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Good morning Chairman Filler and committee members - thank you for the opportunity to testify today on behalf of Walgreens in support of the House Bills 5485, 5486 and 5487.

For the record, my name is Kimberly Walz, and I am Regional Director of State and Local Government Relations at Walgreens.

To provide context on the impact of Organized Retail Crime in the State of Michigan, I would like to offer you some insight into the impacts ORC is having in our 204 Walgreens stores and 5,647 employees in the state. In Michigan alone Walgreens lost \$13 million in one year due to product theft. This has increased more than 15% compared to two years ago. In conjunction with this we are also experiencing a significant increase in the amount of violent workplace incidents in our stores - with our team members often being threatened or physically assaulted. Even while we have had to spend significant expenses on mitigation strategies in our Michigan stores, we continue to see ORC and in-store violence being a large and growing concern.

House bills 5485, 5486, and 5487 require online marketplaces to know who is selling on their platforms by collecting and verifying basic information of high-volume sellers – which are defined as someone who sells more than 200 products AND has aggregate gross revenues of more than \$5,000 per year. – The legislation specifically requires the collection of their name, contact information, bank account, and tax ID number. To be clear, bank account and tax ID information is shared ONLY with the marketplace platform.

The bills also require high-volume sellers who sell more than \$20,000 a year to disclose their true name and contact information to consumers in a conspicuous manner, while maintaining guardrails to protect these sellers' privacy.

Please note the opposition tries to paint this as if there is a privacy concern; however, the bill language clearly states the protections that are in place. For example, the bills allow an exception if a seller does not have a business address and phone. The information requested of a seller is the same information they would put on a business card or other listing, or even in the packaging you may receive from the seller in order to drive business to them.



With the substitutions recently presented to this committee, these bills will have the same requirements as the bi-partisan bill in the U.S. House of Representatives. That bill is endorsed by not only a diverse, nationwide group of over fifty retailers, consumer groups, wholesaler-distributors, manufacturers, and law enforcement officials, but also by third-party marketplaces and those that help to facilitate e-commerce such as Amazon, Ebay, Etsy, OfferUp, and Poshmark.

The sale of stolen and counterfeit goods represents a serious threat to legitimate businesses in Michigan and poses genuine harm to consumer health and welfare. The problem has grown exponentially in the last year as record numbers of Americans have turned to online shopping, often unwittingly purchasing from unregulated third-party sellers that operate through online marketplaces like Amazon and Facebook. Criminal networks have taken advantage of the rapid escalation of people buying their goods on marketplaces to peddle counterfeit, stolen, defective, harmful, and dangerous products to unsuspecting consumers. Furthermore, it is well-documented that these ORC networks are directly linked to human trafficking, drug trafficking, corruption, bribery, and money laundering.

You might be hearing from Big Tech that this legislation will harm small business. Walgreens would argue the opposite. By providing this basic information, it actually enhances the reputation of legitimate sellers by removing scammers and criminal networks from using the same platform. This legislation ensures that legitimate small businesses are not forced to compete against criminals selling knockoffs or stolen goods at lower prices. This legislation weeds out criminals selling counterfeit and stolen items by requiring online marketplaces to hold sellers on their platforms accountable.

71.6% of third-party sellers on Amazon's marketplace have come from non-United States companies selling directly to American consumers. Big Tech platforms remain fiercely opposed to strong transparency and accountability laws despite the link to a large seller population based in counterfeit hubs like China.

In addition to leveling the playing field for legitimate businesses, this legislation protects consumers. Online marketplaces have been instrumental during the COVID-19 crisis in helping customers receive essential goods while sheltering in place or social distancing. As more and more Michiganders are shopping online they deserve to be protected from counterfeit PPE, expired baby formula, buying exploding batteries, and goods stolen from local business.

All states have their own consumer protection laws, and this issue is no different. Law enforcement needs the tools and resources to investigate, track and prosecute organized criminal activity that targets Main Street stores and unsuspecting consumers. These bills does that. I respectfully ask that you please support this legislation and vote yes.

I am happy to take any questions you might have.

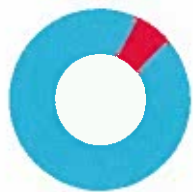
ORGANIZED RETAIL CRIME ACTIVITY



PRODUCT THEFT IN MICHIGAN



Annual
Losses
\$13M



5% of profit
is lost due
to product
theft

15%

15% more
losses in
2022 than
in 2020



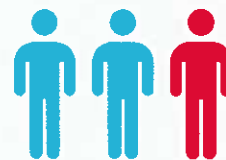
204 Stores
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5,647
Employees



Spends \$65K
annually on
theft protection
devices



1 FTE dedicated to
installing/repairing
devices that are
damaged/destroyed
by criminals