



Fidelity / Crime Division

**FIRST LOOK!**

**TOP TRAITS TO LOOK FOR  
IN AN OCCUPATIONAL  
FRAUDSTER**



Unexplainable wealth



Unusual hours and/or taking  
on additional work.

Discover the remaining  
top traits listed inside  
the newsletter!

**INSIDE THIS ISSUE**

- Great Art Deserves Great Protection
- The Element of Surprise
- Occupational Fraudster Top Traits

# The Casino Times



The most obvious threats casinos face are the theft, and robbery of money and chips.

### 3 LARGEST FINE ART RISKS



Loss



Theft



Damage

## Great Art Deserves Great Protection

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Casinos are ever vigilant for gaming schemes, theft, and other threats that could potentially harm their business. Designed for entertainment and fun, casinos are still some of the most secure environments in the world. All areas where chips and money are changing hands, including tables,

the cage and counting rooms are under electronic surveillance and staffed with security. However, chips and cash are not the only valuable items on a casino floor. Most casinos have fine art and/or valuable objects on display that match the theme of the particular casino and enhance the experience of their patrons. Unfortunately, the same level of scrutiny that is given to protection of the chips and money is not always given to the art. Fine art collections extend beyond paintings on the wall, and can also include drawings, prints, sculptures, and cultural items.

### Scenario 1 – Snatch & Run

A large group of people enter a casino wearing jackets. They make their way to the casino floor, and upon reaching the heart of the gaming area they all pull up their hoods and disperse. Such suspicious behavior draws the immediate attention of casino security and their surveillance. Meanwhile, a second smaller group is on the move to a famous painting hanging in a

hallway near the lobby. The painting was purchased by the casino for \$1.2 million prior to opening several years ago and is worth more now. The painting is hung on track mounts attached to the ceiling by steel cables. These mounts are convenient so the painting can be moved easily when there is work being done in the lobby. However, this technique isn't much of a deterrent to determined thieves. The thieves make quick work of the steel cables and pop the painting off of its tracks, and within seconds they have the painting off the wall and are out the nearest exit and into a waiting vehicle. All the while, security is focused on the suspicious group moving around the casino floor.

While this scenario is unusual, it is not unheard of. The painting may or may not be covered under the general property policy of the casino. Many commercial property policies exclude or sublimit fine art and valuables and have high deductibles. If the casino has a separate fine art policy, this theft would most likely be covered. Additionally, it could be covered for the full value of the painting, even if it hadn't been reappraised in the years since it was purchased if the terms of the policy included current market value coverage.

## Scenario 2 – Accidental Damage

Human error is a common cause of loss to art, something as simple as a slip or wrong step can lead to the destruction or damage of fragile art. An easy way to visualize this kind of loss is to think of the celebratory parties that happen on casino grounds.

A casino has been contracted for a gala to celebrate the IPO of a tech company that has grown from a basement start up to one of the most influential corporations in their sector. No expense is to be spared for the hundreds gathered in the ballroom to acknowledge the occasion. The walls are lined with the casino's prized paintings, and its sculptures are located throughout the room. In the center of the room is a monumental work by a renowned glass sculptor worth several hundred thousand dollars. A group has gathered near the work and has begun to dance. Unfortunately, one energetic couple missed the grab on a swing and the young man pirouettes wildly into a passing member of the wait staff who is holding a large tray on their shoulder. The tray goes flying into

the work and breaks several elements of the sculpture. Fortunately, no one is hurt but the loss in value to the sculpture is severe.

While accidental damage usually doesn't occur in such dramatic fashion, it is a far more common cause of loss to art than theft. The work may or may not be covered under a standard property policy, but even if it is, in this case it is a partial loss in value. The property insurance company may not have the expertise to properly adjust such a loss.

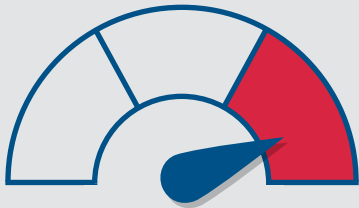
Accidental damage is covered under most fine art policies. More importantly fine art insurance adjusters will be able to facilitate restoration of the damaged object. In this case where the work is by a living artist, a fine art claims adjuster should be able to consult with the artist on the best course of action. Often the artist will choose to restore the work themselves. Finally, if the value of the restored work is less than its value immediately prior to loss, a fine art insurer may pay a partial loss in value and the insured can retain the object.

Although both of these scenarios are not typical, they are based upon incidents that have occurred. It is important to make sure you have the right coverage, so you can avoid the financial impact of such losses.

Casinos can better protect themselves from potential loss to art and other valuable property by doing the following:

- Ensuring their collections are properly secured and supervised
- There should be someone on staff whose job description includes the care and maintenance of the collection.
- All pieces of art should be installed by trained art handlers.
- Consideration should be given to the foot traffic around the art.
- Explore the option of investing in security around valuable objects not located on the casino floor.

## TOP TRAITS TO LOOK FOR IN AN OCCUPATIONAL FRAUDSTER



Unexplainable wealth



Unusual hours and/or taking  
on additional work.



Doing jobs below their  
position or taking on other's  
responsibilities.



Refusal to take time off



Addictive behavior – alcohol,  
gambling, drugs, etc.



Refusal to take promotions

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### CRAIG L. GREENE

Certified fraud examiner. 2009.  
Casino Employee Frauds

## The element of surprise: How to cut fraud detection time in half

When it comes to occupational fraud, the total loss an organization suffers is correlated with the length of time from when the fraud begins to the time it is detected. This is true for all types and circumstances of fraud even though some types lead to greater total losses, e.g., petty larceny vs. financial statement fraud. The Association of Certified Fraud Examiners' (ACFE) 2018 Report to the Nations finds that frauds that are not detected in 60 months are 20 times as costly as those detected within the first six months.

Therefore, there is substantial value for any policy or procedure that reduces detection time. Overall, the most common form of detection is from tips, especially when a safe and easily accessed hotline is provided. Other common forms of active detection are internal controls and routine internal and external audits.

### MICHAEL GAUL

EVP, Marketing  
Lowers & Associates - August 2018

### EXTERNAL VS. UNANNOUNCED

Where external audits reduce fraud losses by less than a third, unannounced audits were found to reduce median loss and duration by 51%.



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### Top benefits of unannounced audits

1. Capacity to detect frauds earlier, thereby reduces total losses.
  2. Provides a test of the routine controls in place to detect fraud.
  3. Strengthens the routine controls that operate every day.
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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 or 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. © 2019 Great American Insurance Company, 301 E. Fourth St., Cincinnati, OH 45202. All rights reserved.