL STATUTE 14-107- WORTHLESS CHECK LAW

It shall be unlawful for any person, firm or corporation, to draw, make, utter or issue and deliver to another, any check or draft on any bank or depository, for the payment of money or its equivalent, knowing at the time of the making, drawing, uttering, issuing, and delivering such check or draft as aforesaid, that the maker or drawer thereof has not sufficient funds on deposit in or credit with such bank or depository with which to pay the same upon presentation.

It shall be unlawful for any person, firm or corporation to solicit or to aid and abet any other person, firm or corporation to draw, make, utter or issue and deliver to any person, firm, or corporation, any check or draft on any bank or depository for the payment of money or its equivalent, being informed, knowing or having reasonable grounds for believing at the time of the soliciting or the aiding and abetting that the maker or the drawer of the check or draft has not sufficient funds on deposit in, or credit with, such bank or depository with which to pay the same upon presentation.

The word "credit" as used herein shall be construed to mean an arrangement or understanding with the bank or depository for the payment of any such check or draft.

A violation of this section shall be a Class I felony if the amount of the check or draft is more than two thousand dollars (\$2,000). If the amount of the check or draft is two thousand dollars (\$2,000) or less, a violation of this section shall be a misdemeanor punishable as follows:

- (1) If the amount of such check or draft is not over one hundred dollars (\$100.00), the person is guilty of a Class 2 misdemeanor. Provided, however, if such person has been convicted three times of violating G.S. 14-107, he shall on the fourth and all subsequent convictions (i) be punished as for a Class 1 misdemeanor and (ii) be ordered, as a condition of probation, to refrain from maintaining a checking account or making or uttering a check for three years.
- (2) If the amount of such check or draft is over one hundred dollars (\$100.00), the person is guilty of a Class 2 misdemeanor. Provided, however, if such person has been convicted three times of violating G.S. 14-107, he shall on the fourth and all subsequent convictions (i) be punished in the discretion of the district or superior court as for a Class 1 misdemeanor and (ii) be ordered, as a condition of probation, to refrain from maintaining a checking account or making or uttering a check for three years.
- (3) If the check or draft is drawn upon a nonexistent account, the person is guilty of a Class 1 misdemeanor.
- (4) If the check or draft is drawn upon an account that has been closed by the drawer prior to time the check is drawn, the person is guilty of a Class 1 misdemeanor.

In deciding to impose any sentence other than an active prison sentence, the sentencing judge shall consider and may require, in accordance with the provisions of G.S. 15A-1343, restitution to the victim for (i) the amount of the check or draft, (ii) any service charges imposed on the payee by a bank or depository for processing the dishonored check, and (iii) any processing fees imposed by the payee pursuant to G.S. 25-3-512, and each prosecuting witness (whether or not under subpoena) shall be entitled to a witness fee as provided by G.S.7A-314 which shall be taxed as part of the cost and assessed to the defendant.

A person is guilty of this offense if:

- (1) He writes and delivers, or delivers;
- (2) a check or draft;
- (3) without having sufficient funds or credit with the bank for the check or draft to be paid;
- (4) and knowing that there are insufficient funds or credit available for the payment.

NORTH CAROLINA GENERAL STATUTE 6-21.3 TREBLE DAMAGE REMEDIES FOR RETURNED CHECK

G.S. 6-21.3 Remedies for returned checks.

(a) Notwithstanding any criminal sanctions that may apply, a person, firm, or corporation who knowingly draws, makes or utters, or issues and delivers to another any check or draft drawn on any bank or depository that refuses to honor the same because the maker or drawer does not have sufficient funds on deposit in or credit with the bank or depository with which to pay the check or draft upon presentation, who fails to pay the same amount in cash to the payee within 30 days following written demand therefore, shall be liable to the payee for the amount owing on the check and, in addition, for damages of the lesser of five hundred dollars (\$500.00) or three times the amount owing on the check but in no case less than one hundred dollars (\$100.00) in addition to the amount owing on the check. In an action under this section the court or jury may, however, waive all or part of the treble damages upon a finding that the defendant's failure to satisfy the dishonored check or draft was due to economic hardship.

The written demand shall: (i) describe the check or draft and the circumstances of its dishonor, (ii) contain a demand for payment and a notice of intent to file suit for treble damages under this section if payment is not received within 30 days, and (iii) be mailed by certified mail to the defendant at his last known address.

(b) In an action under subsection (a) of this section, the presiding judge or magistrate may award the prevailing party, as part of the court costs payable, a reasonable attorney's fee to the duly licensed attorney representing the prevailing party to such suit.

(c) It shall be an affirmative defense, in addition to other defenses, to an action under this section if it is found that: (i) full satisfaction of the amount of the check or draft was made prior to the commencement of the action, or (ii) that the acceptor of the check knew at the time of acceptance that there were insufficient funds on deposit in the bank or depository with which to cause the check to be honored.

(d) The remedy provided for herein shall apply only if the check was drawn, made, uttered or issued with knowledge there were insufficient funds in the account or that no credit existed with the bank or depository with which to pay the check or draft upon presentation.

PREVENTION

* Establish a firm check cashing policy and post it in plain view where all customers can read it and employees can refer to it. This policy should specify your acceptance criteria concerning the following:

- * **AMOUNT OF CHECK** - *You may wish to set limits on the amount checks can be written for, or limit checks to the amount of purchase only. You may also want to set a limit above which a check must be approved by management.*
- * **TWO PARTY CHECKS** - *You should avoid taking two party checks. They have a higher incidence of being unreliable and collection can be more difficult.*
- * **LOCAL vs. OUT-OF-STATE CHECKS** - *Local check writers are usually easier to contact for collection purposes. Out-of state check writers are more difficult to collect from since North Carolina courts cannot prosecute them unless they can be contacted within our state's boundaries.*
- * **ACCEPTABLE IDENTIFICATION** - *The primary ID for collection purposes according to N.C.G.S. 14-107.1 is "a North Carolina Driver's License, a special identification card issued pursuant to N.C.G.S.20-37.7, or other reliable serially numbered identification card containing a photograph and mailing address of the person in question." You may want to ask for a second ID to confirm the information given by the first ID. Credit cards are often used for this purpose. They are good for comparing signatures but they are of little value for collection. Credit card companies cannot give you any information about a cardholder. Furthermore, they are now advising cardholders not to give out their account numbers for identification purposes in order to avoid the possibility of fraudulent misuse.*
- * **ANY OTHER LIMITS SET BY MANAGEMENT** - *Be sure to specify any other limits you feel are necessary so they will be clearly understood by customers and employees.*
- * **RETURN CHECK PROCESSING FEE** - *As part of your check cashing policy you may wish to collect a returned check processing fee of up to twenty dollars according to N.C.G.S. 25-3-512 (As of October 1, 1992). If you do, you must conspicuously post a sign, no smaller than 8 by 11 inches, by the cash register, in plain view of anyone paying with a check. If the returned check was originally received by mail the processing fee may only be collected if expressly authorized by the agreement creating the debt.*

* Post a guide near each register for employees to follow so they will know exactly what to look for when presented with a check.

The following needs to be recorded accurately on the check:

- *Name of Check Writer*
- *Current Mailing Address*
- *Current Physical Address (if different than mailing address)*
- *North Carolina Driver's License Number (or other acceptable ID as set forth by N.C.G.S. 14-107.1)*
- *Telephone Numbers (home and work)*

* If all of this information is not accurately recorded on the check, you should clearly write it on the check. Many businesses use a rubber stamp on the back so employees will know exactly what to check and record. Be aware that bank processing tends to obliterate information you record on the back. If you find this to be a problem with your bank, you should do any necessary writing on the front of the check in the upper left hand corner.

* Include in your guide the following items to be checked in conjunction with your policy to decide whether you should accept a particular check:

- *Name and signature matches ID*
- *Check passer matches picture and description on ID*
- *Amounts (written and numerical) agree*
- *Date (postdated or stale checks cannot be collected under N.C.G.S. 14-107)*
- *Low check number (Newly opened accounts can be less reliable. Some banks print the opening date of the account next to the account holder's name).*
- *Bank (local vs out-of-state: If a check is written on an out-of-state bank, use extra caution to make sure that the writer is a North Carolina resident in case he needs to be contacted for collection purposes. Also be aware that a check written on an out-of-state bank will take longer to clear).*
- *Erasures, alterations or abnormalities.*

* Make employees personally responsible for adhering to the check cashing policy and obtaining the appropriate information. Have them initial each check they approve and refer any special situations to management for approval.

* Call the bank to see if the check will clear with present account balance.

* Develop a card system listing regular, proven customers for quick approval and customers with previously returned checks for extra caution.

* You may wish to use a check clearing service to further screen questionable checks. Ask your banker if he can recommend one in your area.

* Be especially cautious of two-party checks, business checks, government checks and money orders. These are known to have a higher incidence of being stolen or forged. If you believe that a check presented to you has been stolen, forged or counterfeited, discreetly delay the passer if possible or note description and call the police.

* As an added precaution against fraudulent checks, recording a physical description of the check writer could prove to be invaluable in case of an ensuing investigation. You should record date of birth, race, sex, height, weight and hair color on the check. This information can be obtained from their ID and cross checked with the check writer.

* Call your bank for additional advice on a sound, comprehensive check cashing policy. They can provide you with much greater detail for screening against counterfeit checks if necessary.

COLLECTION:

WORTHLESS CHECKS

Most bad checks returned to small businessmen in this state are classified "Worthless Checks" under North Carolina General Statute 14-107, which is contained in this chapter. These checks are returned from the bank marked "non-sufficient funds" or "account closed" or "non-existent account."

The normal procedure for a returned check marked "non-sufficient funds" is to re-submit it to the bank for the second time, hoping it will clear. You may want to contact the check writer by phone if possible to make sure he is aware of the situation and to tactfully remind him of his responsibility to deposit sufficient funds so the check will clear. You should be aware that additional bank processing may further obscure important information you have written on the check, so make a copy of each check before you re-submit it to the bank.

If the check is returned from the bank unpaid for the second time, or returned the first time marked "account closed" or "nonexistent account" you should send the check writer a "Notice of Dishonored Check" letter. The next two pages contain sample letters, drawn up by the North Carolina Retail Merchants Association, which you can copy and use for collecting bad checks. The first letter is to be used when you have received a check over the counter. The second is to be used when you have received a check through the mail. All the appropriate North Carolina laws are referred to in these letters.

If you need additional guidance or further information pertaining to these laws or if you are still unable to collect the bad check after you have sent these letters, you should consult your local law enforcement agency or your magistrate's office. Every jurisdiction may have different guidelines concerning collection procedures in relation to prosecution. Check with your local law enforcement agency and your magistrate's office for their policies.

If you suspect that someone has passed you a bad check with the intent to defraud you (i.e. non-existent or closed account), notify law enforcement immediately. Besides having violated N.C.G.S. 14-107, (which is a misdemeanor) there may very well be a felony violation involved also.

If you plan to seek a civil penalty of three times the amount of damages against the bad check writer according to N.C.G.S. 621.3, (contained at the end of this chapter) you should consult a civil attorney.

STOLEN, FORGED OR COUNTERFEITED CHECKS

Passing a stolen, forged or counterfeited check is a felony offense. If you have received one, it will be much more difficult to collect. Notify your local law enforcement immediately so they can begin an investigation. The sooner they begin an investigation and the more information you can provide them concerning the check passer, the better their chances of apprehending him.

NOTICE OF DISHONORED CHECK

From _____

Certified Mail # _____ **Date** _____
Return Receipt Requested

To _____

Address _____

This letter is written pursuant to North Carolina General Statute 14-107.1 to inform you that on _____, 19____, you made and delivered to the business listed above a check payable to this business containing your name and address in the sum of \$_____, drawn upon (bank or institution), account #_____. This check contained a N. C. driver's license identification number or other permissible identification number from a card with your photograph and mailing address, which was used to identify you at the time the check was accepted.

The check has been dishonored by the bank for the following reason: _____ . As Acceptor of the check, we give you notice to rectify any error in connection with this transaction, and to pay the amount of the check in cash, plus a \$20 processing fee authorized by law (GS 25-3-512), at the business address listed above. If the check is not paid or the error corrected within the specified time, the laws of North Carolina allow us to pursue the following remedy:

(a) After fifteen days from the mailing of this letter, an affidavit may be filed to seek a civil penalty of three times the amount of the check (with minimum penalty of \$100 and maximum penalty of \$500) for allegedly giving a worthless check in violation of law (GS 6-21.3).

(b) After thirty days from the mailing of this letter, an affidavit may be filed to seek civil penalty of three times the amount of the check (with minimum penalty of \$100 and maximum penalty of \$500) for allegedly giving a worthless check in violation of law (G.S. 6-21-3).

Appropriate relief will then be sought before a court of proper jurisdiction for full payment of the check plus all costs and witness fees as provided by law. A copy of this letter will constitute part of the prima facie evidence if a pleading is issued and will serve to identify you as a check passer. To pay the check or obtain information, contact the undersigned at the above business location. Cash or bank-official check will be the only acceptable means of redeeming the dishonored check.

NOTICE OF DISHONORED CHECK RECEIVED BY MAIL

From _____

Certified Mail # _____ Date _____
Returned Receipt Requested

To _____

Address _____

This letter is written pursuant to NORTH CAROLINA GENERAL STATUTE 14-107.1 to inform you that a check containing your name and address as written above was received by the business listed above on _____, 19____. The check was in the sum of \$_____, drawn upon _____ (bank or institution), account #_____. We have compared your name and address and signature on the check with the name, address and signature on file in the account previously established by you on your behalf, and the signature on the check appears to be genuine.

The check has been dishonored by the bank for the following reason: _____ . As Acceptor of the check, we give you notice to rectify any bank error or other error in connection with the transaction, and to pay the amount of the check in cash, plus a \$20.00 processing fee authorized by law (GS 25-3-512), at the business address listed above. If the check is not paid or the error corrected within the specified time, the laws of North Carolina allow us to pursue either of the following remedies:

(a) After fifteen (15) days from the mailing of this letter, an affidavit may be filed to establish the issuance of a crib pleading against you for allegedly giving a worthless check is a violation of law (GS 14-107).

(b) After thirty (30) days from the billing of this letter, an affidavit may be filed to seek a civil penalty of three times the amount of the check (with minimum penalty of \$100 and maximum penalty of \$500) for allegedly giving a worthless check in violation of law (GS 6-21.3).

Appropriate relief will then be sought before a court of proper jurisdiction for full payment of the check plus all costs and witness fees.

A copy of this letter will constitute part of the prima facie evidence if a pleading is issued and will serve to identify you as the check passer. To pay the check or obtain information, contact the undersigned at the above business location. Cash or bank-official check will be the only acceptable means of redeeming the dishonored check.

REFUND FRAUD

LAWS PERTAINING TO REFUND FRAUD

The two most common ways you can be victimized by refund fraud are as follows:

- * *A person shoplifts an item and returns it to your store for a cash refund as if it had been a legitimate purchase.*
- * *A purchase is made with a bad check and a cash refund is acquired before the check can be returned to you.*

NORTH CAROLINA GENERAL STATUE 14-100, OBTAINING PROPERTY BY FALSE PRETENSES.

Elements:

A person is guilty of this offense if:

1. He makes a representation of a past or existing fact or future event
2. that is false
3. and is calculated and intended to deceive
4. and does in fact deceive another person
5. and, thereby, he obtains or attempts to obtain money, property, services, and or some other thing of value from that other person.

Punishment:

Class H felony

PREVENTION:

- * *Require proof of purchase.*
- * *Give full receipt for major purchases:*
 - *Date purchased*
 - *Store and location*
 - *Sales clerk*
 - *Method of payment (cash/check)*
 - *Item and price*
 - *Special conditions*
 - *Customer's name and address*
- * *Refund to purchaser only with a proper I.D.*
- * *Require the customer to sign a refund request slip.*
- * *Give refunds at place of purchase only.*
- * *Do not refund cash until the original check has cleared.*
- * *You may want to mail them their refund.*
- * *Keep a card file on refunds to check the frequency of refunds to individuals.*
- * *Control receipts.*
- * *Place the refund desk near the front door.*
- * *If you suspect refund fraud, place the item out of reach and away from the suspect until a determination can be made.*
- * *Management should approve all refunds of a significant amount or where any exceptions to these rules might be applied, such as gifts or distant locations of purchase.*

CREDIT CARD FRAUD

LAWS PERTAINING TO CREDIT CARD FRAUD

NORTH CAROLINA GENERAL STATUE 14-113.13, FINANCIAL TRANSACTION CARD FRAUD.

Elements:

A person is guilty of this offense if:

1. He uses for the purpose of obtaining money, goods, services or anything else of value, a financial transaction card obtained or retained or which he knows is forged, or if altered, expired or revoked,
2. he obtains money, goods, service, or anything else of value,
3. with the intent to defraud.

Punishment:

Class I felony if over \$500 is obtained in a six month period.

Use of credit cards is the preferred method of purchase by many customers. Unfortunately, it is also a preferred method for crooks who use stolen or forged credit cards. Losses due to bad credit purchases can be minimized. Credit card companies will honor charges if you follow their criteria for acceptance as spelled out in the contractual agreements and literature you received at time of set-up. The most important note for prevention of losses concerning credit card transactions is to make sure that you and your employees fully understand and follow acceptance procedures as outlined by each particular credit company.

- * *Keep a copy of your agreements with credit card companies in your files so that you can review them when needed.*
- * *Post a procedural guide pertaining to credit card transactions next to the register for easy referral by your employees.*
- * *Install a telephone next to the register and post the credit card company's authorization numbers near it for easy access by employees.*

- * *If any unusual situations occur which make you feel uneasy about a credit card transaction, call the credit card company involved and ask for advice from their security before proceeding with the transaction.*
- * *Do not return the card to the user until instructed to do so by the credit card security personnel.*
- * *Have employees initial each charge transaction they handle so you can refer back to them in case of a discrepancy.*

**DESTROY CHARGE SLIP CARBONS
SO THIEVES CANNOT OBTAIN
YOUR CUSTOMERS' CARD NUMBERS**

- * *Be aware that you can possibly be charged back if the card holder disputes the charge, especially in cases of mail order or phone order. There are special precautions to take in these cases and each credit card company can best give you their specific guidelines.*
- * *Protect yourself and your customers from possible misuse of their credit card numbers by keeping their credit transactions confidential. This means giving the charge slip carbons back to the customer or destroying them so that a thief inside or outside of your business cannot obtain numbers and names by going through your trash. Once obtained, they could be used to target your business and others for fraudulent mail order or phone order scams.*

Merchant Prevention Steps:

- * *Compare the signature of the credit slip to that of the signature on the back of the card.*
- * *A second step is to ask for a Driver's License or other photo identification.*
- * *Match the name on the card with the person presenting it.*
- * *Be alert for the customer who is not well dressed but may be purchasing expensive items.*

**MERCHANTS CAN BE ALERT
AND PREVENT FRAUD**

- * *Be alert for the customer who keeps returning to the register and purchasing under the limit.*
- * *Be alert for the customer who makes purchases without regard to color or price.*
- * *Check validation and expiration dates.*
- * *Be alert for the customer taking the card from a pocket instead of a wallet.*
- * *Remember, many counterfeiters attempt cash advances or restrict purchases to video games, blank tapes, video tape recorders, appliances, personal computer equipment or other easily fenced merchandise.*
- * *If suspicious, call your Authorization Center and ask for Code 10. Do not complete the transaction until you have received verified authorization.*

**If the suspect card is counterfeit,
you may earn an award!**

COUNTERFEIT BILLS

There are three basic types of counterfeit bills:

- * *A low denomination bill altered to appear as a higher denomination by cutting corners off a higher bill and gluing them on to the lower bill (\$20 corners on \$1 bill).*
- * *A photocopy of an authentic bill.*
- * *A printed counterfeit bill.*

Methods for detection:

- * *Inspect all currency, especially large bills, to make sure denominations match portrait.*
- * *Compare the suspected bill to a known bill of the same denomination, looking for differences not similarities.*
- * *The counterfeit bill will not be as finely detailed, and it will have a flat appearance.*
- * *The counterfeit bill's color may be washed out.*
- * *An authentic bill is always printed on safety paper which shows fine red and blue hair-like fibers imbedded into it. Do not be fooled by colored lines printed on paper.*

How counterfeit bills are most often passed:

- * *In rural communities, shopping centers and small businesses.*
- * *During peak hours or just before closing.*
- * *By asking for change or purchasing a small ticket item with a large bill.*
- * *In a hurry.*

When you receive a counterfeit bill:

- * *Do not return it to the passer.*
- * *Delay the passer if possible.*
- * *Telephone the police immediately.*
- * *Note the passer's description.*
- * *Write your initials and the date on the bill; otherwise, handle it as little as possible. Place it in a paper envelope.*
- * *Surrender the bill only to the authorities.*

HELPFUL AGENCIES

The following agencies can be very helpful if you have any questions concerning the information in this text or need any further assistance:

LAW ENFORCEMENT- Consult the particular city police or county sheriff's agency in whose jurisdiction your business operates in order to learn all the various ways they can respond to your needs. Most of them have very good crime prevention programs and are eager to support your efforts.

DISTRICT ATTORNEY'S OFFICE- Attorneys can answer your questions concerning legal and criminal matters in your particular jurisdiction.

FIRE DEPARTMENT- Fire officials can review your physical security measures in light of fire and safety codes.

TRADE ASSOCIATIONS- Trade associations can be invaluable resources in helping with crime prevention. Many of these statewide groups are at the forefront of assuring that state laws are enacted that protect small business people. Through their newsletters, they keep you up-to-date with all the latest information as it pertains to your particular kind of business.

LOCAL MERCHANTS ASSOCIATIONS, CHAMBERS OF COMMERCE, BETTER BUSINESS BUREAUS, SMALL BUSINESS ADMINISTRATIONS- These groups can supply you with lots of valuable help and information concerning crime prevention as well as other good business practices.

ATTORNEYS, ACCOUNTANTS- You should have security policies and business practices reviewed. These professionals can be a big help in areas of legal implications and implementation of loss prevention controls.

INSURANCE AGENTS- Insurance agencies can show you how to reduce your losses by carrying the proper insurance policies and furthermore reduce the cost of those policies by implementing their suggested security procedures.

PRIVATE SECURITY COMPANIES- Private security professionals can offer you the latest innovations in electronic security controls as well as provide many other security services.

INCIDENT REPORT _____ TYPE _____ DATE _____

BUSINESS _____ LOCATION _____ TIME _____

REPORT TAKEN BY: _____ SIGNATURE _____

SUPERVISOR: _____ SIGNATURE _____

COMMENTS: _____

POLICE AGENCY _____ OFFICER _____ CASE NO. _____

WITNESSES:

NAMES _____

ADDRESS _____

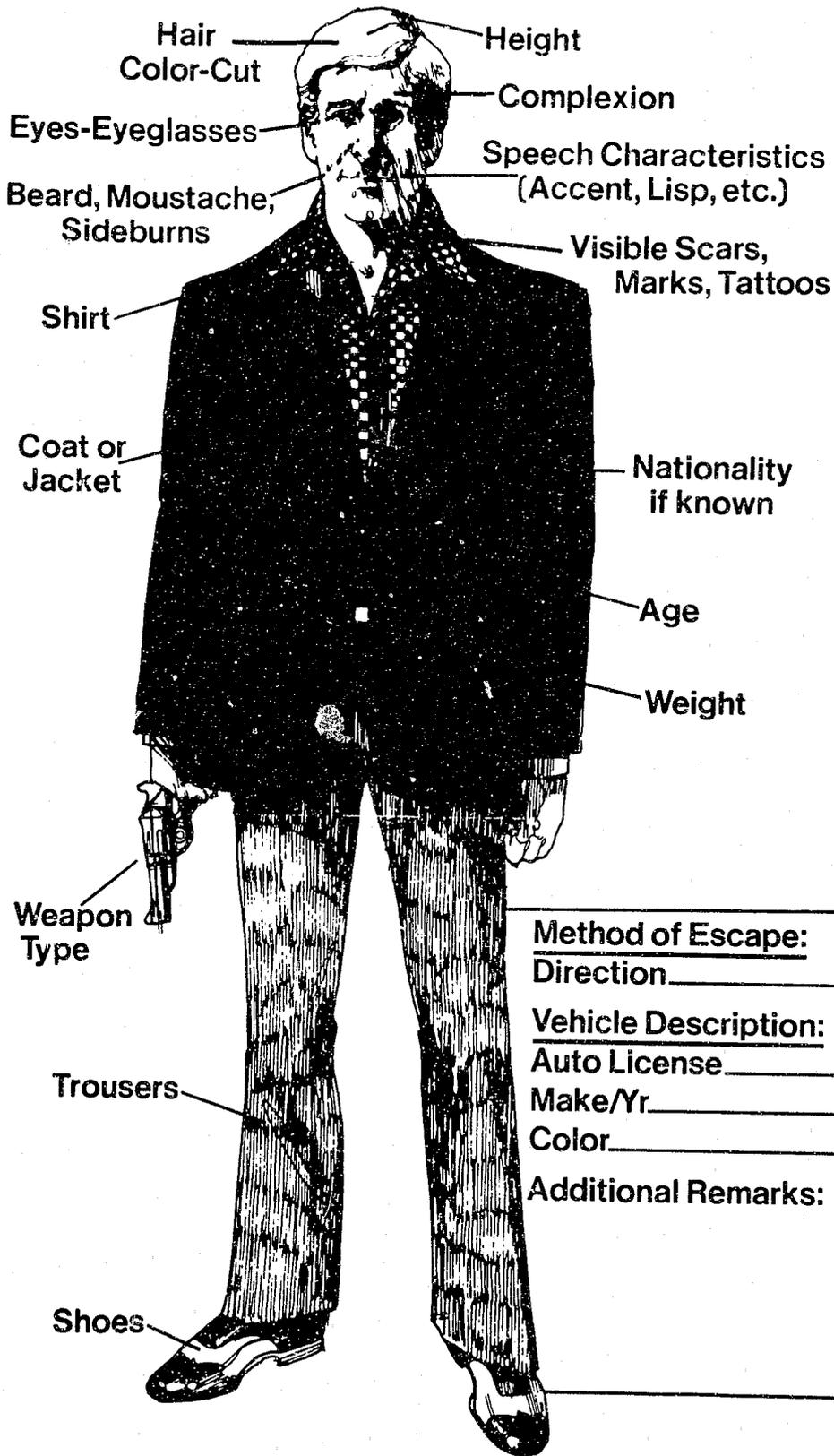
TELEPHONE NO. _____

INDIVIDUALS INVOLVED (personal data or description - for thorough description of suspects. attach a suspect description form):

DESCRIPTION OF EVENTS (In order of happening - approximate time frame - include all pertinent details, use back of form or additional sheets if necessary):

SUSPECT IDENTITY CHART

Physical Description



HELP!
STOP CRIME

Crime Alert Telephone System (CAT)

Protective Alert Communications Chart



Crime Occurs-Contact:



1

Police Department



2

Protective alerts issued to all
CAT Systems members

CAPTAIN	CAPTAIN	CAPTAIN	CAPTAIN	CAPTAIN
Name: _____ Bus: _____ Tel: _____				
Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ St. _____ Tel: _____
Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ St. _____ Tel: _____
Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ St. _____ Tel: _____
Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ Tel: _____	Name: _____ St. _____ Tel: _____

NOTE: Last person in chain calls back to _____ for confirmation that message was received