



Native American Insider

Issue #18

October 2014

Contact List



Through the transfer of knowledge to you, the tribal government, or enterprise, Tribal First enables you to increase your self-sufficiency in all aspects of risk management. For more information, contact:

Robert Shearer
Senior Vice President
(800) 552-8921
rshearer@tribalfirst.com



Trust your risk mitigation needs to Lowers Risk Group, an independent, internationally recognized provider of loss prevention, investigation, and enterprise risk management (including human capital risk) services to the Casino & Gaming Industry. For more information, please contact:

Steve Yesko, ARM
Director, Business Development
(540) 338-7151
syesko@lowersriskgroup.com



Great American is prepared to provide the insurance protection your casino needs to guard against fraud, theft, robbery, kidnap and ransom, or computer crime. For more information, please contact:

Stephanie Hoboth
Vice President
(860) 285-0076
smhoboth@gaic.com

Keeping Foodborne Illness at Bay

Foodborne illness is caused by eating contaminated foods or beverages. There are more than 250 different foodborne diseases, most of which are caused by a variety of bacteria, viruses, and parasites. The most common foodborne diseases are caused by Salmonella, E-coli bacteria, Hepatitis A, and Botulism. Each year, 48 million people or roughly 1 in 6 persons get sick, 128,000 are hospitalized, and 3,000 die of foodborne illness. Take precautions and don't become a statistic by being prepared.

How does food become contaminated?

We live in a world full of bacteria and there are many opportunities for food to become contaminated as it is produced and prepared. Many foodborne bacteria are present in the intestines of healthy farm animals. Meat and poultry can become contaminated during slaughter by contact with small amounts of intestinal contents. Similarly, fresh fruits and vegetables can be contaminated in the field by water that is contaminated with animal manure or human sewage.

During food preparation, microbes can be transferred from one food to another by using the same knife, cutting board or other utensil to prepare both without washing the surface or utensils in between uses. An infected food handler can also contaminate food when hand washing is not sufficient. Refrigeration is also important in minimizing the growth of bacteria.

How can a person get a foodborne illness?

Foodborne illnesses typically occur by eating contaminated foods. Common symptoms of foodborne illness include diarrhea, stomach cramping, fever, headache, vomiting, severe exhaustion, and sometimes blood or mucous in the stools. However, symptoms will vary according to the type of bacteria and the amount of contaminated food eaten.

How long does it take a person to get sick/symptoms?

Symptoms can start to appear anywhere from a few hours to four or five weeks after bacteria or viruses enter the body. Symptoms usually last only a day or two, but in some cases can remain as long as a week to 10 days. For most healthy people, foodborne illnesses are neither long-lasting nor life-threatening. However, foodborne illnesses can be severe in the very young, the very old, and people with certain chronic diseases and immunocompromised conditions.

How are foodborne diseases treated?

There are many different kinds of foodborne diseases and they may require different treatments, depending on the organisms and the symptoms they cause. Illnesses that consist of mainly diarrhea or vomiting can lead to dehydration if the person loses more body fluids and salts (electrolytes) than he/she takes in. Therefore, replacing lost fluids and salts and keeping up with fluid intake is important.

For mild cases of foodborne illness, the individual should drink plenty of liquids to replace fluids lost through vomiting and diarrhea. For simple diarrhea, a person can take anti-diarrheal medications to reduce the duration and severity. However, these medications should be avoided if there is high fever or

Continued on page 4

Inside This Issue

Keeping Foodborne Illness at Bay	1
Collusion: A Serious Threat to Casinos	2
Who are the Fraudsters in Your Organization?	3
Keeping Foodborne Illness at Bay (continued)	4
Red Flag Employee Behaviors	

Collusion: A Serious Threat to Casinos

Strong internal control procedures are essential for any gaming operation to run successfully. The utilization of surveillance cameras, hold up alarms, and adequate barriers between the cashiers' cages and the patrons greatly help deter crime losses. Separation of banking, payroll, and vendor duties is crucial. A strong pre-employment screening process consisting of background checks and drug tests is vital. Sometimes all of these controls are in place, but something can take place that can make the best, well-oiled machine susceptible to problems...and that something is COLLUSION.

Collusion is defined as secret cooperation for an illegal or dishonest purpose.¹ One casino learned first-hand how impactful and serious collusion can be. A director of the casino's fraud control group was notified as to suspicions of possible collusion between two dealers and two patrons. A review of the surveillance video and related gaming play for the patrons revealed that both patrons often placed late call bets while the two dealers were working the game. These bets were placed or paid when the floor supervisor was busy. A review of the employee work schedules indicated a clear pattern, whereby the two patrons repeatedly played almost exclusively on the tables where the two dealers were working. A few weeks after the initial notification, the dealers were interviewed. Both admitted to colluding with the two patrons.

They indicated after the dice were rolled, and the outcome was known, they would accept late bets from the patrons. They further indicated that the winning payments were not properly booked. They confirmed the scheme had been going on for approximately three years. Between the two patrons, the total compensation received was around \$2,200,000.

All four of the parties have been arrested and are pending prosecution.

The scheme in this scenario took place for quite some time. Despite having what appeared to be very strong procedures in place, the casino lacked in one particular area: they did not operate on a rotating employee schedule basis.

The \$2,200,000 was won over the course of three years when both dealers were manning the game. If the casino had controls in place to limit the amount of time any two or more employees were able to work together in the same game, this loss may have been avoided. In addition to the rotating schedules, the casino should have had procedures in place regarding how winning payments were booked, as well as protocols in place to identify abnormalities or red flags for fraud. Collusion can never be completely prevented. However, strong background checks can help casinos obtain the best quality employees.



¹ Per Merriam-Webster Online

*By Mike Marino, Sr., Acct. Executive
Great American Insurance Group
Fidelity / Crime Division*

The above narrative is fictional; however, it is based on situations that have been reported.

Who are the Fraudsters in Your Organization?

We know the prevalence of occupational fraud is very high, costing organizations of all kinds an average of 5% from top line revenue every year. But what this means is that the importance of preventing these human risk frauds has a high payback as well.

Occupational fraud is an intentional, hidden crime, sometimes not detected until years after it starts.

Knowing the characteristics of fraudsters can help improve the detection of hidden frauds, or prevent them in the first place.

The 2014 update of the [Association of Certified Fraud Examiners \(ACFE\) Report on Occupational Fraud](#) includes an extensive section that describes the perpetrators in the 1,483 cases that were included in the report. For the most part, these findings have been consistent over the past three reports (2010, 2012, and 2014), meaning that occupational fraud continues to be a credible threat.

Position: Frauds are perpetrated by people at every rung of the organizational ladder. However, there are important differences between them.

- ❑ **Employees** committed 42% of reported frauds, compared with 36% for **managers**, and about 19% for **owners/executives**.
- ❑ The **median value** of a fraud committed by an owner or executive was \$500,000, or about 4 to 6 times more loss than frauds by employees (\$75,000) or managers (\$130,000).
- ❑ **Fraud detection** took substantially longer for owners / executive, 24 months, compared to 12 months for ordinary employees and 18 months for managers.

An obvious implication of these findings is that the higher you go in an organization, the greater your access to assets and the more you are able to deflect controls and efforts to investigate. It is imperative to have sound controls in place at all levels, but it is especially critical to avoid giving higher-level employees the ability to execute both ends of any type of transaction.

Numbers of perpetrators: An added challenge to controls occurs when two or more perpetrators collaborate / collude to defeat them. Median losses mount rapidly from a median of \$80,000 for a single perpetrator to \$550,000 where five or more are working together. Frauds committed by teams of two or more were much more likely to involve corruption or non-cash frauds because those crimes

require cooperation. External third party audits should be routine and frequent.

Demographic characteristics: Fraud losses tend to rise with the age of the perpetrator, which correlates with the fact that high-level personnel within an organization tend to be older than lower level employees. Combined with the fact that the proportion of males rises as authority levels increase, and that frauds committed by men are more likely to involve the relatively more costly crimes of corruption or financial statement fraud, we find that males consistently cause larger losses, even when they occupy similar positions to females.

Tenure: Relatively few frauds are committed by people in their first year on the job, but the proportion jumps rapidly in the one to five year category. New hires will have been screened, so the number of employees with a relevant criminal history should be small. In fact, the ACFE data suggests that only a small minority of reported fraudsters had a prior record.

However, fraudsters are often people with lengthy service who have become trusted in the organization — trusted enough to gain access to assets. The highest proportion of fraudsters is in the one to five year group, but as we have seen, the longer the tenure, the higher the median loss when a fraud is committed.

Function: The highest proportion of frauds occur where people have access to assets — accounting, operations, sales — and among executives / upper management. Organizations will obviously want to ensure that these areas are carefully organized to remove opportunities for fraud to occur.

The ACFE report reinforces the persistent need for managers to develop strong internal controls and to use third party audits to complement them. These audits should be routine and frequently conducted. The best way to avoid the losses of occupational fraud is to prevent them.



Keeping Foodborne Illness at Bay

Continued from page 1

blood in the stools because they may make the illness worse. If diarrhea is moderate (especially in young children), oral rehydration solutions (ORS) should be taken to replace fluid losses and prevent dehydration. Sports drinks usually do not replace the losses correctly and should not be used for the treatment of diarrheal illness. When symptoms are severe or persist, seek medical attention.

How can people protect themselves from foodborne illness?

A few simple precautions can reduce the risk of foodborne diseases:

COOK: Cook meat, poultry, and eggs thoroughly. Using a thermometer to measure the internal temperature of meat is a good way to be sure that it is cooked sufficiently to kill bacteria.

SEPARATE: Do not cross-contaminate one food with another. Avoid cross-contaminating foods by washing hands, utensils, and cutting boards after they have been in contact with raw meat or poultry and before they touch another food. Put cooked meat on a clean platter, rather than back on one that held the raw meat.

CHILL: Refrigerate leftovers correctly. Bacteria can grow quickly at room temperature, so refrigerate leftover foods if they are not going to be eaten within 4 hours.

CLEAN: Wash fruits and vegetables. Rinse them in running water to remove visible dirt. Remove and throw away the outer leaves of a head of lettuce or cabbage. Because bacteria can grow well on the cut surface of fruits and vegetables, be careful to not contaminate these foods while slicing them on unclean

cutting boards. Don't be a source of foodborne illness yourself. Wash your hands with soap and water before preparing food.

REPORT: Report suspected foodborne illnesses to your local health department. The health department is an important part of the food safety system. Often calls from concerned citizens are how outbreaks are first discovered.

Where can I get more information on foodborne illness?

Health Departments: Local county health department

www.cdc.gov

www.fda.gov

www.osha.gov

*By Jean Velez, Sr. Risk Control Consultant
Tribal First Risk Control*

Source of Information:

Centers for Disease Control and Prevention (CDC)

Occupational Safety & Health (OSHA)

Food and Drug Administration (FDA)



Latest Findings on Red Flag Employee Behaviors

The 2014 edition of [The Report to the Nations on Occupational Fraud & Abuse](#), published biennially by the Association of Certified Fraud Examiners (ACFE), confirms and extends previous findings that employee theft and occupational fraud pose a persistent threat to every organization. Extrapolating the incidence of fraud from the almost 1,500 cases included in the study to the estimated world GDP, the ACFE estimates that **occupational fraud cost as much as \$3.7 trillion globally in 2013**. Don't let your organization fall victim to these crimes of opportunity that can be prevented.

The report classifies occupational fraud into three broad categories:

- Corruption** — such as bribery, conflicts of interest, and extortion
- Asset misappropriation** — such as theft of cash, fraudulent disbursements, and inventory manipulation
- Financial statement** fraud



Of these, asset misappropriation is the most common, but results in the smallest median loss of \$130,000 per case. Financial statement fraud is relatively uncommon, but results in a median loss of over \$1 million. To read the complete article, [click here](#).

*By D. Mark Lowers
CEO Lowers Risk Group*

Mitigating Risk for the Casino & Gaming Industry