

SIRAS Showcases the Gallery of Retail Fraud

Return fraud in the United States represents an \$11.8 billion annual criminal enterprise according to the National Retail Federation. Perpetrators of these crimes range from normally law-abiding citizens to organized crime syndicates.

Stolen products are commonly then sold through on-line auction sites, pawn shops, or are even shipped overseas for sale. It is often common practice for people to remove a product from its packaging, replace it with something else, reseal it like new, and then return it to the retailer as unopened. These “returns” are often repackaged so authentically that they end up back on store shelves and are resold to unsuspecting customers.

To shed light on these criminal acts, SIRAS® has introduced the “SIRAS Gallery of Retail Fraud,” sharing exhibits of some real-life examples of the many...oftentimes creative...ways criminals take advantage of retailers and manufacturers through the fraudulent return of products.

Here are just a few of the exhibits on display in the SIRAS Gallery.

“Apples and Oranges”

EXHIBIT: *Three digital media player boxes—One returned with a granite tile, the second with AAA batteries, and the third with a deck of playing cards.*

After purchasing a digital media player, the customer replaced it with something of relatively similar size and weight, repackaged it in the original product carton, shrink-wrapped it, and then returned it to the retailer as “new” for a full refund.



“Retooled”

EXHIBIT: *Wii console from Nintendo returned with computer hard drive, pennies, batteries, and glue.*

Illustrating unusual craftiness, this “retooled” Wii™ gaming console, the guts of it replaced with an old computer hard drive, batteries, and pennies and hot-glued in place, weighs the same as the product that was originally in the box. This was undoubtedly a response to Internet blogs espousing that video game retailers and manufacturers were simply weighing returns, not checking inside.

“Kill Your Television?”

EXHIBIT: *Tombstone returned in a plasma TV box.*

Who knew that a tombstone has similar shape and weight to a plasma television? One leading plasma TV manufacturer found out the hard way.

“Something’s Fishy”

EXHIBIT: *Nintendo DS™ box with sardine can.*

Nintendo, like nearly every consumer electronics manufacturer, has seen an unusual variety of brick-in-box return fraud. The sardine can returned in a handheld device box was one of the more humorous ones.

“Trade-in Program”

EXHIBIT: *Used film camera returned inside a digital camera box.*

An all-too-familiar scenario where individuals, tired of their old item, purchase a new one to replace it. They then “return” the old one in the new item’s box and with the new item’s receipt, in effect getting the new one for free.

“Fraud Fiesta!”

EXHIBIT: *Piñata returned inside a printer box.*

At first surprised to find a piñata where they were expecting a printer, the crew at this manufacturer’s return center found some satisfaction in discovering that the “brick” in this return was a vessel full of candy to enjoy.

The SIRAS Gallery of Retail Fraud will be on display at the National Retail Federation’s Loss Prevention Conference and Expo in Los Angeles, June 15 – 17, 2009.

SIRAS is committed to working with retail loss prevention specialists, manufacturers, and law enforcement professionals to eliminate return fraud through its patented point-of-sale (POS) electronic product registration, live return validation, and SIRAS P.I. technologies. For more information, contact SIRAS at info@siras.com or on the web at www.siras.com. ■