

# Restitution in Retail

## Loss on Loss?



### *Is your approach to restitution and collection of civil demand on internal cases as effective as it should be?*

If there is a long delay before contacting the dishonest associate, there is typically less success with the collection. If your company is not thoroughly familiar with the various state statutes, it may not be asking for all of the damages they may be entitled to under the law. Oftentimes courts only award restitution for the value of the theft(s) that occurred on the date of detention rather than for the full amount of the theft admission made by the associate. Should a dishonest associate be treated more leniently than a shoplifter involved in merchandise theft? Most merchandise admissions made by a shoplifter allow for a civil penalty to be collected as well.



### *Are your restitution payments being tracked, accurately accounted for, and reported in a clear and concise way?*

Many retailers struggle with accounting for these funds and measuring the overall success of their internal collection program. Also troubling, considering the issues raised by Sarbanes-Oxley, is the inability of many retailers to accurately account for these company assets. Some claims are paid at store level and additional "loss" will occur if payments are improperly accounted for by recording them as sales, depositing to promotional or miscellaneous income accounts, or even misappropriated by the associate entrusted to properly account for the payment. Some payments are held within the court system for months and eventually mailed to either the store or corporate office making it very difficult to properly account for. Without a detailed process of accounting and a clear understanding of what payments are being received, it is very challenging to adequately track the payment program and monitor the delinquency rate of restitution payments made by former associates.

## forever 21

Fast growing retailer, Forever 21 chose Palmer, Reifler & Associates, P.A. to manage both their employee theft restitution and civil penalty recovery program for internal cases. Every case that qualifies is treated as a hybrid, where a single letter details both the amount of restitution that is due and the appropriate civil demand penalty.

"We have been very pleased with the initial results of working with this law firm," says Tom Vecchiarelli, corporate loss prevention manager at Forever 21 Stores. "They were able to take some of our old uncollectible cases and generate substantial recoveries for my company."

Where some retailers or their third-party collectors may only send one or two letters in their attempt at collection, Palmer, Reifler & Associates, P.A. strives to deliver a positive outcome on every case through its comprehensive collection process. They follow up with courts, stores, and opposing parties to determine where an incident is in the restitution recovery process. Has the case been adjudicated? Are payments being made? Where are payments being mailed to? And what are the current balances owed? Palmer, Reifler & Associates routinely tracks the answers to these crucial questions and acts upon them accordingly.

## A Measured Solution with Accountable Results

### Immediate and Ongoing Communication

Once Palmer, Reifler & Associates determines that a case meets the parameters of the store program and the state statute, a demand amount is established and a “first” letter is generated. The demand amount could be for the total amount of admission plus the applicable civil penalty. Letters are sent to both court-ordered cases and non-court-ordered cases establishing a line of communication between the opposing party and our dedicated restitution collection department. A specific restitution specialist is assigned to the file and communication is typically ongoing throughout any court process and payment program.

### Accounting and Reporting

A variety of payment options are made available to the opposing party. Funds collected by the firm, along with payments from the court and the stores, are accounted and held in a state bar-regulated trust account. The funds are reconciled for other direct payments and a full accounting is made and reported with the client’s monthly disbursement check. Additional reporting is available for retailers to reconcile all payments to the store level for those that return the restitution to their store.

### A Measurement of Success

Retailers often tell us if it cannot be measured, it may as well not exist. Some retailers have a fairly accurate accounting of their internal loss, but few have an overall understanding of the recovery that is made company wide to offset this loss. Palmer, Reifler & Associates, P.A. offers this solution. ■



### Palmer, Reifler & Associates, P.A. Advantages for Internal Collection

- Immediate and ongoing communication directly with a restitution specialist
- Attorney supervised, bilingual dedicated restitution department
- Extended hours for an accessible and thorough collection process
- Bar-regulated trust accounting
- Detailed reporting reconciled to the store level

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