

Operation Corner Store

Scanning

- The Milwaukee Police Department District Two Community Prosecution Unit received an anonymous aldermatic referral that a corner store was exchanging WIC checks for cash, buying possibly stolen items and gold from the public, selling prescription medication from Mexico to people without a prescription, and selling cigarette packs without a state of Wisconsin tax stamp.
- The allegations at this store posed a serious health risk to the surrounding neighborhood if prescription medication was being sold without a prescription, and the buying of stolen goods and gold could lead to increased criminal violations in the surrounding neighborhood.

Analysis

- The Community Prosecution Unit confirmed with other officers and officers previously assigned to our Narcotics Division that this corner store had been suspected of selling narcotics and buying stolen merchandise for the past few years.
- The city of Milwaukee is constantly battling problems with robberies, burglaries, and thefts, and any store buying illegally obtained goods negatively affects the surrounding neighborhood and residents. District Two also had an increase in burglaries and robberies at the end of 2012 and in early 2013.

- We observed that we would need the assistance of our district burglary car and other outside agencies to successfully complete this operation.

Response

- We partnered with a state agency to obtain an undercover agent who would be able to attempt to sell gold and attempt to exchange WIC checks for cash. The undercover agent recorded their visits, and the agent was able to successfully sell gold to the store manager despite the store not having a license to do so.
- We conducted a knock and talk where we were able to identify the store manager, and we were able to substantiate most of the above allegations against this store.

Assessment

- We were able to successfully verify that most of the allegations brought to our local alderman's attention were indeed accurate.
- Two store employees were arrested for violating several city ordinances related to their actions, and they were also charged by the Milwaukee County District Attorney's office for a felony charge of possession with intent to deliver prescription drugs.
- Our long-term investigation resulted in this store losing its cigarette license and food dealer license, which means the store will have to close when their current license expires on June 30, 2013.

SCANNING

The city of Milwaukee Police Department District Two Community Prosecution Unit was revamped by District Two Captain of Police Rebecca L. Pixley in late November 2011. This unit was expanded to include five officers and a supervisor by mid 2012, which was an increase from the two officers assigned to this unit the previous year. The Community Prosecution Unit is tasked with many assignments, but their core function is to focus on nuisance properties and persons and to develop solutions to solve long-term problems. Many of our solutions are non-traditional law enforcement solutions, and they need to be creative to address the various problems we face on a daily basis. The current Community Prosecution Unit is staffed by Sergeant Mark Krowski, Police Officer Shawn Halverson, Police Officer Cary Doyne, Police Officer Kevin Vodicka, Police Officer Paul Hinkley, and Police Officer Guadalupe Velasquez.

In late November 2012, the Community Prosecution Unit received an anonymous complaint from a local alderman about a corner store in the heart of our district in the 1700 block of S. Muskego Av. This complaint alleged that a particular corner store was involved in the following illegal activities within our district:

- The store was selling individual cigarettes from cigarette packs without a state of Wisconsin tax stamp.
- The store was paying cash for food stamps and WIC checks.
- The store was selling antibiotics and prescription medication from Mexico to people without a prescription. This store was also not a licensed pharmacy, and they did not have any pharmacists on staff as well.

- The store had a basement full of stolen goods that included televisions and stereos.
- The store was also paying cash for gold.

The Community Prosecution Unit often receives complaints about the various corner stores and other businesses within our district. Many of our referrals are often very vague and difficult to prove due to the lack of detail provided by the person making the referral. However, this referral was much more detailed than most due to the fact it was very detailed about the particular city ordinances and state laws that were being violated. In this case, we had received specific allegations about a store that we had a chance to verify.

The specific allegations against this store, if substantiated, would result in severe problems for the surrounding neighborhood and residents. A licensed premise involved in the trafficking of stolen goods could result in our district becoming involved in more robberies, burglaries, and thefts, and this can affect the level of fear and disorder felt by the residents living in our district. Also, the sale of prescription medication from someone who is not a pharmacist could lead to serious health concerns and problems for the customers who use this store. We did verify this store had a license to sell cigarettes and tobacco, and they also had a food dealer's license to sell food and other products. However, we also observed this store did not have a Second Hand Dealer's License or a Precious Metals and Gem License, which is required to buy merchandise or any type of gold or other precious metals from the public.

ANAYLSIS

We realized this licensed premise would be creating several problems for both the surrounding neighborhood and its area residents if these allegations were substantiated. The most glaring problem

we initially identified was the sale of prescription medication from Mexico, especially due to the fact this was not a licensed pharmacy. It should also be noted the near south side of Milwaukee, which encompasses the Second District, is primarily Hispanic in decent. This presents a unique challenge for public safety due to the fact we are always overcoming the challenge of reaching out to people who are sometimes afraid to reach out to us over immigration fears. According to the last US Census Bureau tracking in 2010, District Two was composed of 85,671 residents with 60,133 (70.19%) of our residents identifying themselves as being Hispanic in decent. The Second District has worked extremely hard to reach out to our Hispanic residents to overcome their fears, but this is something we have to work on everyday in an effort to gain their trust. Our fear was that they may not be using traditional health care services, and the use of prescription medication from a non-licensed pharmacist could result in very serious health risks for anyone using this medication.

We were advised by other officers, including those previously assigned to our Narcotics Division, that this store had been suspected of being involved in buying stolen goods and selling narcotics in the past. However, we were also advised that previous attempts to buy narcotics from this store by undercover police officers had failed. We did not want to use the option of attempting to buy narcotics with an undercover officer due to the fact this angle had failed in the past for unknown reasons. Also, due to the different types of allegations we received, we identified other non-traditional options to consider that would help us to verify these complaints.

We were able to conduct research into WIC fraud in the state of Wisconsin, and we developed a contact in the Wisconsin Department of Health and Human Services Inspector General's Office, who investigates WIC fraud. This contact was able to provide us with an undercover agent who would be able to quickly verify whether or not this store was in compliance with state laws related to WIC fraud. In addition, we were also advised the state could provide us with prerecorded WIC checks that could be

cashied by the store and traced later, if necessary, if they were sold for cash. The state was also more than willingly to work with us due to the fact they had other stores within our district that might possibly be involved in WIC fraud, but they did not have a contact in our department to work with on these investigations.

District Two also experienced an increase in robberies and burglaries in late 2012 and into early 2013. The problem with a store that might be buying stolen goods was very important to us due to the fact these actors are looking for a place to quickly and discretely sell these items. This type of behavior can cause severe problems and destabilize a community, especially one in which some residents are fearful to report incidents to law enforcement. It was very important for us to find out if this store was in the market of buying merchandise from the public, especially since the city of Milwaukee does require any licensed premises that wants to buy goods from the public to obtain a Second Hand Dealer's License (Milwaukee ordinance 92-2-2-a). In addition, any licensed premise wanting to purchase gold or precious metals from the public must also obtain a Precious Metals and Gem License (city of Milwaukee ordinance 92-10-2-a). Our background investigation into this store revealed they did not have either of these licenses, which was a great concern to us.

We did analyze our crime statistics and maps, and we observed we had a 55% increase in robberies in the first six weeks of 2013 compared to the first six weeks of 2012 (from January 1 to February 8) as we had 51 robberies compared to 33 robberies the year before. We also looked at our burglary statistics where we observed we had a 39% increase in burglaries in the first six weeks of 2013 compared to the first six weeks of 2012 (from January 1 to February 8) as we had 82 burglaries compared to 59 the year before. These numbers were of concern to us as this was a large jump from the previous year, especially since we typically experience a decrease during the first six weeks of the year. Although this store was not directly related to these increases, stores that traffic in the buying of stolen

goods can contribute to an increase in crime within our district if criminals know they can quickly sell stolen goods to a store for cash with no questions asked.

We quickly realized we would need the assistance of our burglary squad, which consists of Police Officer Jeffrey Thiele and Police Officer Michael Urbaniak, with this investigation. Police Officers Thiele and Urbaniak have previously conducted investigations into licensed premises within our district to make sure they were in compliance with the Second Hand Dealer's License and Precious Metals and Gems License. One of the requirements of this license is for the store to identify whom they are buying this merchandise from with a photo identification card. The store is also required to take a photograph of the merchandise they buy and place all of the photographs on the Northeastern Wisconsin Property Reporting System. This system collects all of this information and allows officers to search a database to see all of the items that are sold to stores by the public. This system has been invaluable and has resulted in the recovery of several stolen items sold to retailers and the arrest of several people for these offenses as well. We realized we would need their assistance to conduct an undercover operation because of the successful undercover operations they had conducted in the past.

RESPONSE

We conducted three separate undercover investigations during the months of December 2012 and January 2013 in trying to verify these allegations. The undercover agent with the Wisconsin Department of Health and Human Services Inspector General's Office was able to assist us in all three of these investigations. The undercover agent attempted to exchange a WIC check for cash during the first two investigations, but the agent was denied trying to cash these checks on both occasions. However, during the second attempt the agent was able to sell gold to the store manager for cash in violation of

city ordinances. We were able to conduct a third investigation in which we only attempted to sell gold to the store manager. The store manager did purchase gold from our undercover agent for cash on this third attempt as well. It should be noted the undercover agent was outfitted with a small and discreet video camera during these operations that recorded both a visual and audio account of the transactions. We have found these recordings to be invaluable during hearings in front of the city's common council for licensing hearings, in municipal court hearings, and in circuit court hearings. These recordings are able to accurately portray what occurred during these investigations and help assist us in identifying the actors involved in these offenses.

On Saturday, February 9, 2013, Police Officer Thiele and P.O. Urbaniak, along with Sergeant Krowski and Police Officer Halverson, of the Community Prosecution Unit, conducted a knock and talk at this licensed premise due to the fact this store had violated city ordinances by paying cash for gold. We selected a Saturday morning due to the fact our investigation revealed the store manager worked on Saturday mornings, and this would allow us ample time to conduct a proper knock and talk. We closed the store when we arrived, and after discussing our investigation with the store manager he allowed us to conduct a consent search of the store. The store manager did admit to Police Officer Thiele that he ran a pawn like business and had been buying items from the public without a second hand dealer's license for quite some time.

We were able to verify individual cigarettes were being sold as we located two open packages of cigarettes at the front register, which is a violation of city of Milwaukee ordinances. However, unexpectedly, we observed both packs of cigarettes were stamped, "Tax Exempt for Use Outside the U.S." We were able to locate 43 packs of cigarettes that had this stamp, which meant they did not have a state of Wisconsin tax stamp as required by state law. We were later able to report our findings to a Wisconsin Department of Revenue Agent to further investigate the possible fraud occurring at this store

because of this violation. The Department of Revenue agents will confiscate any cigarette packs that are not stamped and will fine the licensee for this violation as well.

We then continued our consent search in the basement area, which contained several large rooms containing hundreds of tools that had been most likely bought from the public despite this store not having a second hand dealer's license. It should be noted one of the more common items taken during the commission of a burglary in the city of Milwaukee are tools due to the large secondary market for these tools. The number of tools confiscated from the basement area totaled nearly 500 tools, and it required two trips to our Property Bureau with a large cargo truck to place these tools on inventory. These tools ranged from hand tools up to professional painting equipment and large generators that required a conveyor belt to bring them from the store's main floor to their storage area in the basement. The total street value of these tools was well in the thousands of dollars range as many of them were construction grade tools. In addition, we also located numerous laptop computers, portable GPS units, cell phones, and other electronics inside of the store and the manager's office. Unfortunately, electronics like laptop computers, GPS units, and cell phones are often taken during robbery, burglary, theft, and theft from vehicle offenses. These types of offenses can have a devastating effect on the surrounding area and can create a lot of fear and disorder for these residents, and it can have a negative impact on area businesses. The stores that buy these types of items without a second hand dealer's license contribute to this problem due to the fact they are a quick and easy way for criminals to sell these items.

Another concern that we had was that the store was not in compliance with Milwaukee's building code ordinances. We have developed a relationship with an inspector who is assigned to work with our unit on a near daily basis from the city's Department of Neighborhood Services. A city inspector was also able to conduct a walk through this licensed premise a few weeks after our investigation to

make sure the store was in compliance with city ordinances and state laws related to building codes. The store was mostly in compliance, but they were issued orders for having improper window signage, outdoor storage that needed to be removed, and a fire extinguisher that needed to be charged. The Community Prosecution Unit has realized this relationship with the Department of Neighborhood Services is vital as they are often able to solve major problems for us through the building code ordinances for residences and businesses.

However, most glaringly, we were able to verify the store was selling prescription medication from Mexico despite neither employee being a licensed pharmacist. This store was also not licensed to sell prescription medication as well. We discovered 35 boxes of prescription medication behind the front counter that was not visible to the public. All of the medication was packaged with the descriptions in Spanish and nearly all of them stated the medications required a prescription and that a doctor should administer the medication. In addition to these 35 boxes, we recovered an additional 172 prescription medication boxes in the main office area of the store that was not accessible to the public. The fact this prescription medication was not visible to the general public was a very important sign to us this store manager and his wife knew they were selling prescription medication that required a prescription to people who did not have one. A majority of the medications were pills and injectible antibiotics that required a doctor's prescription. We later followed up with a local pharmacist who confirmed these medications required a prescription and some of them were not sold in the United States. The pharmacist advised us the reason they were not sold in the United States was that they could cause serious side effects. We were also advised one of the medications we recovered was Neo-Melubrina, which is a fever reducer, with the active ingredient of Dipyron. We were advised Dipyron is banned by the FDA in the United States because it is a cancer-causing agent. Due to this area being heavily Hispanic, our fear was that the general public was buying prescription medication from this store

instead of through a licensed pharmacist, which could pose a very serious health risk to anyone taking them.

ASSESSMENT

This investigation took us nearly three months to complete, but in the end, it was a complete success as we were able to verify many of the allegations against this store. We were able to work with several different agencies to verify these complaints, and we realized we would need the assistance of these different agencies to come up with a comprehensive solution to this problem. Once we realized our undercover agent was not able to sell WIC checks to the store, Police Officer Thiele and Police Officer Urbaniak were able to quickly change our objective to try to sell gold to the store. We realized that we needed to be flexible with our investigation and decision-making because of the many different allegations against this store.

We did look at our crime statistics for the six weeks that followed our knock and talk and arrest of the store manager and his wife at this store. We did observe our district had a 24% decrease in robberies compared to the first six weeks of the year with 41 robberies from February 9 to March 22, compared to 51 robberies during the first six weeks from January 1 to February 8. We also noticed a 15% decrease in burglaries compared to the first six weeks of the year with 71 burglaries from February 9 to March 22 compared to 82 burglaries during the first six weeks from January 1 to February 8. Once again, as noted in the analysis stage, our investigation was one small part of a boarder strategy to reduce the number of robberies and burglaries within our district. However, this investigation helped make things much more difficult for criminals to quickly dispose of stolen merchandise.

One of our concerns was that other stores might also be involved in this type of activity, especially the buying of stolen goods and gold, and the exchanging of WIC checks from the state of Wisconsin for cash. However, Police Officer Thiele and Police Urbaniak have continued to meet with store licensees to explain the city's second hand dealer's license and precious metals and gem license, and the possible consequences for violating these ordinances. They have also been able to conduct continued operations, much like this one, to continue to verify these stores are in compliance with these ordinances. The Community Prosecution Unit has also continued to work with the Wisconsin Department of Health and Human Services Inspector General's Office to ensure stores are not violating state laws in regards to WIC fraud. We have conducted two operations with the state due to this relationship, one of which will result in several felony charges against a licensee who exchanged WIC checks for cash in our district. This relationship has been invaluable for us as it gives us a new way to make sure our stores are in compliance with city ordinances and state laws. This new relationship has also allowed the state to develop a relationship with our district so that we can assist them with any referrals brought to their attention.

The store manager who bought the gold from the undercover agent was cited for this offense along with violating twelve other city of Milwaukee ordinances with fines in excess of \$3,000 (see Appendix A for specific ordinance violations). However, the store manager and his wife were charged with a much more serious criminal offense due to the fact they were selling prescription medications from Mexico despite not being licensed pharmacists. The Milwaukee County District Attorney's Office charged both the store manager and his wife each with two counts of Possession with Intent to Deliver Prescriptions, which is a Class H felony in Wisconsin. The possible punishment for this offense is a fine of up to \$6,000 and can also result in a prison sentence of up to six years. This case is currently pending in Milwaukee County Circuit Court.

We communicated our findings to the Milwaukee Police Department's License Investigation Unit, which forwards our reports to the city of Milwaukee's Licensing Committee. This committee votes on whether to renew or deny licenses to licensed premises, and they base part of their decision on any violations committed by the licensed premise within the past year. We learned this store did not reapply for their cigarette and tobacco license that expired in April 2013. This decision was heavily influenced by our investigation and the subsequent investigation conducted by the Wisconsin Department of Revenue after we discovered numerous cigarette packs without a state of Wisconsin tax stamp. Our License Investigation Unit was also able to notate in their licensed premise's file that we would be objecting to the renewal of their food dealer license. On Wednesday, May 29, 2013, P.O. Thiele was able to testify in front of the city's licensing committee, and he was able to advise them of the results of our investigation. Due to our investigation and P.O. Thiele's testimony, the city's licensing committee unanimously voted to deny this store a renewal of their food dealer license. This means, in effect, the store will have to close on June 30, 2013, when their current food dealer license expires because they will no longer be able to sell food or cigarettes at their store.

The most important thing we were able to accomplish is we were able to verify these allegations using new and innovative ways that we would not ordinarily use. The relationship we developed with the Wisconsin Department of Health and Human Services and other agencies has proven to be invaluable for us. Many times traditional law enforcement efforts would have been more difficult in investigations like this due to the fact some of these violations were not criminal in nature and required creative solutions. We were able to work with these various agencies to come up with a successful solution to these problems, which will now result in the closing of this store after the decision by the city's licensing committee to deny their request to renew their food dealer license. The Community Prosecution Unit at District Two has continued to use unique and non-traditional techniques to solve

many of the problems brought to our attention, and this investigation is a great example of this type of work.

Appendix A

The manager of this licensed premise was cited for the following ordinance violations regarding our investigation:

ORDINANCE NUMBER	ORDINANCE VIOLATION	CITATION AMOUNT
92-10-6-b	Failure to Obtain Identification	\$177.00
92-12-2-f	No Declaration of Ownership	\$122.00
92-13	Transaction Description Records Reporting	\$50.00
92-10-6-f	Failure to Hold Items for Required 30 Days	\$177.00
92-10-2-a	Precious Metals and Gem License Required	\$492.00
92-10-6-b	Failure to Obtain Sellers Identification	\$177.00
92-12-2-f	No Declaration of Ownership	\$52.26
92-13	Transaction Description Records Reporting	\$50.00
92-10-6-f	Failure to Hold Items for Required 30 Days	\$177.00
92-10-2	Precious Metals and Gem License Required	\$492.00
92-1-2	Pawnbrokers License	\$386.00
92-2-2-a	Failure to Comply Second Hander Dealers Requirement	\$492.00
106-30-3-e	Sell Cigarettes in Stamped Package Required	\$171.00
TOTAL CITATION FINES		\$3,015.26

Appendix B

The photographs below were taken during our knock and talk investigation on February 9, 2013, which revealed the extent to which this store was violating state law and city ordinances.



These were a few of the many packages of cigarettes that did not have a state of Wisconsin tax stamp.



This is an example of one of the cigarette packs that was meant to be sold outside of the United States.



This was the conveyor belt that lead to the basement so the store manager could send very large power tools into the basement storage area.



This is one corner of the large basement that contained 500 tools.

Appendix B (Continued)



This was just one small corner containing tools and other items that were bought illegally by this store.



A close up of just one of the many shelves containing power tools that were illegally bought by this store.



This is a small sample of the many illegal prescription drugs being sold.



The medication Neo-Melubrina, in the picture above, is banned in the U.S. due to the fact it can cause cancer.

Agency and Officer Information

KEY PROJECT TEAM MEMBERS FROM THE MILWAUKEE POLICE DEPARTMENT

- Sergeant Mark Krowski Jr.
- Police Officer Jeffrey Thiele
- Police Officer Michael Urbaniak
- Police Officer Shawn Halverson
- Police Officer Cary Doyne
- Police Officer Kevin Vodicka
- Police Officer Paul Hinkley
- Police Officer Guadalupe Velasquez

PROJECT CONTACT PERSON

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