



# Surveillance & Security

What functions are performed?  
How are they performed?  
*Who Could Do It?*

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# Security & Surveillance Topic Covers A Broad Range of Gaming Functions & Activities

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- *Surveillance*
  - Watching casinos (both gaming area and non-gaming areas) via closed circuit TV system
  - Alerting casino security and PSP when a crime is observed
  - Monitoring and/or documenting suspicious behavior
  - Documenting patron accidents and any incidents which present liability risks
  - Tracking every step in handling money and casino media
  - Track and document break-in procedures and policies
  - Documenting regulatory problems and lapses of control
- *Security*
  - Protecting physical safety of patrons, employees, state police and regulatory staff
  - Protecting money and casino media (tokens, tickets and player cards)
  - Protecting the integrity of slot gaming
  - Preventing financial fraud
  - Preventing illegal money laundering
  - Preventing illegal infiltration of casino/racinos by organized crime
  - Deterring slot game cheating



# Slot Gaming Risks

- **Point of failure** risks
  - Specific, localized identifiable points in the casino’s operation or facility that may result in a harm to people or loss of money due to error or misconduct
  - Examples include:
    - Slot machine access control
    - Slot cashier booths and cash changing kiosks – money handling & transport
    - Cashier Cage and count rooms – money counting
    - Parking lot – physical security of patrons and guests
- **Systemic** risks
  - Factors reflected in the organization, procedures, controls, policies and interaction between them that may result in harm to people or a loss of money due to errors or misconduct
  - Examples include:
    - Organizational breakdowns due to collusion among employees
    - Incomplete, incorrect, inconsistent MICS that contain procedural, policy and information errors and omissions that provide gaps
    - Overlapping regulatory authority and responsibilities



# Putting Security and Surveillance Into Context With Audit & Inspection

- *Point of failure* risks
  - Primary focus of security and surveillance (criminal matters)
  - Primary focus of inspections (administrative matters dealing with violations of regulations)
  - Short timeframes with immediate remedy
  - Generally enforcement oriented regulatory actions
- *Systemic* risks
  - Primary focus of auditors (discover gaps in the control system)
  - Look at interactions between different people and organizations
  - Intermediate to longer timeframes
  - Primary focus of overall review of MICS by PGCB, PSP and DOR
  - Also a key aspect of licensing background investigation
  - Generally investigation, audit and intelligence oriented regulatory actions



# Surveillance





# Surveillance Objectives

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- Safeguard Assets
- Monitor Regulatory Compliance
- Protect Health & Welfare of Citizens
- Maintain Integrity of Gaming Operation
- Report Suspicious Activities and Terrorist Acts
- Preserve Reputation of Industry and State



# Surveillance Critical Success Factors

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- Proper Segregation of Duties and Reporting Lines
- Adequate Staffing
  - Training
  - Sufficient number of personnel
  - Discipline, discipline, discipline!!!!
- Independence in Fact
- Relevant Experience
- Continuing Professional Training
- Functional Equipment
- Pro-Active Management Philosophy
- Well designed, integrated video system
- Good working relationship with security staff and Pennsylvania State Police



# Safeguard Assets

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- External Theft
  - Patrons & Non-Patrons
- Internal Theft
  - Management & Staff
- Collusion
  - External v. Internal and/or Both
- Tangible v. Intangible Assets
  - Cash/Cash Equivalent v. Clients Lists/ Player Club Points/Company Goodwill





# Monitor Regulatory Compliance

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- Management Philosophy
- Isolated Incident v. Blatant Disregard of Regulations
- Impact on Gaming Revenue/Taxes
- Materiality & History of Recurring Violation
- Act Alone v. Organized Efforts
- Observe, Report, Communicate & Document



# Protect Health & Welfare of Citizens

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- Safe Environment
- Ensure Games Fairly Conducted
- Identify Known Cheats and Monitor Questionable Activities
- Report of Self Excluded Problem Gamblers on Premises
- Maintain Surveillance Recordings, Reports and Logs for Prosecutorial Purposes



# Maintain Integrity of Gaming Operation

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- Understand Floor Procedures
- Authorized Access to Relevant Personnel Information
- Knowledge of Slot Games and Regulations
- Trained in Slot Machine Performance Analysis
- Quality Surveillance System Repair & Preventive Maintenance
- Trained in Facial Recognition
- Cooperation with Law Enforcement
- Trained in law related to handling of evidence in Pennsylvania



# Report Suspicious Activities and Terrorist Acts

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- Understand Federal and State Laws on Cash Transaction Reporting Requirements
- Notify Management Instances of Non-Compliance
- Maintain Surveillance Video/Still Photos of Suspicious Activities
- Keep Vigilance of Suspected Terrorists and Criminal Elements
- Report to Law Enforcement Agencies on Suspected Terrorist Acts



## Preserve Reputation of Industry and State

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- Credibility and Reliability of Surveillance Personnel
- Maintain Professional Skepticism
- Exercise Due Care
- Self-Initiated Errors and Irregularities Detection
- Effective Communication with Management, Security and Law Enforcement/Regulatory Agencies



# 21st Century Surveillance Operation

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- High-Tech Surveillance Tools and Equipment
- Integral Part of Gaming Operation
- Effective Networking Capabilities
- Recognized Expertise and Litigation Support
- Minimum Standards to Achieve Objectives



# Regulatory Oversight

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- Independent Reporting of the Director to slot machine licensee's board of directors
- Mandatory reporting to BIE/State Police of all:
  - Questionable Incidents
  - Suspicious Incidents
  - Criminal Incidents
- Surveillance compliance audits by Regulators
- Pre-opening inspection and approval of slot gaming facility's surveillance measures inside and outside the facility by the Board required (§1207 (10))



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# Surveillance Operational & Technical Overview





# Surveillance Operations

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- Surveillance organization
  - Must be independent of gaming facility management and report directly to corporate office
  - Work closely with law enforcement to protect gaming integrity
  - Require creative staff trained in:
    - Basic slot machine design and operations for different game types
    - Slot machine cheating methods and how to spot them
    - Cashier cage standard operating procedures and controls
    - Count room standard operating procedures and controls
    - Vault standard operating procedures and controls
    - Evidence control and management
    - How to operate surveillance CCTV system
    - Regulatory surveillance rules and requirements for the gaming venue's jurisdiction
  - One of the key organizational requirements in most MICS



# Surveillance Operations

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- Technology “Eye in the sky”
  - Closed circuit television system (analog or digital systems)
  - Ability to watch EVERY electronic gaming device in detail
  - Cameras may be moved, zoomed and adjusted
    - Cameras must be able to clearly capture high resolution image of patron actions, any currency, coins, tokens inserted into the slot machine
    - Every slot machine must be seen by PLT camera
  - Linked to gaming facility central slot management system (we will discuss this in detail later on)
  - Provide automatic alert to surveillance staff when an electronic gaming device (EGD) exception condition occurs
  - Cat walks in some casinos supplement CCTV
  - Must be connected to high-quality video recording system
    - If you can’t replay and clearly see a loss event the video evidence will not help PSP, BIE or the slot machine licensee



# Surveillance Operations

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- Floor surveillance
  - Security guards/host at gaming area points of entry and exit
  - Law enforcement and slot gaming facility security undercover floor staff that mingle with patrons and watch what's going on
  - Cashier booths
  - Digital face recognition technology – not perfect but promising
    - Identify excluded individuals
    - Identify known criminals



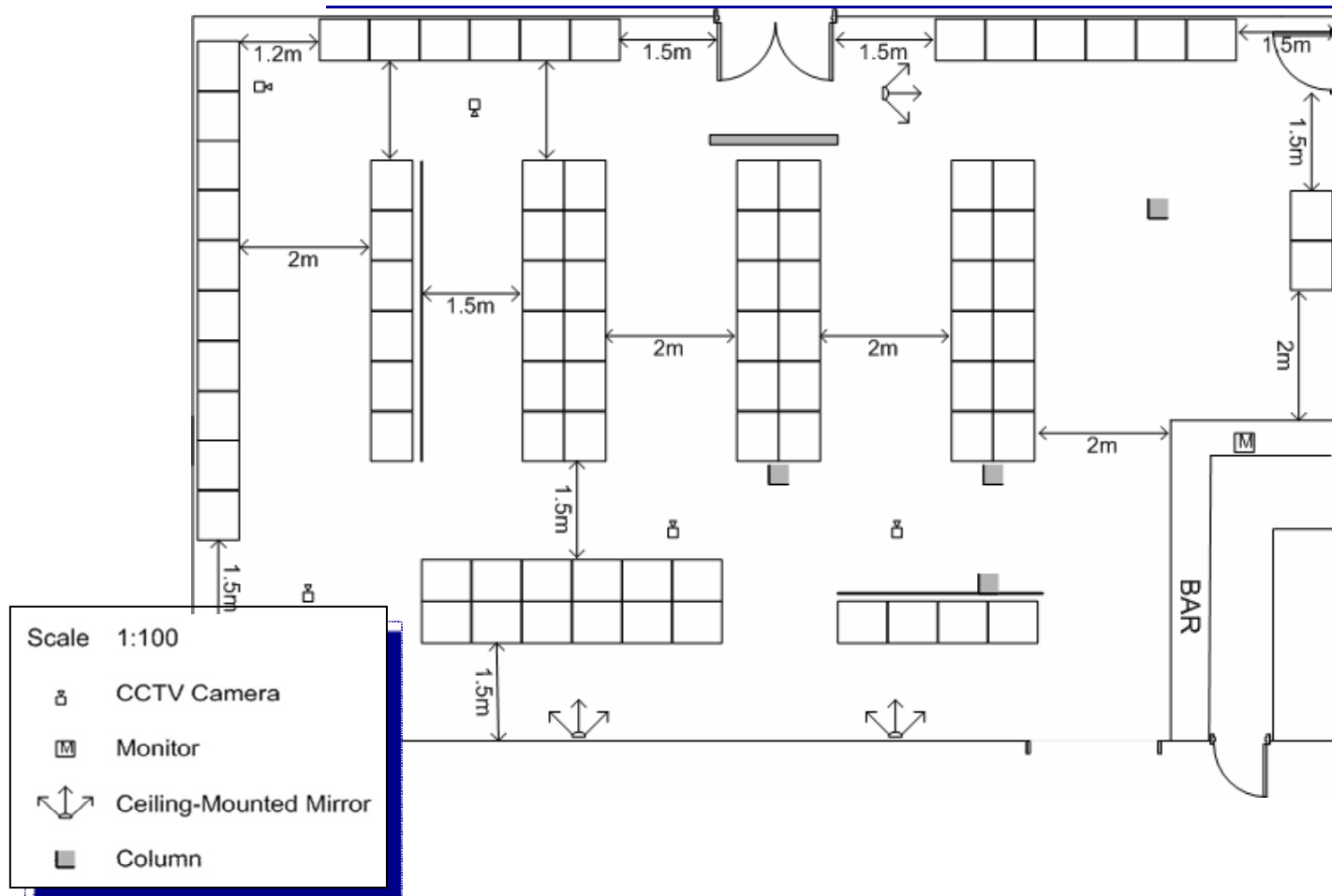
# Surveillance Operations

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- Surveillance facilities
  - Secured surveillance control room – access limited to surveillance and law enforcement staff
  - Secured cat walk allowing access to watch slot area from above
  - Audio as well as video surveillance of soft count room and other highly sensitive back-office areas
  - Second secured surveillance room for law enforcement with override control of CCTV cameras
  - All activity memorialized to video tape and retained for a period of time (common practice is one week)

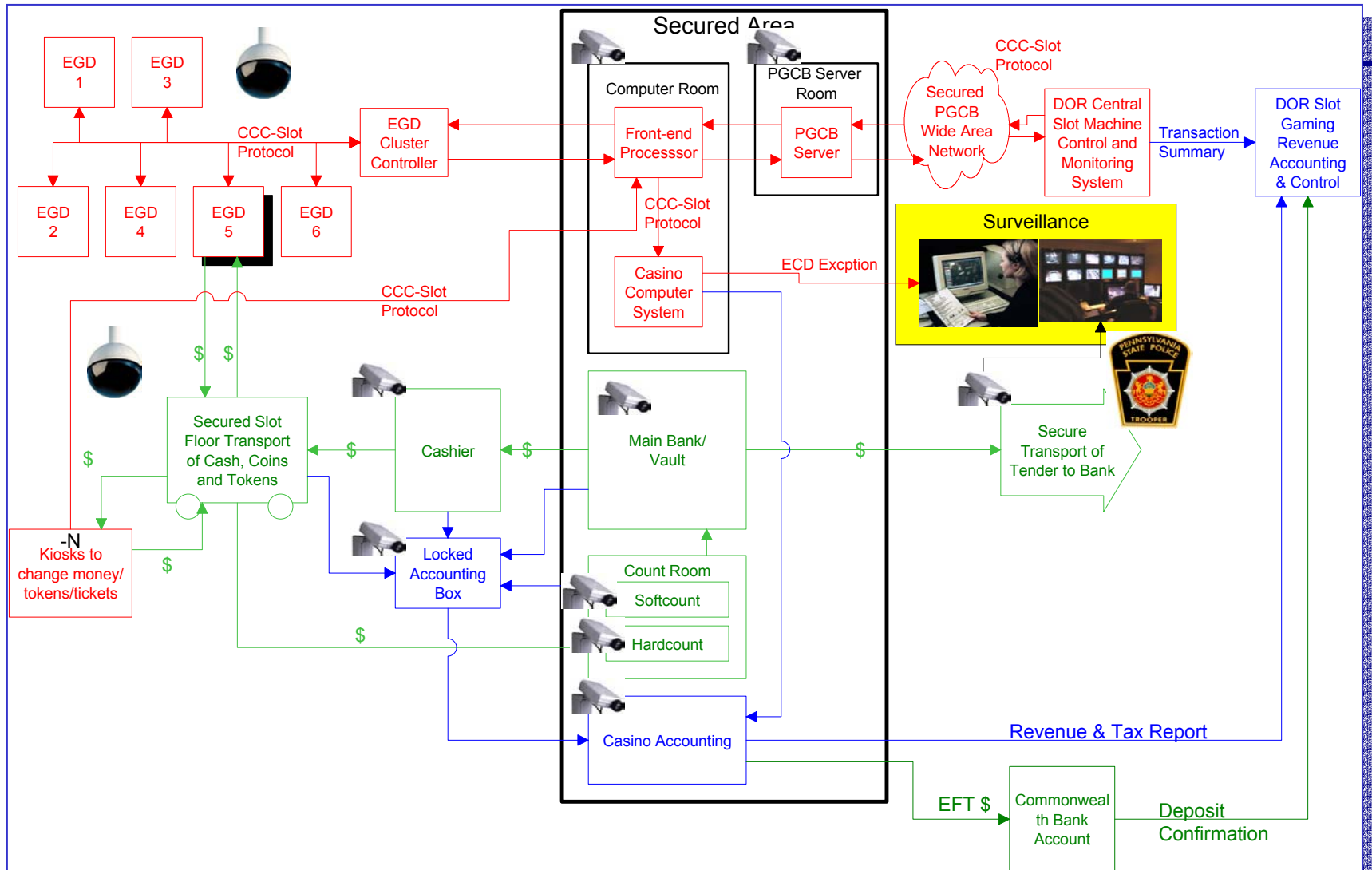


# Illustrative Surveillance Plan for Casino Slot Gaming Area



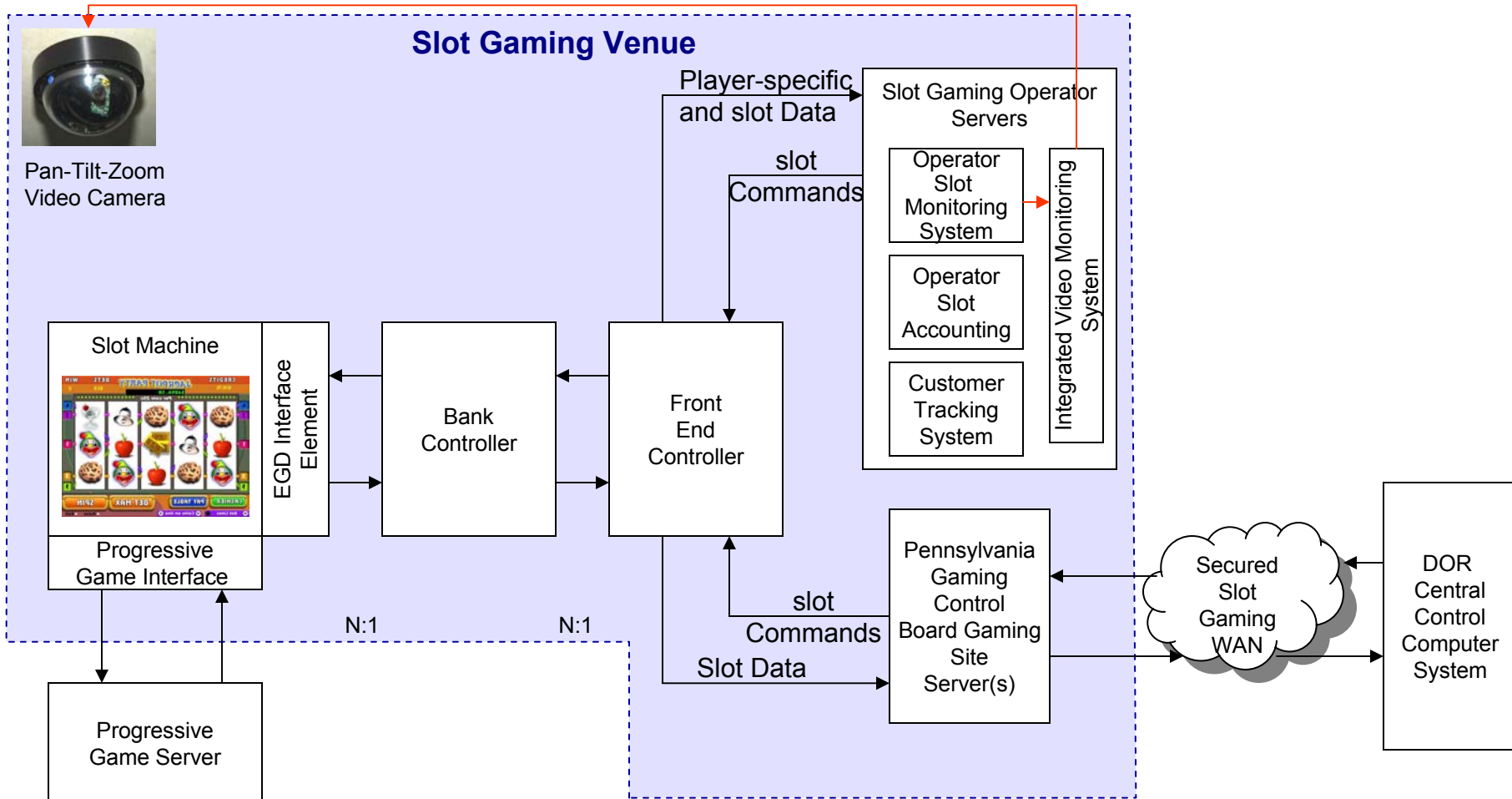


# Surveillance in a Slot Gaming Facility





# Surveillance in a Central Control Computer Context





# Surveillance Key Points

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- If you don't look for it, you'll never see it
- It's what you don't see that will hurt you
- Good surveillance is aware, sees everything important to protecting people, assets and gaming integrity but is unseen
- Surveillance requires disciplined execution of clearly documented and understood standard operating procedures
- Surveillance requires a trained team of professionals
- Surveillance requires continuous vigilance
- Surveillance is objective and separate from slot game operations including security





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# Surveillance Alternative Strategies



## Principles Underlying Exploration of Surveillance Alternatives

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- Ensure patron and employees *safety*
- Protect slot gaming *integrity*
- Protect assets
- Enforce Commonwealth law
- Calculate and collect the amount of tax due accurately and on time
- Maintain a healthy slot gaming business environment



# Surveillance Alternatives Strategies: Analysis & Discussion

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- Identify people and gaming assets that are at risk
- Specify loss events
- Estimate frequency of loss events
- Estimate impact of loss events
- Identify and describe options to mitigate loss events
- Assess organizational, operational and technical feasibility of mitigation options
- Develop a cost/benefit analysis
- Decide to adopt or revise the solution
- Implement the solution
- Track actual experience
- Improve surveillance strategy based on measured loss events and near misses



# Surveillance Staffing Alternatives

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- Slot Machine Licensee
  - Provide 24 x 7 surveillance staffing (mandatory)
  - Level of staffing determined by:
    - Size of gaming venue
    - Layout of gaming venue (number of rooms, floors)
    - Gaming traffic by time of day
  - Staff must be trained and disciplined in executing surveillance function (mandatory)
- Pennsylvania State Police/Bureau of Investigation & Enforcement
  - Determine scope of surveillance role
    - *Perform* surveillance function
    - *Regulate* surveillance function, delegate day to day operation to licensee's surveillance staff
    - *Improve* licensee's surveillance operations by providing technical training and support



# Security

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What functions are performed?  
How are they performed?  
*Who Could Do It?*





# Security Objectives

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- Protecting physical safety of patrons, employees, state police and regulatory staff
- Protecting money and casino media (tokens, tickets and player cards)
- Protecting the integrity of slot gaming
- Preventing financial fraud
- Preventing illegal money laundering
- Preventing illegal infiltration of slot gaming business by organized crime
- Deterring slot game cheating
- Enforcing compliance with slot gaming law including licensee adherence to minimum internal controls standards



# Regulatory Security Risks

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- Potential loss of money or other gaming media due to inadequate cash control;
- Threats to the integrity of slot games through programming errors and omissions or slot machine maintenance errors or omissions;
- Inadequate segregation of duties and responsibilities within the slot gaming licensee's organization;
- Sloppy execution of internal auditing and inspection functions;
- Poor execution of surveillance record keeping and documentation requirements;
- Poorly documented and supported financial transactions that are not tracked by Pennsylvania's central control computer; and

## ***Systemic Risks***



# Criminal Security Risks

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- Physical threats to patrons and employees
  - Gaming areas
  - Non-gaming areas
- Slot machine cheating
- Theft
  - Outside theft (by patrons, vendors)
  - Inside theft (by employees)
- Internal “white collar” crimes
- Potential to tap into slot machine network or local control system
- Money laundering and suspicious transactions
- Other petty crimes

## ***Point Risks***





# Non-criminal Security Risks

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- Accidental injury to patrons or employees
  - Faulty facility design
  - Hazards related to construction, maintenance, renovation
- Slip and fall fraudulent claims
- Fire
- Unauthorized access to secured areas of facility

***Point Risks***



## Security: Authority Granted to PSP by Section 1517(D)

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- Inspect a licensee's or permittee's person and personal effects present in a licensed facility under this part while that licensee is present at a licensed facility;
- Enforce criminal provisions of the Act and all other criminal laws of the Commonwealth
- Fingerprint applicants for licenses and permits
- Exchange fingerprint data with and receive national criminal history record information from the FBI
- Receive and take appropriate action on any referral from the Board relating to criminal conduct

***The Pennsylvania State Police must have a presence in each slot gaming facility.***



# Security Alternatives Strategies: Analysis & Discussion

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# Identify People and Gaming Assets That Are at Risk

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- Patrons and employees
- Cash and tokens
- Slot machines and kiosks
- Local and wide area slot machine network
- Central control computer
- Slot gaming software
- Licensee's Financial books and records
- Pennsylvania's Slot gaming integrity and reputation
- Slot machine repair and storage areas



# Specify Loss Events

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- Patron and employee injuries
  - Caused by criminal action
  - Caused by hazards in slot gaming facility
- Theft of cash and tokens
- Counterfeiting cash and tokens
- Slot machine cheating (using electrical mechanical cheating tools)
- Slot game cheating (through unauthorized manipulation of RNG, pay tables, game state)
- Infiltration of slot local and/or wide area network
- Illegal payoffs to non-gaming vendors



# Planning Issues

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- Given that criminal law enforcement in slot gaming facilities must be handled by the PSP:
  - Should they have a 24 x 7 presence in each slot gaming facility?
  - If the answer is yes, what number of troopers will be required by PSP standard operating procedures?
  - What measurable impact on a reduction in loss events does a PSP **continuous** presence offer?
  - What measurable impact on a reduction in loss events does a PSP **on call** presence offer?



# Regulatory Security

- Security aimed at reducing systemic risks
- Requires:
  - Investigation
  - Inspection
  - Auditing
- Regulatory security functions and organizations (*one scenario*)
  - Pennsylvania State Police
    - Security staff and infrastructure
    - Command and control procedures for security and surveillance
    - Slot gaming facility layout and design – surveillance coverage for gaming and non-gaming areas
  - Bureau of Investigation and performance
    - Financial and operational control and strict adherence to MICS
    - Organizational segregation of duties
  - Department of Revenue
    - Central control computer and wide area network
    - Slot facility-based server used to interface to slot machine licensee's front-end processor



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# Security & Surveillance In Other Regulatory Jurisdictions





# Surveillance & Security – Other Regulatory Jurisdictions

Security/Surveillance Practices	PA	NJ	NV	DE	NM	WV
Central Control Computer System	YES	NO	NO	YES	YES	YES
- Monitor slot machine events and meters	YES	NO	NO	YES	YES	YES
- Control game definition and game parameters	?	NO	NO	YES	YES	YES
- Central Control System Run By	DOR	n/a	n/a	Sci Games	In House	In House
Surveillance Room for Gaming Operator	YES	YES	YES	YES	YES	not sure
Surveillance Room for Law Enforcement	YES	YES	YES	YES	NO	not sure
Minimum Video Tape Retention Period	tbd	7 days	7 days	7 days	2 weeks	not sure
CCTV Surveillance w. recording capability for slot gaming areas	tbd	YES	YES	YES	YES	YES
Pan-tilt-zoom cameras required for slot gaming areas	tbd	YES	YES	YES	YES	NO
Surveillance provisions in Minimum Internal Control Standards	tbd	YES	YES	YES	YES	NO issued as policy statements
MICS Thoroughness	tbd	COMPREHENSIVE	COMPREHENSIVE	COMPREHENSIVE	LESS COMPREHENSIVE	MINIMAL
Copy of MICS	NO	YES	YES	YES	YES	Implemented as policy statements approved by commission
Suspicious Transaction Reporting Regulation	tbd	YES	YES	YES	YES	YES
Currency Transaction Report by Casino Regulation	tbd	YES	YES	YES	YES	YES
Specialized Police Units for gaming	YES	YES	NO	YES	YES	NO
Game Testing	tbd	IN-HOUSE	IN-HOUSE	CONTRACTOR	IN-HOUSE	CONTRACTOR



# Surveillance & Security Cost Drivers

Cost Driver	PA	NJ	NV	DE	NM	WV
Game Types:						
Reel Type Slots	X	X	X	X	X	X
Video Poker	X	X	X	X	X	X
Keno	X	X	X	X	X	X
Video Blackjack	X	X	X	X	X	X
Mechanical Wheel Coin Drop	X	X	X	X	X	
Video lottery games (WV)						X
Minimum Denomination	tbd	\$ 0.01	\$0.01	\$ 0.01	\$0.05	\$0.05
Maximum Denomination	tbd	\$100.00	\$5,000.00	\$100.00	\$5.00	\$ 5.00
Table Games	NO	YES	YES	NO	NO	NO
Regulatory Staffing						
Board (or commission)	7 (plus 3 exofficio)	5	5	1	6	7
Regulatory	tbd	540	439	3	57	30
Dedicated Police	tbd	63	-	6	not sure	-



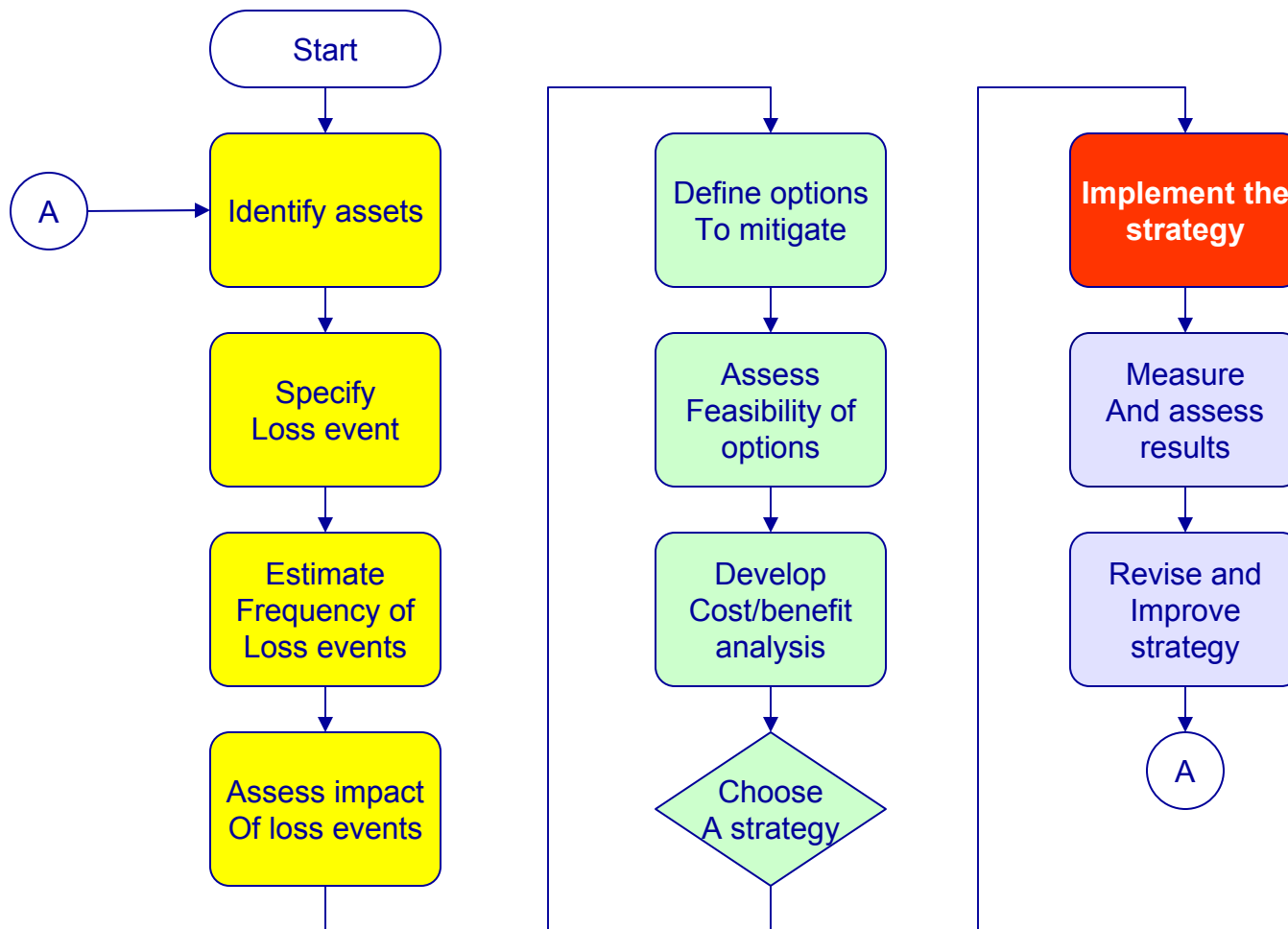
# Surveillance and Security Factors Unique to Pennsylvania

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- Pennsylvania's Race Horse Development and Gaming Act
  - Shared enforcement powers granted to
    - BIE
    - PSP
    - DOR
- Ultimate scale of Pennsylvania Central Control Computer Network (61,000 slot machines)
- Geographic dispersion of slot gaming venues
- Pennsylvania has a mix of high volume race track slot and stand-alone slot gaming venues
  - Different from NM which allows small operations for non-profit groups
  - Different from WV which allows retailers to operate limited numbers of VLT's
  - Different from DE which has slot games at 3 race tracks only



# Process for Designing and Implementing Surveillance and Security Strategy





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**The End**

Thank you!