



**GREAT AMERICAN**  
INSURANCE GROUP

Fidelity / Crime Division

**FIRST LOOK!**

AT NO POINT IN RECENT HISTORY CAN WE RECALL A TIME WHERE PROPER CONTROLS AND AUDITS COULD BE MORE CRITICAL TO DETECTING AND PREVENTING LOSS AS WELL AS MAINTAINING COVERAGE-ABILITY.

Check out the 3 key reasons for this inside the newsletter!

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# The Casino Times

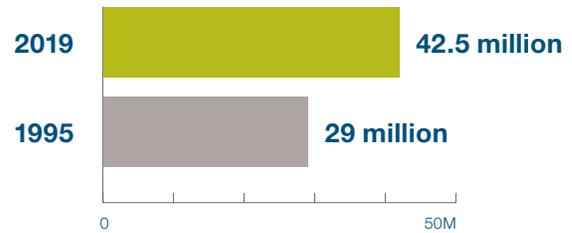


# Celebrating 25 years!

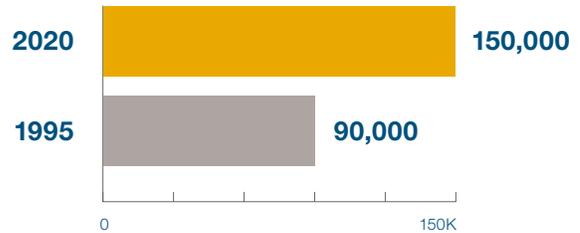
Great American's Fidelity / Crime Division is celebrating its 25th year, and has grown to be the 3rd largest writer of Crime Insurance. See how we have grown with Las Vegas over this time!

## Las Vegas Casino Facts 1995 vs 2020

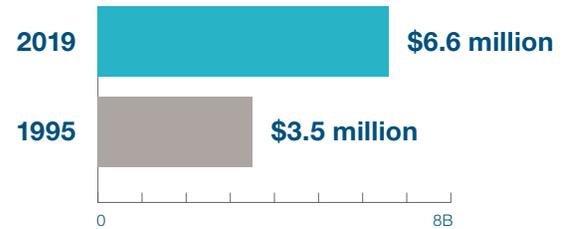
### Number of Visitors



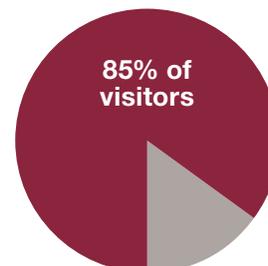
### Number of Hotel Rooms



### Gaming Revenue



### Number of Gamblers



# COVID-19 Triggers Immediate Need for Vault Audits

**Brad Moody, Executive Vice President of Operations**  
*Lowers & Associates*

The COVID-19 pandemic resulted in the unprecedented closure of all 989 commercial and tribal casino properties in the U.S. back in March. Only just in early June were casinos beginning to reopen. As we are all very well aware, the shutdown had (and will continue to have) far-reaching impacts in the gaming industry. One such impact is the industry's susceptibility to loss during a time when vault limits are on the high end of insurance limits and inventories are stagnant.

At no point in recent history can we recall a time where proper controls and audits could be more critical to detecting and preventing loss as well as maintaining coverage-ability. There are three key reasons for this:

## **1. Vault limits are on exceeding insurance limits for many**

Increased inventory levels in casino vaults and cash handling facilities may trigger new or enhanced security compliance requirements around equipment, CCTV coverage, alarm structure, and other controls and procedures in order to maintain liability coverage.

## **2. Physical audits have been hindered**

In the midst of the COVID-19 pandemic, casinos face challenges with dual control and independent third-party audits due to reduction in staff, facility closures or restrictions on outside visitor access, or auditors who were unable to perform a control and cash audit due to travel restrictions.

## **3. The environment is ripe for occupational fraud**

The shutdowns and economic repercussions resulting from the pandemic are presenting a ripe environment for fraud. We explain it this way: Right now, two corners of the Fraud Triangle – opportunity and rationalization – are getting bent pretty hard. The third corner, incentive, in the form of extreme pressure, is bent even further. People have less supervision, more opportunity, and way more financial pressure.

We are observing, as the gaming industry and other businesses return to a new normal posture of operations, the instinct is to rush to return and ignore policies and procedures that have been instilled into employees and developed to avoid risk and exposure. Add to this, many key trained employees that were furloughed may have found employment and may not return. Employees who do return will have full comprehension of how the processes are intended to operate and can exploit the breakdown in controls.

As on-hand cash limits begin to retract, employers must take aggressive measures ahead of the rush to invest in oversight and retraining. Employers should take the down time now to test their business continuity plans, cross train their employees in critical areas, and use this opportunity to evaluate risk controls and processes, identify opportunities for loss, and attend to previously known areas of risk.

While the industry continues dealing with this pandemic and reopening protocols, now more than ever is the time to be vigilant. Third party vault audits are one way to bring much-needed oversight and compliance to your operations to help mitigate loss.

If you have questions about your casino vault operations or mitigating your risks during reopening, email Brad Moody at Lowers & Associates at [bmoody@lowersrisk.com](mailto:bmoody@lowersrisk.com), call (540) 338-7151 or visit [lowersrisk.com](http://lowersrisk.com).

### *About the Author:*

*Brad Moody is a Certified Fraud Examiner, Certified Forensic Investigator and Executive Vice President of Operations for Lowers & Associates, an internally recognized risk mitigation consultancy specializing in the casino and gaming industry and other high-risk, highly-regulated industries.*

## Bathroom Blind Spot

**Steve Arduini,**  
Senior Account Executive  
Great American Insurance Group

The obvious inability to have security cameras inside of a Nevada casino's bathroom, as well as a lack of other common controls, lead to the theft of over

\$950,000 in cash. Five individuals orchestrated a scheme where one of them would check out the keys to cash kiosks on the casino floor to another employee. That person would then remove the cash from the kiosks and take the cash into the bathrooms where there are no cameras, and where a third employee was waiting. That third employee would take the cash and hide it in his clothing and then exit the casino. The remaining two employees would act as lookouts as the thefts were occurring. They repeated this process multiple times over the course of a week until the missing cash was finally noticed. Eventually leading to a theft of over \$950,000.

In the loss scenario, employees exploited a blind spot in the Insured's security protocol: the failure to use security personnel to escort the movement of cash, and the inability to have cameras inside bathrooms. If the Insured used security personnel to escort the transfer of all cash and chip movements, an employee would never have been able to



divert to any location where security cameras did not exist or to hand cash over to an accomplice. Further, the maintenance of a robust security force which carefully monitors suspicious activity could have also prevented the loss. Although security cameras are not allowed in bathrooms, security personnel monitoring existing cameras should have instantaneously allowed security personnel to observe the employee carrying a cash box into a bathroom which would have triggered existing security protocols where security personnel was immediately dispatched to investigate the suspicious activity.

[CrimeInsurance.com](https://www.CrimeInsurance.com)

The *COVID-19 Triggers Immediate Need for Vault Audits* article is authored by Brad Moody who is solely responsible for its content.

The Bathroom Blind Spot narrative is fictional; however, it is based on actual losses.

Coverage description is summarized. Please refer to the actual policy for full details of coverage and a full description of applicable terms, conditions, limits and exclusions. The claims scenarios in this material are provided to illustrate possible exposures faced by your clients. The facts of any situation which may actually arise, and the terms, conditions, exclusions, and limitations in any policy in effect at that time, are unique. Thus, no representation is made that any specific insurance coverage applies to the above claims scenarios. In the U.S.: Policies are underwritten by Great American Insurance Company and Great American Spirit Insurance Company, authorized insurers in all 50 states and the D.C. In Canada: All insurance products are subject to the limitations and conditions in the applicable policy or certificate of insurance in force at the time of purchase of enrolment and applicable legislation. Policies are underwritten by Great American Insurance Company, a foreign insurer authorized to insure risks in all Canadian Provinces and Territories. The Chief Agency of the Canadian Branch of Great American Insurance Company is located at Scotia Plaza, Suite 2100, 40 King Street West, Toronto, Ontario M5H 3C2. Great American Insurance Company is not responsible for any non-compliance with the applicable Insurance Act in your province or territory and any applicable marketing guidelines issued by a regulatory authority with jurisdiction. This information provides guidance and is not intended as a legal interpretation of any federal, state or local laws, rules or regulations. Great American Insurance Company does not warrant that all potential hazards or conditions have been evaluated or can be controlled. The liability of Great American Insurance Company and its affiliates is limited to the terms, limits and conditions of the insurance policies issued by them. © 2020 Great American Insurance Company, 301 E. Fourth St., Cincinnati, OH 45202. All rights reserved. 5596-FIC (09/20)