

The USMA National Theft Database

Providing a Valuable Theft-Prevention Solution to the Retail Industry

One of the biggest issues facing retailers today is employee theft, which costs retailers over \$15 billion per year. In fact, the U.S. Commerce Department estimates that 39 percent of business failures can be attributed to employee theft. Employee theft can range from cash and merchandise theft to credit card fraud or embezzlement. Ultimately, the employer ends up losing not only cash or merchandise, but also the time and money associated with employee turnover.

A Long History of Partnering with Companies to Reduce Theft

US Investigations Services, Inc. (USIS), the nation's largest background screening company, provides security services to corporate and government clients worldwide. Among its product offerings are background and drug screening solutions as well as business intelligence and investigations.

USIS recognizes the need for retailers to reduce employee theft... and the need increases more every day. The theft database has deep roots in the retail industry, dating back to 1917 when a group of retailers began sharing information on internal theft in an effort to prevent other retailers from hiring known thieves.

Today, the theft database contains incidents of theft and fraud reported by database members, who share this information through USIS. The database houses information on nearly one million cases of theft and fraud, which include employee theft, shoplifting, refund/credit card fraud, and the passing of bad checks.

Contributors are comprised of more than one-third of the nation's largest retailers, including Lane Bryant, Circuit City, Neiman Marcus, Saks Fifth Avenue,



and Century 21 Stores. Because of this rich history, the theft database is the original product of its kind and is the first database created *by retailers for retailers*.

An Unmatched Resource in the Retail Industry

"The USMA National Theft Database is unmatched in its effectiveness because of the unique nature of the data and scope of companies who contribute records to

the database," says Jim Hall, vice president for USIS.

Eighty-six percent of retail thieves avoid prosecution, meaning these employees have no criminal records. There is no way to identify them through typical screening measures. Ninety percent of the incidents contained in the database are not available in public records or anywhere else. Because most of this information is not available through standard public records, it is

critical in preventing the hiring of thieves whose prior records would otherwise go undetected.

“The theft database is a resource for mutually shared information,” adds Hall. “The more than 1,000 retailers who use the database are also expected to contribute incidents on an ongoing basis. To ensure that the database continues to grow, USIS has a department that monitors submissions and contacts retailers that fall below historical submission levels.”

Full FCRA Compliance

USIS has a strong commitment to making sure that its activities are in compliance with the Fair Credit Reporting Act (FCRA), and the theft database is no exception to this. To ensure that only confirmed, accurate information is given to database customers, USIS will automatically re-verify a “hit” from the database before it is sent out to an inquiring client.

When USIS receives a theft database screening request, the information will be processed through the database and return one of two responses initially. A “clear” response indicates that no record was found on the employee being screened through the database. A “pending” response indicates that a potential match was found in the database. USIS then contacts the company who submitted the information originally, and asks the company to re-verify the information.

Only if the incident can be re-verified will USIS provide the record to the inquiring client. This also ensures that USIS, the contributing client, and the inquiring client remain in full compliance with the FCRA.

To date, the USMA National Theft Database has identified nearly 45,000 applicants with records of theft, saving retailers millions in lost revenue. In fact, when the return on investment (ROI) of the theft database is calculated in terms of potential theft savings, customers have achieved a 158 percent average return on their investment. In addition, when the reduction in turnover costs, including recruiting, hiring, training,

wages, benefits, termination, and other administration costs, is also considered, savings are typically 1,000 percent of investment.

Customers utilizing the theft database also benefit from its Screening Monitor feature. Screening Monitor gives customers a “look back” for ninety days for each new case received by USIS. When USIS gets a new case, the system automatically rechecks all theft database screening requests that have been processed in the last ninety days to verify whether the newly entered case matches any of those screening requests. If the new case does result in a verified “hit,” USIS will notify the customer to let them know there is a new “hit” on one of their previous applicants. Screening Monitor extends the effective screening period and helps identify thieves who may have been reported after a company’s initial search.

In addition, because the theft database contains records from more than 1,000 retailers nationwide, retailers have the added assurance that a “clear” report returned on an applicant is a valuable indicator of that employee’s character and suitability for employment.

A Dedication to Providing Accurate Data

Records contributed to the database must meet several criteria, including the following supporting information:

- A signed admission,
- Restitution agreement or payment,
- Initiation of prosecution,
- Signed statements from two witnesses, or
- A video record of the incident.

Incident reports must also include key identifiers, such as the offender’s social security number and/or date of birth, the company that submitted the record, whether the incident involved employee or non-employee theft, the date of the incident, and the dollar amount of the incident.

An Integral Part of Lane Bryant’s Hiring Decisions

Lane Bryant, a highly recognized retailer specializing in plus-size clothing, has been using the USMA National Theft

Database as a standard part of its hiring process for five years. According to Al Martinez, director of loss prevention for Lane Bryant, “The company uses the theft database as a first line of defense in hiring the right people. We have had continual success identifying potential associates who have a previous record of theft while employed at other companies.”

Martinez adds, “The theft database is ideal for a retail environment, because the database contains information that is not available through any other source.”

An Industry-wide Solution to Employee Theft

USIS recognizes the importance of the theft database to the retail industry, and continually looks for ways to improve the product so it can remain a quality source of theft, fraud, and shoplifting information.

“Because we feel the USMA National Theft Database is such a valuable tool for the screening industry as a whole, USIS recently made the decision to allow other background screening companies to offer the theft database to their retail customers,” says Jim Collins, president of USIS’ Commercial Services Division.

“This move is a way to give the product back to the retail industry,” explains Collins, “and will promote dramatic growth across a broad base of retailers to increase contribution levels to the database. Our stance on the requirements for a retailer to participate in the theft database remains the same. All users of the theft database are contractually required to contribute and re-verify their incidents on a regular basis. Thus, the increased opportunity for other companies to offer the theft database to their customers will not compromise the integrity of the database. Contributions will be monitored closely and action will be taken on any company who does not contribute. Ultimately, this will benefit the entire retail industry.”

For more information about the USMA National Theft Database, please call 800-331-9175 or email sales@usis-csd.com. ■