



LOSS PREVENTION MANUAL

Introduction

At Daniel's Jewelers, our commitment to excellence is present in all aspects of the business. Our team effort to prevent losses and protect the associates is vital. We have maintained a standard of performance in inventory shrinkage control that is among the best in the jewelry industry. We are proud of this performance as it contributes so much to our profitability. Equally important is that we help each other provide the safest work environment and shopping experience in the jewelry business.

How have we managed to achieve such a standard? TEAMWORK. Loss Prevention is a partnership and a bond of trust throughout the team. As team members, we must rely on each other to conduct our business in a conscientious manner that preserve profitability, and with integrity that protects the reputation of Daniel's Jewelers.

This manual has been written to make clear Daniel's Jeweler's expectations for each of us to follow. The policies and procedures contained in this manual are designed to preserve our profitability and protect our associates.

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Integrity

Reporting Losses, Attempted Thefts & Policy Violations

When it appears that merchandise or money might be missing (such as a case count not balancing) or if a theft has occurred or been attempted at the store, or any other policy has been violated that could either result in a loss or is inappropriate by an associate, this should be reported **immediately** to the Store Manager or the **Keyholder** in charge if the store manager is not available.

Before the end of your work shift on the day when any of the above occurs, the manager, the person in charge, or you must call and speak with:

- **Loss Prevention Manager, LP Director, or LP Field Auditor**
- **The Regional Director, Regional, or District Manager or Department Head**

Every associate is expected to SPEAK UP about something that is inappropriate behavior or a policy violation that could lead to a loss or an injury. The following is a list of one or more people who each associate is expected to continue speaking to until the problem is addressed.

- The Associate who did it.
- The Store Manager
- The Regional Director, Regional or District Manager
- Other district-level person (Office Administrator, Coordinator, etc.)
- Loss Prevention Manager
- Loss Prevention Field Auditor
- Loss Prevention Director
- The Network anonymously (800) 241-5689

Integrity

Reporting Losses, Attempted Thefts & Policy Violations Continued

The Network

We utilize this outside company as an alternative method for our associates to satisfy the requirement that they speak up about a policy violation like the examples given above. The Network offers a toll-free number, working 24 hours a day, seven days a week, available to all associates. If an associate ever does not feel comfortable speaking up to one of the first seven sources listed above, The Network can be called ANONYMOUSLY. Remember, reporting things as stated above is a Daniel's requirement that every employee is expected to do, and failure to do so could result in disciplinary action, including discharge.

Gratuities and Gifts

The solicitation or acceptance of a gift or favor (other than one of nominal value and involving normal sales promotion, advertising, or publicity) by any company associate from any supplier or customer doing or seeking to do business with the company is absolutely prohibited. Nominal items would include calendars, pens, notepads, etc., of a value of less than twenty dollars, bearing the identification of the supplier or customer. Other items such as radios, liquor, money, or gift certificates should be refused or returned with an appropriate letter explaining the company policy. It is strictly against company policy to accept cash tips or gratuities of any amount.

Store Operations & Security

Never Open Your Store Alone

A minimum of two associates is required to open the store.

When the keyholder unlocks and enters the store, there must be at least one other person observing from a distance. The keyholder may not open the safe until another associate is in the store with them.

Unscheduled Opening

When the store is opened before the store's scheduled time or after the store alarm has been set for the night. A Keyholder or Manager must phone the alarm company to notify them before or immediately after an unscheduled opening occurs.

- FOR EXAMPLE, suppose after the store alarm is set and all of the employees are outside, the keyholder decides to go back into the store because something was left behind. In that case, the keyholder must turn off the alarm and call/phone the alarm company, so they don't send the police. Then, set the alarm again and leave with an observer as normal.

Restrict Who Enters the Store

Only current store and authorized Main Office personnel are allowed in the store until it is open for business. Keep doors locked until opening.

Floor Coverage

- Two associates are required to be in the store at all times when it is open, and at least one of them must always be on the sales floor.
- Associates must acknowledge customers as they enter the store and continue to acknowledge them as they walk around.
- If only two associates are working and one leaves the sales floor, he/she must notify the other associate.

Store Operations & Security

Gates Kept Closed

The gates between and at the end of display cases and gates leading to the office should be kept closed and latched (if possible) at all times.

Back Room Door Kept Closed

The door leading to the backroom is to remain closed during regular business hours.

Names Badges

Name badges are to be worn at all times when associates are working as part of our professional appearance. The name badge should be in good condition, with the correct name of the associate.

- If a replacement name badge is needed, contact the Regional or District Manager, their assistant, or SMC for a new one.

Cleaning Customer Jewelry

- Inspect for missing stones or prongs before putting in sonic cleaner.
- In front of the customer, Diamond test all white stones .10ct or larger before and after cleaning the customer's items.
- Confirm with the customer how many items they have given you, and the types, before putting them into the sonic cleaner.
- Clean no more than five pieces of the customer's jewelry at a time.
- Place each customer's jewelry into a separate basket in the sonic cleaner.
- The employee who accepted the customer's jewelry and put it into the sonic cleaner is the only employee authorized to return it.
- Make sure that each jewelry item is returned to the correct customer.

Store Operations & Security

No Associate Account in Store

- No current associate may have a charge account in a Daniel's store. If an associate is approved and purchases something from Daniel's by charging it, the account is held at the main office, and the payments are deducted from the employee's paycheck.
- If a new associate is hired, it is the manager's responsibility to assure that the associate does not have a Daniel's account in a store. If the associate has an account, the manager should transfer it to SMC and inform the Payroll Department that the account has been transferred.
- Any account holder with the same address as an associate should not have an account in the same store where that associate is employed. If this situation occurs, the account should be transferred to the Daniel's store that the customer chooses or to the closest Daniel's.

Store Procedures for Trunk Show Merchandise

The following are loss prevention measures that should be followed at a store when receiving, storing, or shipping Trunk Show merchandise.

Delivery of Trunk Show Merchandise to the Store

On one of the days before a Trunk or Extravaganza Show, the merchandise will be delivered to the store. When it arrives, verify that both padlocks are locked. The boxes should be delivered on a two-wheeled cart.

Overnight Storage of Trunk Merchandise

Put locked A-boxes into store safe if there is room.

- If there is not room inside the store safe, use a cable to secure A-box to a store fixture in the backroom, near the store's safe if possible.

Store Operations & Security

The departure of Merchandise Following Trunk Show

After the store is closed following a show, or on one of the days following the show, the merchandise will be removed by UPS or by authorized couriers. The boxes should be removed in the same container in which they were delivered.

Locked Areas

All safes, cases, drawers, and cupboards containing merchandise must be locked when unattended by a store associate or manager.

- During the day, the safe must be kept locked at all times except when something is being put into or removed from it.

Store Areas Restricted To Employees Only

Only employees scheduled to work in the store and authorized Main Office employees are allowed in the office area, behind display cases, in the stockroom, or the restroom.

Store Operations & Security

Customer Management

Daniel's Jewelers makes every effort to provide a safe, secure, and friendly environment for our customers and employees. We strive to deliver a pleasant shopping experience and quality customer service.

On occasion, there may be situations where the customer(s) is behaving in a manner that is disruptive or interferes with the smooth operation of the store. "Refusal of service" is justified in those cases where a customer's presence interferes with the safety and well-being of the associates and others in the store.

Examples of disruptive behavior:

- An individual is overly loud, unruly, or displays upsetting actions/conduct
- The individual threatens an employee or customer, making them feel like they are in danger
- The individual is noticeably un-kept and lacks adequate personal hygiene
- The individual is intoxicated or appears to be under the influence of drugs
- Someone is loitering with no intent to be a customer
- An individual is accompanied by a group of non-customers

Whenever possible, our goal should be to resolve the situation and stop it from escalating. For example, instead of just telling someone they need to leave, you could tell them that "I would like to assist you in making a purchase, but you are being disruptive." If the person continues to interfere with the safety and well-being of the associates and others in the store, politely ask the person to leave. If necessary, contact Mall Security or the Police for assistance.

Keep in mind refusing service to a customer should be solely based on the behavior the customer is displaying, as described in the examples above.

Store Safety

Employee & Customer Injury

- In case of a serious injury, immediately call 911.
- Use the store first aid kit for minor injuries.
- Print an Accident Report from the Intranet or retrieve a blank/printed form from a store file.
- Complete this form for each employee injured at work or in the mall or for each customer injured in the store.
- Get the name, address, and phone number of each witness.
- If the injured person seeks medical treatment, get the name of the hospital or medical clinic where they are going (or were transported by emergency personal) and write it on the Accident Report form.
- Call Loss Prevention (see first tab for telephone numbers on the Key Contact and Emergency Response Guide) to report this incident.



ADA

- Ensuring access to all Daniel's stores is an important part of our business. An accessible business is safe and user friendly for everyone, including our customers with disabilities.
- Store entrances and customer accessible aisles should always be kept clear of clutter and/or obstructions. Aisles should be a minimum of 36" wide.
- Be patient. People with disabilities and seniors might require more time to move about or express themselves.
- Always speak directly to the person and maintain eye contact; don't speak to a companion, aide or interpreter unless the companion, aide or interpreter is speaking to you.
- Welcome service animals into your store. However, do not pet, feed or distract service animals. They are working animals, not pets.

Store Safety

ADA Continued

All stores must have proper signage regarding access:

If your store has a designated ADA accessible counter, the signage at this counter should be:	If your store does not have a designated ADA accessible counter, signage at the POS counter should be:
	

If your store does not have the proper signage, please submit a help desk request for maintenance.

- Willingly provide assistance to customers who have special needs:
 - Hold and position merchandise being displayed/shown to the customer
 - Complete or relocate paperwork activities to a counter or other accessible location which meets the customer's needs
 - Tender payment in front of the payment counter
 - Assist the customer with accessing the Verifone Pin pad
- If you encounter a situation where you believe you were not able to assist a customer with disabilities properly, please contact your Regional or District Manager

Store Safety

Electronic Gates

If your store has an electronic gate, it is essential to close/open and lock it properly. Failure to closing/opening the gate correctly may cause severe damage.

- Before lowering or raising your electronic gate, make sure you verify the handle on the gate is not engaged in a locked position. There should be a "STOP" sticker placed by the key where you lower/raise the gate, reminding you.
- After you verify the gate is not engaged, turn the key on the wall to raise or lower your gate.
- Then lock or unlock your gate.



Opening, Closing & Securing the Store

Prior to Opening the Store to the Public

Approaching the Store-Vary the Routine

Keyholders should occasionally vary the direction from where they approach the store as they prepare to unlock and enter the store.

- Potential thieves look for repetitious activities and use them to their advantage.

One Person Observe From a Distance

- Observe the other person unlock, enter the store, and turn off the alarm.
- The observer should know where the nearest phone is and be ready to call "911."
- The safe should not be opened until the observer has been given an "OK" signal and entered the store.
- Before letting the observer enter store, all areas (such as the stockroom, bathroom, etc.) should be checked for possible burglars.
- Always enter the store through the front entrance that can be seen by the observer.

Before Opening For Business

- If the store has a window/case alarm, there is a breaker switch that will turn off the alarm. This will allow the merchandise to be placed in the case.
- Complete morning case counts.
- Verify that no jewelry is left out. Look on the floor and on counters.
- Test all case alarms if cases have them.
- Verify that all cases are locked.
- Finish counting the cash and lock it in the cash drawer.

Opening, Closing & Securing the Store

Prior to Opening the Store to the Public Continued

Case Alarm Test Method

- Open each display case and then listen for the alarm sound.
- If the alarm does not work, attempt to determine the cause by checking either the battery or verifying that the AC plug is in the outlet, depending on the type of system in the store.
- If the alarm cannot be repaired, report the problem to the District Manager and the Loss Prevention Department.

After Closing the Store to the Public

After the store is cleared of customers and the doors are locked

- Do evening case counts only after the store is clear of customer and the doors are locked. The case counts must balance before the merchandise in that case can be pulled and put in the safe.
- To prevent the loss of expensive merchandise in the case of a break in after hours, the following items must be put in the safe at closing:
 - All merchandise from window cases.
 - All cash, diamond jewelry (except approved classes) , lab grown diamonds, moissanite, red tag gold items, repairs, repair log, trade-ins, special orders, and layaways must be locked in the safe.
- The following merchandise must be locked in the safe if space is available. If not, this merchandise should be stored in locked drawers or cabinets.
 - Stone Rings visible from outside the store
 - Gold merchandise (excluding inexpensive charms & low priced earrings)
 - Expensive Watches (Movado, Accutron, Wittnauer, etc.)

Opening, Closing & Securing the Store

After Closing the Store to the Public Continued

- Prepare bank deposit
- After all transactions have been input (not including bank deposit), EACH cashier must remove and VERIFY THE OPENING BANK AMOUNT (CASH & COIN ONLY) in their cash drawer.
 - A NEW Loan Envelope should be filled out showing the date, time, drawer number, bank amount, and the name of the cashier/sales associate setting up the bank.
 - The amount is then counted by someone else, and this verifying person should immediately seal and sign the envelope. Remember, DO NOT use tape either before or after sealing the flap.
 - Once sealed, this envelope should immediately be put into the safe lockbox.
 - The closing keyholder should verify that all cash drawer envelopes are completed, sealed, and in the safe lockbox before leaving the store.
- Make sure that each person records if their drawer is balanced or was over or short on the Cash Control chart form after they close their drawer.
- If the Case Count or bank deposit does not balance, you must notify Loss Prevention.

Night Lighting

- Leave just enough lights on the inside the store to give security or the police a view of the sales floor and the safe area.

Opening, Closing & Securing the Store

After Closing the Store to the Public Continued

At Least One Person Observe From a Distance during Store Closing

When the Key Holder is ready to set the alarm, one or more associates should leave the store and observe the Key Holder exit the store from a safe distance.

- The observer should have their cell phone handy and be ready to call "911" if necessary. For example, if the Key Holder were attacked and/or pushed back inside the store.
- The Key Holder should turn on the alarm system and be sure it is working properly before locking and leaving the store.

After Leaving the Store

The Keyholder is the last to leave while the other associate(s) observe from a safe distance.

- All associates should then observe each other until each is inside their car with their engines started, and no one should walk to their car alone.
- If cars are parked in different areas, all employees should leave together, and one employee should drive the other employee to his/her vehicle.

Night Bank Deposit Drops

- See Bank Deposit Options under "Office Functions"

Thefts & Losses

Preventing Avoidable Losses

The knowledge and actions of Sales Associates generally determine whether or not a store is likely to suffer a loss. Most jewelry store losses are easily avoidable. All store personnel are expected to know about the different types of losses, what to do to prevent them, and what to do if a loss does occur. These type of losses include:

- **Distraction**
- **Grab & Run**
- **Switch Theft**
- **Robbery/Smash and Grab**

Thefts & Losses

Distraction Theft

Definition

Distracting one or more store persons such that they forget to get a merchandise item back from the customer or do not notice when one or more of the thieves steal merchandise or money from somewhere in the store.

Identifying Distraction Thieves

- Teams consist of two or more persons; they may pretend not to know each other.
- Ages range from very young children to old persons.

Distraction Techniques

Thieves, posing as customers, ask to look at merchandise by speaking very softly and in a language or dialect different from what you speak—at the same time, turning associates away from the "target" case. Then accomplice(s) break into target cases and steal merchandise without being seen.

- Adult thieves, posing as customers, will speak loudly, often in an angry tone, while their young children go behind display cases or into the office and steal.
- Customers will attempt to get the store person to look away or step away while a customer is holding a merchandise item they have just been shown.

If You Notice Merchandise Is Missing

- Notify Loss Prevention
- Call the police and report the loss if told to do so by Loss Prevention
- Try to provide paper and something to write with to each associate in the store and ask him/her to write a description of the suspects. List as much detail as possible, including the details of the sales presentation as they remember it.
- Notify your RDM
- Complete a Loss Report and fax it to Loss Prevention

Thefts & Losses

Grab & Run

Definition

Taking merchandise from an employee who is showing it and running out of the store with the intention of stealing it.

Identifying a Potential Grab and Run Person

Suspicious Customer: These guidelines for identifying and dealing with a customer who you believe is acting suspiciously are based upon the behavior of the customer. These guidelines are not based upon the customer race, gender, appearance, or any other factors not related to the customer's immediate behavior that you are observing.

- Unwilling to make eye contact with you.
- Wearing a hooded sweatshirt or other garment (other than religious or culturally based face coverings) that covers his or her face.
- Wearing sunglasses while indoors.
- Talking on their cell phone while speaking to the salesperson.
- Suspiciously looking around or taking pictures of the store, rather than "shopping."
- Inquiries if the store has cameras or guards.
- Inquiries about the most expensive items in the store.
- Needless flashing of money or bragging of wealth (inheritance).

Preventing a Grab and Run

- Say the "210" security code so that all available employees see and watch the suspicious customer and so that one of the associates goes to the front of the store.
 - **Security Code "210."** Say "210" in a sentence to another employee if you are suspicious of a customer.
 - "210" means that the Manager or available associate should stand between the customer and the exit. This is to be only a deterrent. An associate should never try to grab a thief who runs toward the exit.
- New Associates are not allowed to show diamond merchandise until authorized to do so by the Store Manager.

Thefts & Losses

Grab & Run

Preventing a Grab and Run Continued

- Wait on only one customer at a time and only show one item at a time as noted by the below showcase sticker.
- Test each .50 CT or larger mounted diamond with a diamond tester immediately before & after a customer handles it.
- When showing diamond earrings to a customer, the backs of the studs must be attached to the post at ALL TIMES.
- Do not lose sight of a merchandise item when showing it to a customer.
- Never turn or walk away from a customer who has merchandise in his/her possession.
- Be aware of and acknowledge customers when they enter the store and continue to acknowledge them until they are assisted.
- Before you show a customer any Red Tag Merchandise and items with a TICKET PRICE \$10,000 OR MORE, **you must do the following for EVERY customer:**
 - You must ask for a state driver license; state issued identification card or other government-issued identification card with a picture and description of the person identified. COMPARE the picture and description of the customer and then place the identification into a locked showcase. If the customer does not have proper identification or if the identification does not match the customer, do not show merchandise to this customer.

What to Do If a Grab and Run Occurs

- Do not attempt to apprehend the person, and do not chase them out of the store.
- If you are standing by the exit, get out of the way.

Thefts & Losses

Grab & Run Continued

After The Thief Leaves

- Attempt to see where each Robber goes and their getaway vehicle. However, DO NOT follow or attempt to stop them.
- Immediately call 911 with a description of each suspect.
- Ask everyone in the store, including the jeweler and customers, to remain in the store to talk to the police.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- Do not touch areas the robbers may have touched until the police have checked for fingerprints.
- Gently place sale mailers or flyers to cover any area touched by the robber.
- Call Loss Prevention *AND* your District or Regional Manager/Director (see first tab for telephone numbers) to report this incident.
- Try to provide paper and something to write with to each person in the store (especially store associates) and ask him/her to write a description of what they saw.
- Do not speak to any news media or callers about the incident. Refer all callers to Loss Prevention.
- Complete a Loss Report if merchandise was stolen and fax it to Loss Prevention

Thefts & Losses

Switch Theft

Definition

The act by a customer of switching an imitation Diamond Solitaire, Stud Earring(s), or imitation loose diamond for a real one without being noticed.

Identifying a Switch Theft

- A thief will usually ask to see a large diamond solitaire ring, diamond stud earring, or loose diamond(s).
- When merchandise is being shown, either the thief or the accomplice will try to get the employee(s) to look away from the merchandise for a few seconds.
- May use a Daniel's solitaire mounting and SKU tag, from a previous theft, with a CZ in the mounting, to hand back to a store associate after being shown a Diamond Solitaire.
- Will often attempt to distract associate from looking at the imitation solitaire, stud earring, or loose CZ that they hand back.

Preventing a Solitaire, Earring, or Loose Diamond Switch

- Never take your eyes off the merchandise when showing it to a customer, and most importantly, never leave a customer alone with the merchandise while you attend to something else.
- Diamond stud earrings are often the target of "switch artists," never take off the backs of the earrings. Make sure if you allow the customer to hold the earring make sure you carefully inspect the earring when you get them back.
- A switch can take place in a blink of an eye, and you will be left with worthless jewelry.
- Test each .50 CT or larger mounted diamond with a diamond tester immediately before & after a customer handles it.

Thefts & Losses

Preventing a Solitaire, Earring, or Loose Diamond Switch Continued

- Before you show a customer any Red Tag Merchandise and items with a TICKET PRICE \$10,000 OR MORE, **you must do the following for EVERY customer:**
 - You must ask for a state driver license; state issued identification card or other government-issued identification card with a picture and description of the person identified. COMPARE the picture and description of the customer and then place the identification into a locked showcase. If the customer does not have proper
 - Identification or if the identification does not match the customer, do not show merchandise to this customer.

What to Do If You Discover a Switch

If the customer is present, politely but firmly ask for your merchandise. For example, say, "Excuse me, but you gave me back the wrong ring" or (while handing back the ring), "Here, you mistakenly gave me the wrong ring."

- Notify the Store Manager immediately and call the police if the merchandise is not recovered.
- Notify Loss Prevention
- Try to provide paper and something to write with to each associate in the store and ask him/her to write a description of the suspects. List as much detail as possible, including the details of the sales presentation as they remember it.
- Notify your RDM
- Complete a Loss Report and fax it to Loss Prevention

Thefts & Losses

Robbery/Smash and Grab

The crime of robbery is the taking of property by force or fear, with or without a weapon.

Identifying Someone Looking Over (Casing) Store for a Robbery

- Usually drive stolen vehicles or vehicles with no license plates.
- May ask about a Rolex watch, large diamond item, or Gold Chains.
- Will be interested in where your "expensive" merchandise is displayed.
- Likes to be left alone while casing the store.
- May ask for an appraisal or an expensive ring that often will not seem appropriate for the person. For example, a young man wearing a lady's fancy ring that he says is his, or a young girl with a \$5,000 fancy ring that she says her neighbor gave her a few days ago after asking her to get it appraised the next time she is in a jewelry store.

Preventing an Armed Robbery

- Greet and give continuous, aggressive customer service to each customer. If possible, compliment something about the customer, or their clothing, so they will know you have clearly seen them.
- Say the "210" security code so that all available employees see and watch the suspicious customer, and so that one of the associates goes to the front of the store.
 - **Security Code "210."** Say "210" in a sentence to another employee if you are suspicious of a customer.
 - "210" means that the Manager or available associate should stand between the customer and the exit. This is to be only a deterrent. An associate should never try to grab a thief who runs toward the exit.
- Do not be afraid to let the person know they are being watched. Be polite. If the person is casing you, he or she will notice what action you take. It is important to deter this person from selecting your store as one that will be robbed. In order to do this, you must let this person see by your actions that you know what they are doing and that you are not fooled or frightened by them.

Thefts & Losses

Preventing an Armed Robbery Continued

- If you are suspicious of a customer, call the police and mall security. Tell them that someone is in your store who matches the description provided to you by your Security Department of someone who cases jewelry stores before a robbery. Ask them to send an officer to get the suspect's description and determine if the person is driving a stolen car.

If An Armed Robbery Occurs

- Do not attempt to apprehend the person, and do not chase them out of the store.
- If you are standing by the exit, get out of the way.
- If someone enters the store and attempts to commit a robbery with a gun or other physical threat,
- Remain calm.
- Cooperate fully. Do only what the robber says to do.
- Do not make any moves or do anything except exactly what the robber tells you to do.
- Remember the robber's race, age, clothing, and description.

After All Robbers Leave

- Attempt to see where each Robber goes and their getaway vehicle. However, DO NOT follow or attempt to stop them.
- Immediately call 911 with a description of each suspect.
- Ask everyone in the store, including the jeweler and customers, to remain in the store to talk to the police.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- Do not touch areas the robbers may have touched until the police have checked for fingerprints.
- Gently place sale mailers or flyers to cover any area touched by the robber.
- Call Loss Prevention *AND* your District or Regional Manager/Director (see first tab for telephone numbers) to report this incident.

Thefts & Losses

After All Robbers Leave Continued

- Try to provide paper and something to write with to each person in the store (especially store associates) and ask him/her to write a description of what they saw.
- Do not speak to any news media or callers about the incident. Refer all callers to Loss Prevention.

Tips To Prevent Theft or Loss

Daniel's Jewelers loses merchandise when Associates do not take loss prevention seriously. If a customer makes you feel uncomfortable, there is usually a good reason. Sometimes a customer will walk into the store and ask to see the largest solitaire that you have. Sometimes the customer is talking on a cell phone and has their hat pulled down over their face. Sometimes the customer engages in conversation to distract you. Whatever the case, after we suffer a loss, most Associates state they felt uncomfortable with the customer. Trust your instincts!

- Greet every customer and make eye contact!
- Stay forward-facing and focused on the merchandise you are showing the customer.
- Keep the showcases locked and your keys with you at all times.
- Always plug the hole after making the sale of a ring.
- If a customer is talking on a cell phone, politely tell them that you will wait for them to complete their conversation. (Thieves can use their cell phones to stay in touch with accomplices watching for security or a getaway vehicle located right outside your store or mall.)
- Fraud experts attempt to use their cell phones to contact the bank for you. DO NOT fall into this trap. Anyone could be on the other line to give you an "okay" or an "approval number. Do not deviate from the guidelines that are described in the Operations manual located on the Intranet. This will protect you, your store, and the company against losses.
- Use the 210 security code.
- Follow all guidelines for showing, controlling, and displaying the merchandise.

Thefts & Losses

Required Documentation Following a Loss

When a loss occurs, each associate involved should immediately write a detailed statement while the events surrounding the incident are still clear in their mind. These statements are to be kept in the appropriate store operations drawer and be available to assist in answering future questions that may arise.

Each statement should answer the questions: Who, What, Where, When, and How about the incident. It is often helpful to begin the statement by listing each suspect numerically with their description and then simply refer to their number when describing what each of them did or said.

The desired content of these statements depends upon the type of loss. A loss in the below "A" column should focus on a suspect's description, actions, and statements. A loss in the "B" column should focus on where and when the missing merchandise was last seen and who was near it.

"A"

Armed Robbery

Smash and Grab

Grab & Run

"B"

Disappearance of:

Merchandise or Switch

Deposit or Customer Payment

Repair

The SKU number of any lost or stolen merchandise item should be listed on a REPORT OF LOSS form located on the Intranet. The form should be completed, signed by the manager, and faxed to Loss Prevention (310-846-6306.) The manager should call Loss Prevention and get an incident number to write in the space at the top of this form. Retain a copy of the Loss Report in your operations drawer.

Thefts & Losses

Report of Loss Form

Pictured below is a sample REPORT OF LOSS FORM:

Daniel's **REPORT OF LOSS**
LOSS PREVENTION FAX NUMBER (310) 846-6306

INCIDENT # 19-01-09 DATE FIRST REPORTED TO LOSS PREVENTION 1/15/19

STORE # 101 MANAGER Ara Smith

DATE OF LOSS 1/15/19 DISCOVERED BY Joe Jones

Circle Cause of Loss

1. Armed Robbery	7. Lost Repair
2. Burglary	<input checked="" type="radio"/> 8. Inventory Correction/Recovery/Broken Set
3. Grab and Run	9. Policy Violation
4. Mysterious Disappearance	10. Recall/Re-ticketing
5. Return/Trade-In	11. Other:
6. Shipment	

POLICE AGENCY NAME N/A PHONE # _____

REPORT # _____

1. IF MERCHANDISE LOSS CAN BE DETERMINED WITHOUT AN INVENTORY, LIST SKU, PRICE, AND DESCRIPTION OF EACH ITEM LOST (attach additional sheet if needed):

SKU NUMBER	TICKET PRICE	DESCRIPTION	MERO ATTACHED (YES or NO)	+ OR - & QTY
174-03353	299.95	1/6 ctw rd diamond earrings	yes	-1

2. EXPLAIN HOW LOSS OCCURRED OR WAS DISCOVERED (attach additional sheet if needed):
Only one earring in earring box found on sales-floor

3. RECOMMENDATIONS TO PREVENT IN FUTURE:
Check earring backs on a regular basis

Joe Jones Witness to Loss or Discovery & Emp. # _____
Ara Smith Manager's Signature

OFFICE USE ONLY

ADJUSTMENT COMMENT: _____

LOSS PREVENTION FAX NUMBER (310) 846-6306
Last printed 01/08/2019

DATE _____ LOSS PREVENTION
O:\LOSSPREVENTION\REPORT OF LOSS (WITH PHONE NUMBER)

Thefts & Losses

PROCEDURES FOR REPORTING LOSS OF MULTIPLE ITEMS

When an incident that involves a loss of multiple items due to an event such as a Smash and Grab, Burglary, etc., it is essential to report all stolen merchandise so that we can take it out of your store's Inventory. You want to be accurate in reporting all items so that it does not negatively affect your yearly Inventory. Remember, the sooner we know exactly what was stolen, the sooner we can replace your store stock.

If an incident of this nature occurs in your store, you should contact Loss Prevention and your RDM immediately. If you do not know what items were taken, Loss Prevention will guide you in how to determine what is missing. We usually utilize case counts, cycle counts, and in rare situations, conduct a complete WIS audit.

When determining the loss by using case counts and/or cycle counts, make sure you:

- Contact Distribution or Loss Prevention for cycle counts.
- Use new Case Contents Count(s) sheets to write down each item that is missing.
- Use a Blue or Black ink pen to write on the content sheets
- Do not use a highlighter
- Write a page number on the top of the content sheet and the total number of sheets sent (Example: 1 of 3, 2 of 3, and 3 of 3.)
- Fax to Loss Prevention 310-846-6306, along with a Loss Report.
- Call Loss Prevention to verify all sheets are accounted for and are legible.
- Please make a copy of the sheets you faxed and ship them to Distribution in your next A-Box. Retain the original content sheets with the Loss Report in your store file.
- Once the loss is reported and all documents are accounted for, Loss Prevention will call you with an incident number to write on the Loss Report.
- Loss Prevention will create a spreadsheet with a list of the missing items and Email it to Distribution to process.
- The Distribution department will make the adjustments for the store's Inventory according to the spreadsheet.
- Loss Prevention will package together two reports; one for the police and one for the insurance company.

Merchandise Guidelines

Displaying Merchandise

Merchandise must be displayed so that the merchandise is adequately protected but looks appealing at the same time.

- All jewelry should be displayed in a locked display or wall case. There should be no backup stock kept in drawers, except as specifically instructed by the SMC Merchandising Department and then only in a location approved by SMC Loss Prevention.
- Do not display more than one item with a retail/ticket price of \$25,000 or more in a single case.
- Except when showing a HIGH-VALUE ITEM to a customer, the following HIGH-VALUE ITEMS should not be on display and must be kept in the safe:
 - Merchandise items that have a silver ticket that states "SAFE-DO NOT DISPLAY."
 - All other merchandise items that have a ticket price of \$29,999.95 or more (except class 189 which is \$50,000 or more)
 - All Rolex watches.
- Although kept in the safe and not on display in a showcase, each Rolex watch must be listed on a separate Rolex watch case count, and each jewelry item with a silver ticket that states "SAFE-DO NOT DISPLAY" or priced over \$29,999.95 must be listed on the diamond case count. Each time an associate counts these items, he/she must look in the safe to verify the listed item is in the safe.
- Gold items Merchandise with a Red Tag attached to the item and must be listed on a separate "Red Tag" Case Count.
- Lower-priced merchandise should be displayed toward the rear of the case - closest to the opening of the case - and more expensive merchandise should be placed in the front or middle of the case - furthest from the opening of the case.
- All slots in each display tray must always be filled with either a ring or a ring slot plug. When items other than rings are removed from a case, you should try to consolidate props to minimize empty display spaces.
- Merchandise should be out of customer reach when it is being checked in or moved in or out of a case.
- Do not leave jewelry unattended unless locked in the safe, locked in a case, or locked in a drawer.

Merchandise Guidelines

Case Counts

Beginning Of the Month Preparation of Case Contents List, Case Count Sheets, Certificate Diamond Verification & Chain Count Sheets

On the first day of each month, a new case count should be prepared for each window showcase, diamond case that includes any back stock, items in your safe \$30K and over (including Rolex Watches), and red tagged gold merchandise. Begin by filling out a new set of Case Contents List forms, by following these procedures:

- At the top of each form, fill in the month and year, case number, and type of merchandise that will be listed on it.
- In the first column entitled SKU Number of Item, write the SKU number of the item that is in the case.
- In the 2nd column titled Retail Price, write the retail price that is on the tag of the item being added.
- Under LIST & under CASE, the associate that lists the SKU of an item that is in the case should put the date the entry is being written on this form in both columns titled DATE & the associate's initials in both columns titled BY

When a new set of Case Count Forms are prepared on the first day of the month, compare the starting total number of items on the new list with the last count total on the previous month's sheet.

- If the quantities match, the preparation of this new case count is complete.
- If the two quantities do not match, an immediate search for the cause must be conducted.
- If the cause cannot be located, the RDM and Loss Prevention must be notified before the associate counting the case leaves the store or pulls any merchandise from the case.
 - Once a missing item has been reported, it should be removed from the case count listing by writing on the Case Listing (a) the date it is reported missing, (b) the Loss Prevention Incident Number provided by the main office, (c) the reporting employee's initials, and (d) the words "Reported to L.P.."
 - A new Case Listing form should not be written in mid-month without authorization from the RDM or Loss Prevention.
 - Do not throw away the Case Count for the current or last year.

Merchandise Guidelines

Case Contents List, Case Count Sheet & Chain Count Maintenance

Whenever a merchandise item is added to a case or area with a case count list & sheet, the addition should be in ink (not pencil) written on the next available line of the appropriate Case Contents List form using the following procedures:

- In the first column entitled SKU Number of Item, write the SKU number of the item being added.
- In the 2nd column titled Retail Price, write the retail price that is on the tag of the item being added.
- The person listing the added merchandise must be the one that physically puts the merchandise into the case.
- Under LIST in the DATE & BY columns, the associate that entered this item onto this list must enter the date the item was entered and the associate's initials.
- Under CASE in the DATE & BY columns, the associate that actually put this item into the case must enter the date it was put in the case and the associate's initials.

Whenever any merchandise item is removed from a diamond case, back stock, or diamond wallet, the deletions must be made immediately in the columns on the right side of the line where each item is written on the Case Contents List form.

- In the first column on the right half of the form entitled "DATE", write the date the item is being removed from the case.
- In the next column entitled "BY," the associate who is removing the item from the case should write their initials.
- In the next column entitled "Receipt Number, Transfer Number or New Location of Removed Item, the associate that removes the item from the case must fill in the receipt number if the item was sold or put on layaway, the transfer number if the item was put on a transfer, or the case number if the item was moved to another case.
- If an error is made while removing an item from the Case Contents List form, use the next available line to re-enter the merchandise back onto the form.

Merchandise Guidelines

Previous Months' Case Counts

Completed Case Contents Lists and Case Count Sheets from previous months are to be kept in the store for the entire fiscal year until the physical inventory for that fiscal year has been reconciled.

- All forms for each month should be kept in the designated file in the store's Operations Drawer.

Case Count Counting Procedure

Each morning (before store opening, or as soon as possible after the store is open) and each evening (after store closing), a store associate must update all of the DIAMOND CASE COUNT SHEETS, using the following procedures, as shown on the following pages.

- Morning count entries should be made on the Case Count Sheet form using the left half entitled "MORNING COUNT." Evening count entries should be made on the right half of the form entitled "EVENING COUNT."
- The associate updating each Case Count Sheet should note his/her initials on the appropriate line (note that each line is pre-dated) in the column entitled "BY."
- Count the total number of items that are in the case or diamond wallet and write this number next to initials on the form in the column titled "NUMBER IN CASE."
- Count the total number of items listed on the attached Case Contents List forms and write this number in the next column entitled "NUMBER ON SHEET."
- Count the number of display elements with more than one item (trays, ramps, etc.) in the showcase and enter this number in the next column entitled "NUMBER OF MULTI ITEM DISPLAYS."
- Count the number of display elements with only one item (ring, fingers, boxes, etc.) in the showcase and enter this number in the next column entitled "NUMBER OF SINGLE ITEM DISPLAYS."

Merchandise Guidelines

Case Count Counting Procedure Continued

- If the quantity in the "NUMBER IN CASE" and "NUMBER ON SHEET" match, the update for this case or diamond wallet is complete. If the two quantities do not match, an immediate search for the cause must be conducted. If the cause cannot be located, Loss Prevention must be notified immediately (before the manager or associate counting the case leaves the store or pulls the merchandise from the case).
- When the merchandise in a diamond case is consolidated into fewer trays or boxes, the number removed should be noted in the column on the far right entitled "REMOVED FROM CASE," and the associate removing the trays or boxes should also initial this column.

Using the CASE CONTENTS LIST, DIAMOND CASE COUNT SHEET, and a separate case count must be constantly maintained for each window showcase, diamond case including back stock or \$30,000 or more item kept in safe, and red tagged gold merchandise.

Certificate Diamond Solitaire Evening Verification


When required (selected stores) each evening (after store closing), a store associate must verify all diamond certificates with the numbers stamped inside the certificate solitaires, to make sure that they all match.

- Each evening, the verification should be conducted and recorded on the CERTIFICATE DIAMOND SOLITAIRES EVENING VERIFICATION form.
- The associate conducting the verification should write the total number of certificates verified against solitaires, and his/her initials, on the appropriate line for the date this verification is done.
- If it is discovered that there is a certificate without a matching solitaire, or a solitaire without a matching certificate, this must be reported immediately to the District Manager and Loss Prevention.

Merchandise Guidelines

Case Contents List

Pictured below is an accurately completed CASE CONTENTS LIST example:

 CASE CONTENTS LIST									
MONTH <u>February</u> YEAR <u>2006</u> CASE NUMBER <u>1</u> CONTENTS <u>Diamond Fancies</u>									
ADDED TO							REMOVED FROM		
	SKU Number of Item Put in Case	Retail Price	LIST		CASE		LIST/CASE		Receipt Number, Transfer Number or New Location of Removed Item
			DATE	BY	DATE	BY	DATE	BY	
1	105-04264	2879 ⁹⁵	2/1	AB	2/1	AB	2/5	AB	4001467
2	105-108516	1999 ⁹⁵	2/1	AB	2/1	AB			
3	109-10193	399 ⁹⁵	2/1	AB	2/1	AB			
4	105-15864	799 ⁹⁵	2/1	AB	2/1	AB			
5	105-03923	899 ⁹⁵	2/1	AB	2/1	AB			
6	109-06499	599 ⁹⁵	2/1	AB	2/1	AB			
7	105-01505	799 ⁹⁵	2/1	AB	2/1	AB	2/2	CS	5399984
8	175-08549	829 ⁹⁵	2/1	AB	2/1	AB			
9	105-01434	179 ⁹⁵	2/1	AB	2/1	AB			
10	175-01449	279 ⁹⁵	2/1	AB	2/1	AB			
11	105-02440	869 ⁹⁵	2/1	AB	2/1	AB			
12	105-01506	599 ⁹⁵	2/1	AB	2/1	AB			
13	105-99905	199 ⁹⁵	2/1	AB	2/1	AB			
14	175-99913	1699 ⁹⁵	2/1	AB	2/1	AB	2/1	CS	5399982
15	105-99921	2499 ⁹⁵	2/1	AB	2/1	AB			
16	17-99399	599 ⁹⁵	2/6	CS	2/6	CS			
17	105-99962	699 ⁹⁵	2/6	CS	2/6	CS	2/19	AB	4001520
18	105-11724	2599 ⁹⁵	2/6	CS	2/6	CS			
19	105-10164	3599 ⁹⁵	2/6	CS	2/6	CS			
20									
21									
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31									

SMC STOCK #055

Merchandise Guidelines

Case Count Sheet

Pictured below is an accurately completed CASE COUNT SHEET example:

YOUR FAMILY JEWELER SINCE 1948

CASE COUNT SHEET

MONTH FEB 2005 CASE NUMBER 1 CONTENTS DIA

Date	MORNING COUNT					EVENING COUNT					REMOVED FROM CASE		
	A.M./BY	NUMBER IN CASE	NUMBER ON SHEET	NUMBER OF MULTI ITEM DISPLAYS	NUMBER OF SINGLE ITEM DISPLAYS	P.M./BY	NUMBER IN CASE	NUMBER ON SHEET	NUMBER OF MULTI ITEM DISPLAYS	NUMBER OF SINGLE ITEM DISPLAYS	MULTI **ITEM DISPLAYS	SINGLE *ITEM DISPLAYS	BY
1	DA	31	31	12	8	8M	31	31	12	8			
2	LB	31	31	12	8	LSA	30	30	12	7		-1	LSA
3	AB	30	30	12	7	DA	30	30	12	7			
4	LB	30	30	12	7	AB	29	29	11	7	-1		AB
5	LB	29	29	11	7	8M	29	29	11	7			
6	DA	29	29	11	7	8M	30	30	12	8	+1	+2	DA
7	AB	30	30	12	8	LSA	38	38	12	8			
8	LB	38	38	12	8	DA	37	37	12	8			
9													
10													
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31													

** MULTIPLE ITEM DISPLAY: TRAY; RAMP; FINGER, NECK, ETC. W/MORE THAN ONE ITEM

Merchandise Guidelines

Showing Merchandise to a Customer

Controlling the presentation of merchandise to the customer is the most important role you can play to help prevent a theft from happening. Follow all guidelines shown below.

- New Associates are not allowed to show diamond merchandise until authorized to do so by the Store Manager.
- Wait on only one customer at a time and only show one item at a time as noted by the below showcase sticker.

Ως αρε ρεθυιρεδ το σιοω ονλγ ονε ιτεμ
ατ α τιμε & περιψ ψουρ πιχτυρε ΙΔ ωιτη

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

- Test each .50 CT or larger mounted diamond with a diamond tester immediately before & after a customer handles it.
- When showing diamond earrings to a customer, the backs of the studs must be attached to the post at ALL TIMES.
- Do not lose sight of a merchandise item when showing it to a customer.
- Never turn or walk away from a customer who has merchandise in his/her possession.
- Be aware of and acknowledge customers when they enter the store and continue to acknowledge them until they are assisted.

Use the "210" security code whenever you are showing a HIGH-VALUE ITEM, or you are approached by a SUSPICIOUS CUSTOMER or a SUSPICIOUS CUSTOMER comes into your store.

When a "210" security code is announced:

- Make sure the other associates in the store heard you before showing any item.
- Another associate should be observing from a position between the customer and the most likely store exit.
- Do not let the customer hold the merchandise. You may show it without removing it from the display case.

Merchandise Guidelines

Showing Merchandise to a Customer Continued

These guidelines for showing HIGH-VALUE ITEMS are based upon the price of the item being sold or other factors of the merchandise, i.e., a Rolex watch, and must be followed consistently with all customers, regardless of the customer's race, gender, appearance, or any other personal description or characteristic of the customer.

Before you show a customer any HIGH-VALUE ITEM, including Rolex watches, items that have a silver ticket that states "SAFE-DO NOT DISPLAY," Red Tag Merchandise and items with a TICKET PRICE \$10,000 OR MORE, you must do the following for EVERY customer:

- You must ask for a state driver's license; state issued identification card or other government-issued identification card with a picture and description of the person identified. COMPARE the picture and description of the customer and then place the identification into a locked showcase. If the customer does not have proper identification or if the identification does not match the customer, do not show merchandise to this customer.
- If the customer has a Daniel's account, you must print an F8 and verify the customer's information.

Loose Diamonds

- Loose diamonds should be kept in the safe lockbox at all times.
- When showing a loose diamond, pull out only one diamond, in its paper, from the safe.
- Test diamond with diamond tester immediately before & after a customer handles it.
- Never pick up a diamond with your fingers. Use tweezers or other device.

Merchandise Guidelines

Showing Merchandise to a Customer Continued

Keep Pending Sale Merchandise in Plastic Bag While In Office

- Place pending sale merchandise items into a plastic bag immediately upon entering the office.
- Also, keep any paperwork concerning the sale and any money received from the customer in the bag until the transaction is recorded on POS.
- Until the item(s) are paid for, keep out of customer reach.
- If leaving this bag unattended, put it in a locked drawer, cabinet, or safe.

Merchandise Holds

- No store merchandise is to be put on hold for customers or employees.
- Merchandise may be held while a sale is pending a response from Central Credit. However, under no circumstances can it be held overnight.

Rolex Watch Showing Policy

To further control and avoid losses, the following policies must be followed at all times with every customer.

- A Manager or Keyholder MUST be part of the presentation and the showing of every Rolex.
- The First Step: BEFORE removing a Rolex watch from the safe.
 - We require TWO (2) valid forms of ID to be shown a Rolex watch.
 - Collect, inspect and hold the customer's valid and unexpired State ID.
 - Collect, inspect and hold the customer's valid Debit or Credit card. You must look over the second form of ID carefully and it must match their full name on their State ID.
 - Must verify that the picture(s) and entire description matches your customer.
 - Be *EXTRA* careful if the ID is out of state. (*most attempted theft occurs with out-of-state ID's*)
 - Place both forms of ID face down in a locked sit-down diamond showcase.

Merchandise Guidelines

Showing Merchandise to a Customer Continued

- The Second Step:
 - Kindly remind your customer that the premises are being Video Recorded and that we do NOT allow the following to be worn while being shown a Rolex. Must ask them to remove:
 - Facemask/hood/wrap (*unless the customer says it is for religious purposes*), sunglasses, hat. If you have any questions, please contact your RDM for guidance.
- The Third Step:
 - Have your customer sit down at the diamond showcase and show ONE (1) Rolex watch.
 - Remember to immediately put the watch back in the safe after showing it, or temporarily store it in the safe while you are processing the paperwork. Do NOT leave it in the office.

High Shrinkage Aware Stores

After each annual Inventory, the stores with the highest shrinkage results are identified for additional loss prevention precautions.

- After each Shrink Aware store has been identified, Loss Prevention will notify the store manager and the RDM with specific instructions/tasks for the store to follow the remainder of the year.
 - Loss Prevention will conduct a thorough investigation to determine the cause of the shrinkage.
 - Loss Prevention will conduct a Leadership Audit on a priority basis.
 - Monthly scheduled Cycle Counts and Self Mini-Audits.

Office Functions

Bank Deposit Options and Procedure

The Store Manager and/or Key Holder in charge is responsible for the bank deposit procedures being followed. Our Associates' safety is our number one concern when making bank deposits; we have three options as to how and when we make our bank deposits.

Each store may choose the following option that best suits your individual store:

Option #1 Preferred- Night Drop After Closing Store:

- Two associates must make night bank deposit drops.
- Make sure the associates that made the deposit notates "Bank Deposit" on their timecard by the date the deposit was made.

Option #2 Before the Store Opens In the AM:

- Schedule to have a minimum of two associates arrive to the store early enough to make the bank deposit and open the store on time.
- When entering the store, turn off the alarm and **do not** set up the store.
- Both associates clock in, the Key Holder retrieves the deposit from the locked box in the safe and re-sets the alarm.
- Return to the store, and proceed to follow opening procedures.

Option #1 & #2

Whether you are walking and making the night deposit inside of the mall, walking to the bank outside of the mall or driving to the bank, the Key Holder should approach the bank and make the night deposit while the second associate observes from a safe distance or from inside of a car, with his or her cell phone available to call 911 in case of an emergency. If walking to make the deposit, inside or outside of the mall, associates should not walk together so that one can alert the police if there is an incident before reaching the bank.

Office Functions

Option #3 While the Store Is Open for Business

- The deposit should always be concealed on the person of the associate in a pocket, under a coat, or some other area that is not visible when carrying it to the bank.
- If possible, an associate should drive rather than walk to the bank if the bank is not located in the mall.
- Deposit times, methods routes, and people should vary.

Stores **do not** need advanced permission to use any of the three options. If each store does make a night deposit on the same business day or a lobby deposit before 3:00 PM the following day, it will be considered on time. Bank deposits must be made daily, including on holidays and weekends when the bank is closed.

Cash Drawers

The total starting amount in a cash drawer is to be exactly \$100 (a combination of currency and coin). This amount is to be verified whenever an associate opens a cash drawer at the beginning of their shift.

- When a cash tray is in use, it must be kept locked in the cash drawer.
- When not in use, the tray can be locked in either the safe or the cash drawer. When not in use, the coin portion of the starting \$100 may be locked in the cash drawer or in the safe. The currency portion of the \$100 should be in an initialed and sealed cash drawer loan envelope locked in the safe lockbox.
- Drawers should be locked when unattended, and keys should not be left hanging in the lock.
- When closing a drawer, the cash should be counted out of the sight of customers and never left unattended unless in a locked area.

Office Functions

Cash Drawer Assignment

The store manager or keyholder in charge must assign an individual cash drawer to each associate working every day. Each associate is responsible for keeping their drawer balanced.

- If there are more associates than cash drawers, the last drawer should be a shared drawer for the additional associates.
- An associate should not be assigned the same drawer for two days in a row whenever possible.

Drawer Loan/Deposit Envelopes

Correct use of the Cashier Loan, Cashier Check/Credit Card, and Cashier Cash envelopes by each cashier daily.

The envelopes used by an associate when closing a cash drawer should be filed in the store's daily business envelope after they have been used and the deposit has been prepared. These envelopes include the Cashier Loan Envelope, Cashier Cash Envelope, and the Cashier's Check/Credit Card Envelope. When completed and filed properly, these envelopes can be used later to determine how much was in each associate's drawer.

- At the end of a shift, each cashier should have completed the following for their drawer:
 - The starting bank (currency only or currency and coin) should be in a sealed (not taped) CASHIERS LOAN ENVELOPE with the amount in it written on the envelope along with the date. The signatures of the associate who counted and the associate who verified the currency in the envelope and then immediately sealed it should also be on this envelope. Stay with the loan envelope while it is verified & sealed until it is placed in the lockbox.
 - The currency and coin left in the drawer after the bank has been removed should be inside a sealed CASHIERS CASH ENVELOPE that is filled out with the date, cash drawer number, and the amount in the envelope written on it. The signatures of the associate who closed this drawer and counted this money and the associate who verified the count and immediately sealed the envelope should also be on this envelope. Stay with the deposit CASHIERS CASH ENVELOPE while it is verified & sealed until it is placed in the lockbox.

Office Functions

Drawer Loan/Deposit Envelopes Continued

- The checks and credit card drafts are placed in a CASHIERS CHECK/CREDIT CARD ENVELOPE along with a deposit slip with the checks listed on it. The associate who is closing their drawer should draw a line under the last check listed on the deposit slip. After they list the checks from their drawer on the deposit slip, the associate should then put his/her initials in the margin above the line so that it can later be determined whose drawer each check was in.

Cash Control Chart Posted, Used, Verified

Entries by each cashier for the results of their balancing each day recorded on the Cash Control Chart. The bank deposit method for each day. The Operations drawer hanging folder contains the Cash Control Charts for the previous month(s).

The cash control chart is maintained in your store on a monthly basis (begin a new chart on the first of each month). This form tracks individual cashier's ability to balance their cash drawer. It also tracks each day's bank deposit, the date made, the method (walk-in or drop), and who took it to the bank.

- The name of each cashier for the store should be listed on the top of the form. (If necessary, use two forms). Each day when a cashier completes their shift and balances their cash drawer, the overage or shortage amount is noted on the cash control form. If the cashier is off for the day (not working), mark the form with "off." If the cashier balances, insert a zero (0.00) for their total.
- If the store does not balance at the end of the night, an explanation must be given and recorded on the cash control chart. The manager is also required to initial the cash control chart on a daily basis to indicate he/she has verified the chart.

Office Functions

Cash Control Chart Posted, Used, Verified Continued

- The associate(s)/manager taking the deposit to the bank should initial the Cash Control Chart, write in the date the deposit is made, and if the deposit was walked in or dropped. This should be done each day prior to the deposit being taken to the bank. Only the associate(s)/manager making the deposit should initial the chart. If the deposit was dropped, a minimum of the two associates that made and observed the deposit being made must initial the Cash Control Chart.

A folder titled cash control chart (completed) in the Operations Drawer will hold the store copies for each month of the completed charts for a period of one year. As the form is being used during the month, post the form on the wall near the safe.

Customer Checks

Purchases made in our stores paid for by check, are considered cash sales. Once a check is accepted as payment for a purchase, follow all cash sale procedures!

- We accept checks for cash sales, down payments and payments on accounts.
- Checks for cash sales and down payments must have a TeleCheck authorization. If it's a decline message, ask the customers for another source of payment (see laminated sheet VeriFone instruction also available on the Store Intranet).
- We do not accept checks more than the current maximum guaranteed amount (\$3000) by TeleCheck.
- We do not cash checks for any customer. There must be a necessary transaction to necessitate taking the check (cash sale, down payment or account payment).

TeleCheck Approval Codes

- These are the ONLY codes (three possible) for an approved check Approved 1234, or Approved 1234 SMI, or Approved + 1234 The characters in the response (IF ANY) MUST match the first three characters of the name imprinted on the check, example SMI for Smith, otherwise do not accept the check • Write the entire approval code on the check 14 CHECK ACCEPTANCE.
- TeleCheck DECLINE Codes – these codes indicate the check was NOT approved and you should not accept the check • Code 3 - SMI • Code 4 – SMI The characters in the response represent the characters of the name imprinted on the check, example SMI for Smith

Office Functions

Debit/Credit Cards

NEVER request identification or take possession of the customer's card for ANY PIN entered debit card transaction.

Debit/Credit Cards Continued

- If a debit card is being used as CREDIT, follow credit card procedures:
 - Ask the customer – or "credit" or "debit".
 - If the customer say's "credit", ask to see the card and inspect it.
 - Credit Card Inspection:
 - The card MUST have a logo (Discover or American Express) or hologram (MasterCard or VISA) on the front or back of the card.
 - The card cannot appear to be tampered with or damaged beyond normal use.
 - No logo or hologram? Damaged/tampered with? Ask for another card or another form of payment.
- Swipe versus Chip
 - All PIN entered debit cards must be either swiped or chipped;
 - NEVER manual key entry
 - All CHIPPED cards (credit or debit) must be inserted into the PIN pad chip reader FIRST
 - ONLY after the third failed chip read can a chipped credit card be swiped
- When to ask for identification - "Credit" ONLY
 - The signature panel is not signed, *OR* the amount be charged is \$1,000 or greater,
 - UNLESS the credit card tender is for \$1,000 or more *OR* the signature panel is not signed, you should not ask for identification.
- Identification:
 - First, match the identification to the customer
 - Second, try to match the identification to the transaction
 - DO NOT ASK for or RECORD the customer's name or address if the ONLY form of payment is a credit or debit card, UNLESS the customer has agreed to provide this information and signed the bottom of a handwritten sales receipt
 - If you believe that the card does not belong to the customer or for some other legitimate reason this is a suspicious transaction call Bank of America merchant services - 800.430.7161 and have your MasterCard/VISA merchant ID available (even if a Discover or American Express card is at question)

Office Functions

Debit/Credit Cards Continued

- Payment Terminal Password Required:
 - Force Sale – when you obtain an authorization over the telephone AND THEN enter the sale into the payment terminal.
 - Refund
 - Manually enter a credit card number 10 CREDIT CARDS
 - Payment Terminal Password Required
 - Due to the limited number of circumstances where a password required transaction will be necessary or allowed, contact POS support for any password required - 310 846 5687
- Declined Credit Card:
 - In case a credit card is declined, this card cannot be accepted.
 - You must ask the customer for a different form of payment.
 - Do not call the Authorization Center when a Decline message is received.
 - Never accept an approval from the customer's bank.

Securing Credit Applications

- The accordion file containing credit applications should be locked into a secure drawer except when being used to file or retrieve information.
- NEVER LEAVE THIS FILE UNATTENDED. NEVER LEAVE THIS FILE IN AN AREA THAT CAN BE ACCESSED BY A CUSTOMER OR NON-STORE PERSONNEL.
- Confidential information should be filed in this file by the date it was received during the month.
- The store should always have two file folders; the current month's file and the previous month.
- Before the end of each month, all information in the oldest folder should be removed, and security sent for shredding; reuse the folder for the new month.

Office Functions

Handwritten Sales Slips

- All sales slips should be written at the time of the transaction before you enter it into the pos.
- When a sales slip is completed, the customer's name, address, city, state, zip code & phone number should be neatly printed on the cash sales slip.
- The method and amount of payment should be marked on it, (i.e. cash, check, Daniels Charge, etc.).
- The merchandise SKU, description, and price written on the sales slip.
- Complete the sales total (including tax, registries, down payments and trade-in or returns)
- The merchandise tag(s) should be taped to the white handwritten sales slip with the SKU side showing.

Layaways

The maximum length of time that an associate may set up a layaway account is six months. Store managers have the authorization to extend this to a maximum of twelve months.

- No layaway may be set up for terms extending longer than twelve months without direct authorization from the store's Regional or District Manager or from Central Credit.
- At the beginning of each month, a listing of layaways (POS report 160A) should be printed and compared to the merchandise held in layaway. The verifying associate's initials and the date this is done should be written on the POS printed sheet along with notes indicating that the merchandise is present in the layaway envelope/drawer. This initialed report should be kept in Operations Drawer, File #17.
- Any unresolved discrepancy must be reported before the end of the day to the Regional or District Manager and Loss Prevention.
- When the layaways are reviewed each month, any regular layaways (not special order) that have not had a payment made for 60 days are to be canceled, merchandise returned to stock, and account balance reduced to "0" by adjusting it to "unclaimed credit balance."
- All layaway and special order merchandise is to be kept alphabetically in a locked office drawer during the day and in the safe at night.

Office Functions

Rolex Layaway Policy

- To put a Rolex on layaway you must collect a **10% DEPOSIT** of the retail price.
- We **DO NOT ACCEPT CASH** as a deposit to place a Rolex on layaway. The customer must pay their 10% deposit by either a pin entered Debit card or a Credit card.
- The maximum amount of time a Rolex can be on layaway is **90 DAYS**.
- If a customer comes in and requests to view a Rolex that they have on layaway the above showing policy **MUST** be followed before you can show it. **This MUST happen each and every time.**

Special Order

Special order envelopes and special order log must be completely filled out recording the status of each special order:

- When a new batch of Special Order envelopes is opened, the control number of each envelope should immediately be listed in the far left column of the Special Order log in numerical order.
- A Special Order Envelope should be filled out completely at the time the order is taken/made.
- When merchandise is received, a copy of vendor paperwork should be put into the S.O. envelope with the merchandise. If the special order is canceled, send paperwork, merchandise, & a copy of the envelope to SMC attn: Special Orders.

Completing the Log

- The entire Sales Information section of the log should be filled in whenever a customer places a special order.
- The associate placing the order completes the Ordering Information section in the log.
 - When the merchandise is received in the store, complete the received section with your employee number and the date.
 - When the customer comes in to pick up their special order merchandise, complete:
 - Employee number of associate delivering the merchandise.
 - The date.

- The customer's signature.
- The Special Order Envelope should be filed alphabetically in the layaway drawer.

Returns/Trade In's

Whenever a trade-in or return is received from a customer and recorded on POS, a Return form is automatically printed for each item recorded as a return or trade-in.

- The associate that recorded it should immediately enter this form number and the information concerning the customer and the transaction, into the Return/Trade-In Log.
- The merchandise must be placed in the locked A-box pending drawer along with the white copy of the Return form.
- The pink copy should be filed numerically in the store (on a clipboard or binder).
- When it is sent in the A-box to the main office, the trade-in/return form number should be listed on the Shipping Manifest, and the shipping date entered into the Return/Trade-In log.

Free Gifts

We never want to disappoint customers by not having the advertised Free Gifts. In order for that to happen free gifts must be rung through the POS.

- When to enter a free gift in the POS:
 - One Free Gift per qualifying customer must be rung through the POS at the same time as the qualifying purchase.
- What do you do if you discover you are missing free gifts and need replenishment:
 - Call Distribution or Loss Prevention to find out how many of each SKU you should have in your store.
 - Fill out and submit a Loss Report for any of the missing items.
 - If you discover these items missing and do not know which customer you gave them to, DO NOT try and process through the POS as a sale to correct your inventory.

Office Functions

Open Transfers

Each month the Distribution Department will fax you a list of the store's open transfers.

- The listing will show transfers sent *TO* your store that have not been confirmed as having been received.
 - Please confirm that each of the listed transfers and the merchandise was received by locating the transfer and confirming that all merchandise listed was received.
 - Write your associate name and number clearly enough so that the Distribution Department can read it on the transfer sign and fax it to (310) 665-2161.
 - If you cannot find any of the transfers listed and confirm receipt of the merchandise, report this to the Loss Prevention Department immediately.

Manifest Report

Each month the Distribution Department may fax you a manifest report request for your store.

- The listing shows manifests sent *TO* your store that have not been confirmed by your store as having been received.
- If you have one or more of the SMC Shipping Manifest listed:
 - Verify or write the receiving employee number, employee name and receiving date on each manifest.
 - FAX the signed and dated manifest to (310) 665-2161.
 - Send the SMC copy of the signed and dated manifest and this listing to SMC in your next "A" box.
- If you DO NOT HAVE one or more of the SMC Shipping Manifest listed:
 - Try to locate it in your transfer drawer #6.
 - If you are unable to locate it, contact the Distribution Department for additional instructions.

Office Functions

Key Control

All store keys should be on one of three types of sets.

- Key Holder Set
- Sales Associate Set
- Cash Drawer Set

Key Holder Set

Store keys that open and close the store and the safe lock box are issued to Store Managers and Key Holders.

- Key Holders carry store keys with personal keys (car and home) and keep them as they come and go from the store.
- There should be no more than a total of four sets per store.
- An unissued set should be kept in the safe lockbox.

Lead Associate

On occasion, there will be times when a Lead Associate will be handed a set of store keys and be in charge of the store while the actual Keyholder has stepped out on a meal break or to run a store errand. When the Keyholder returns, you must remember to return the store KEYS back to them.

Sales Associate Set

- Keys that open cases and drawers (except cash drawers) within the store.
- Issued to each store associate.
- Always attached to associate while in store.
- Keys never leave the store. When not being used, they should hang on a hook on the inside of the safe door. Each hook should have the name of the assigned associate under it.
- Unissued keys should be identified as extras and kept in the safe lockbox.

Office Functions

Cash Drawer Set

- Each set of cash drawer keys opens one of the drawers.
- Each key should be kept on a separate ring and attached to the assigned associate while working in the store.
- Each associate keeps the key issued to them during the entire day including breaks so they are the only one who has access to their cash drawer.
- At the end of an associate's shift, the key should be returned to the proper hook on the inside of the safe door.

Associate Time Keeping

Follow the procedures below for the Time Punch Correction Card-Record Adjustments/Corrections. Request for paid time off - vacation, sick pay.

- Associate completes their personal information complete this card when submitting a request for a day off – vacation, sick pay, or bereavement.
- Enter the date of the correction.
- Write in the time punches needing to be corrected in Time Management.
- Associate completes a card for the day(s) he/she is requesting vacation, sick pay.
- Submit this card to your store manager.
 - STORE MANAGER:
 - Associate submits a signed card to the store manager.
 - Review each submitted correction card.
 - Enter corrections/adjustments into Time Management.
 - Enter Vacation and/or Sick Pay hours into Time Management.
 - Attach the completed correction card to your weekly schedule and retain it for your records.

Office Functions

Cash Spiff Policy

Spiffs are a great incentive and benefit. It is the responsibility of all associates to follow policies and procedures when collecting spiffs.

Qualified merchandise must be sold at or above the lowest authorized sales price from the photo album or no spiff is earned. No spiff is paid on merchandise that is part of a Bogo sale.

During special company approved promotions (no tax or 10% off) a spiff is authorized and paid on the net sale amount after deducting the discount.

When gift cards are used, the spiff is paid on the net sale amount after deducting the gift card amount.

If there is a trade-in involved, the stated percent is paid on the net selling price after the trade-in, as long as the net sale is at least twice the amount of the trade-in.

- For flat rate spiffs (like signature certificate solitaires), you earn ½ the stated spiff amount if there's a trade-in
- There are no spiffs if there is a non-Daniel's item trade-in (outside trade)

Spiffs are not paid on layaways until they are converted to sales.

Spiffs must be recorded on the spiff log and approved by the store manager or authorized keyholder. If you are the manager or keyholder cashing the spiff, it is your responsibility to make sure it is a qualifying spiff.

- All logs must be completely filled out properly and signed or initialed.
- If the item(s) that earned you a spiff is returned, you must return your spiff.
- The spiff you collect must be for the exact amount, do not round up.
- Make sure to account for returned items on which you previously collected a spiff.
- The associate collecting a spiff must show the cashier proof of valid/qualified spiff (113S) before receiving any money.
- Spiff Logs must be retained and filled out according to policy.
- The cashier (Manager/Keyholder), and associate collecting the spiff, must not be the same person.

Office Functions

Cash Spiff Policy Continued

- The end-of-month spiff report needs to be verified with the spiff logs to account for all spiffs paid.
- When selling a registry to a customer, it must be for the correct amount calculated. All stores must be consistent.
- Correctly calculate the spiff earned amount by taking into account discounts or trade-ins.
- The sales associate receiving the volume collects the spiff.

If you have earned a spiff, it should be paid from the cash drawer on the same day or within a day or two after being earned. You are responsible to know that all spiffs must be paid out in the same month as the month in which they were earned or you may not be able to collect them.

On or before the last day of the month, if you have earned a spiff that you can't collect before the end of the last day of the month because a) there isn't enough cash, b) you are off, or c) another valid reason, you or your manager must speak with your RDM or area coordinator about this at least an hour before you clock out on the last day you work in the month. If you don't call and speak with your RDM or area coordinator, you may not be able to collect the spiff later.

In the following month, if you earned a spiff in the prior month and did not take it, *do not* pay the spiff from the cash drawer. Instead, contact your RDM or area coordinator for special instructions.

Associates are encouraged to "spiff out" often – at least once per week and daily is not too frequent, certainly on the last day of the month through the end of the month.

Office Functions

Repairs

Repair Log Entries Procedures

A review of the Repair Log to verify that as the customer's merchandise is received from the customer, moving to the jeweler, returning from the jeweler, and is delivered back to the customer, appropriate entries are made.

Whenever a new batch of repair envelopes is opened, the control number from each envelope should immediately be listed in the far left column of the repair log in numerical order.

- Verify each envelope number; it is not uncommon for a number to be missing.

As part of the procedure of accepting an item to be repaired from a customer, the customer's name, phone number, date, and a description of the merchandise taken in for repair must be written in the appropriate spaces in the repair log, on the line that corresponds with the control number on the repair envelope.

- If the item is Daniel's Merchandise and the SKU Number is known, it should be included as part of the description.
- Diamond test any .50ct diamond and above.
- The amount due from the customer should be written in the margin or next to the id column
- This should be done immediately upon receiving the item from the customer rather than being laid aside and entered later.

When repair job(s) are given to the jeweler, the jeweler must enter the date, their initials, and their company name in the appropriate spaces in the repair log. These entries document acceptance of responsibility for the repair job(s) by the jeweler.

When a repair is received back in the store from a trade shop, the receiving associate must date and initial the appropriate spaces in the repair log. These entries document acceptance of responsibility for the repair job(s) by the associate.

Office Functions

Repair Log Entries Procedures Continued

As part of the procedure for delivering a repaired item back to a customer, the associate must date and initial the repair log. They should have the customer sign on the appropriate line that indicates the repair has been delivered to them. If the customer does not have their claim ticket, their ID (i.e., Driver's License) must be verified and the ID number written next to their signature in the repair log. Make a copy of the white repair ticket and keep it inside the used repair envelope.

- Repairs can be delivered only to a customer who has the claim ticket or to the person whose name is written on the repair envelope.

Repair Envelope

Each area of the repair envelope form should be accurate and completed; special interest in diamond testing, SKU of merchandise, and Customer Signature.

Start with the type of merchandise and the shop information; be sure to include the promise date back from the shop.

Complete customer information for all customers. If the customer has a Daniel's account, be sure to record the account number.

- A complete description of the merchandise, including SKU Number, if known, chain length and type, etc., should be listed on the form. If a clear stone, be sure to check with the diamond tester and record the results.
- Full repair instructions, the price, amount paid and balance due. As part of the procedure of accepting an item to be repaired from a customer, after completing the repair envelope, the customer should always sign the bottom of the repair envelope on the appropriate line, indicating their agreement and acceptance of the valuation and description of their merchandise, the work to be done, and how long it will be held for them to pick it up at the store.

Office Functions

Security of Customer Repairs

Customer repairs must be secured at all times. It should be in a locked designated repair drawer while the store is open. The repairs and the repair log need to be secured in the safe at closing.

- If the store has an in house jeweler, the jeweler must secure the repairs in the safe provided for their room or the store safe when not working on the item.

Repair In/Out Boxes

Repair white slips filed correctly to match the location of the repairs (shop, in store for pick up and delivered). Notations on the white slips indicating associates at least monthly have reviewed them.

Each customer repair is tracked in the Repair Log from the point it is received from the customer until it is delivered back to them. The repair white copy indicating merchandise location, and the repair, should always agree.

- If the repair merchandise is with the jeweler, at SMC for repair, at the manufacturer for repair, etc. the white slip should be in the "Repair OUT Box."
- When the repair is returned to the store, the white ticket should be placed in the "in" file box alphabetically. It will serve as the sales slip when the customer picks up his merchandise.
- When the repair is returned to the store, the customer should be called and informed that the repair is in the store and ready for pick up. The associate's initials, and the date of the phone call, should be written on the back of the white slip. At least once a month, additional calls should be made until the customer picks up the repair.
- When the customer picks up their merchandise, the white ticket is removed from the file box, the customer signs the repair log, and the white copy is filed in the daily business envelope. The used envelope is filed numerically with the other used repair envelopes.
- At least once each month, the "IN" tickets should be compared to the filed repair jobs. The associate's initials and the date should be written on the back of the white ticket indicating that the repaired merchandise is in the file. Any discrepancies not resolved must be reported before the end of the day to the Regional or District Manager and Loss Prevention.

Office Functions

Repair In/Out Boxes Continued

- When newly purchased merchandise is being held in the store for the customer to pick-up, the white ticket from the repair envelope should be filed inside the "Repair IN Box" file box. This ticket can be used to verify that the merchandise is not missing.
- All repair merchandise must be kept alphabetically in the designated locked Repair drawer with the Repair log nearby during the day, and both must be in the safe at night.
- If the customer pays for the repair at the time that the merchandise is left at the store, the original white slip, from the repair envelope, should be placed into the "repair out box" and a copy of the original should be sent into SMC with that day's daily business envelope.

Used Repair Envelopes Filed Properly

After a repair has been picked up, the envelope with the yellow ticket copy enclosed should be kept filed numerically in the store. These should remain in the store until the main office asks for them in writing.

Repairs Dated Within Six Months

Repairs that have not been picked up after six months should be sent, along with the matching white ticket, to the main office in a bag marked "old repairs" with each job envelope number listed on the accompanying shipping manifest form.

- "Sent to office (date)" should be written in the customer signature area of the Repair Log for each job returned.

If a customer states that they no longer want an item that they did not remove from the store, after charging it on an account, the Regional/District Manager should be contacted immediately.

Office Functions

Merchandise/Spiff Control Report

Below is a sample of a Merchandise/Spiff Control Report. Each month, the store must complete this form by the 5th of the month. To locate this report, go to the store Intranet, select Ops Manual, POS and Forms, use the arrow down button and select Ops Manual, POS and Forms, and select Merchandise / Spiff Control Form. Complete the form, make a copy of the report for your retention and submit the completed report.

<u>SAMPLE</u>	
MERCHANDISE/SPIFF CONTROL REPORT pg. 1	
999 Sample Store	<p>You can use CTRL+ and CTRL- to adjust the screen and make it more readable</p> <p>This form should be completed and submitted (click on button at bottom of page) by no later than the 5th calendar day of the month</p>
1. LAYAWAYS <div style="text-align: center;">Need Help</div> <div style="text-align: center;">* INSTRUCTIONS *</div> <p>a. Print a POS Layaway report (160A) and verify each envelope with merchandise and report.</p> <p>b. If nothing is missing, file the 160A report white copy in Operations Drawer File #17 and check OK above.</p> <p>c. If you are unable to make the necessary corrections to the 160A report on your own, so that a NEW 160A report can be run and verified with the merchandise, check Need Help and complete the box to the right.</p>	<div style="text-align: center;">Need Help?</div> <div style="border: 1px solid black; padding: 5px;"> <p>CUSTOMER: DID NOT PICK UP LAYAWAY PROPERLY. NEED HELP CORRECTING IN POS.</p> </div>
2. REPAIRS <div style="text-align: center;">OK</div> <div style="text-align: center;">* INSTRUCTIONS *</div> <p>a. Verify that inside the "In" box there is a white ticket for each repair envelope that is in the repair drawer. If a white ticket is missing, make a copy of the envelope and file it inside the "In" box.</p> <p>b. Initial and date the back of each white ticket when you have verified that the merchandise for that ticket is in the repair drawer.</p> <p>c. If you have a white ticket but no merchandise, check the repair log. If the customer signed for the repair, put the white ticket in the store's Daily Business bag for the date when the customer signed the log.</p> <p>d. If you have a white ticket for EACH AND ALL repairs in the repair drawer and merchandise in the repair drawer for EACH AND ALL white tickets, check OK above.</p> <p>e. If you have a white ticket and are unable to find the merchandise in the repair drawer *AND* you were unable to verify that your customer picked up the repair (#c above), check Loss Rptd above, complete a loss report for each repair being reported and FAX your completed loss report(s) to 310 846 6306.</p> <p>f. If a repair has been returned by the jeweler and is still in your store for 6 months or more, it should be returned to SMC</p>	<div style="text-align: center;">Comments</div> <div style="border: 1px solid black; height: 100px;"></div>
3. RETURNS AND TRADE-INS <div style="text-align: center;">OK</div> <div style="text-align: center;">INSTRUCTIONS *</div> <p>a. Verify that all return/trade-in form numbers issued during and since last month are written in the Return/Trade-in log, and each pink copy is filed in the store. Make sure the date and manifest number for each Return or Trade-in is written in the log and put a checkmark on the log page next to each entry verified today.</p> <p>b. If there are no missing forms or merchandise, then check OK above.</p> <p>c. If a form or merchandise is missing, or if you need help with this procedure, check Need Help above.</p>	<div style="text-align: center;">Need Help?</div> <div style="border: 1px solid black; height: 100px;"></div>

Office Functions

SAMPLE

MERCHANDISE/SPIFF CONTROL REPORT pg. 2

4. SPIFFS PAID OK

* INSTRUCTIONS *

a. Total the amount paid last month on each associate's spiff log page.
 b. Compare each associate's log total with the total amount on the POS Commissions Paid Register report (POS prints at the end of the month). If the totals match, put your initials and employee number on each spiff log page.
 c. If everyone's log page total matches with their report total, check the OK box above and file the white copy of the POS Commissions Paid report with the log pages in Ops. Drawer File # 14.
 d. If the Spiff totals do not match or if you need help with this procedure, check Need Help above and provide details in the box on the right.

Need Help?

5. LIST ALL CUSTOMER MERCHANDISE BEING HELD.
 IF NECESSARY LIST ON ADDITIONAL SHEET OF PAPER AND FAX TO (310) 846-8306

All items listed below

* INSTRUCTIONS *

List any and all customer merchandise that has been in your store for more than 45 days a) since it was taken in as a repair or returned by the jeweler (whichever is later) or b) since it was sold in POS. This includes repairs, special orders and any other merchandise (other than properly recorded layaways) that has been paid for by the customer or charged to a customer account. You may have to list certain items, like unclaimed repairs, month after month. You should be working to contact the customer and arrange for their pick-up of their merchandise. If the customer is unwilling to pick-up merchandise that has been charged to a Daniel's account that has a balance, contract your RDM for additional assistance.

Sale or Jeweler Return Date	Name	Account	SKU
07/01/19	BOB SMITH	9991231 23	150-12345
07/05/19	ANA GONZALES	9991111 11	111-11111

Sale or Jeweler Return Date	Name	Account	SKU

MANAGER - Enter Name and Employee Number Below
ALBERT JONES 9999 SAMPLE ONLY

Office Functions

Merchandise/Spiff Control Report Instructions

Layaways

- Print a POS Layaway report (160A) and verify each envelope with merchandise and report.
- If nothing is missing, file the 160A report white copy in Operations Drawer File #17 and check OK on the Merchandise/Spiff Control Report.
- If you are unable to make the necessary corrections to the 160A report on your own, so that a NEW 160A report can be run and verified with the merchandise, check Need Help and complete the box to the right on the Merchandise/Spiff control Report.

Repairs

- Verify that inside the “In” box there is a white ticket for each repair envelope that is in the repair drawer. If a white ticket is missing, make a copy of the envelope and file it inside the “In” box.
- Initial and date the back of each white ticket when you have verified that the merchandise for that ticket is in the repair drawer.
- If you have a white ticket but no merchandise, check the repair log. If the customer signed for the repair, put the white ticket in the store’s Daily Business bag for the date when the customer signed the log.
- If you have a white ticket for EACH AND ALL repairs in the repair drawer and merchandise in the repair drawer for EACH AND ALL white tickets, check “OK” on the Merchandise/Spiff Control Report.
- If you have a white ticket and are unable to find the merchandise in the repair drawer *AND* you were unable to verify that your customer picked up the repair, check “Loss Report” on the Merchandise/Spiff Control Report, complete a loss report for each repair being reported and FAX your completed loss report(s) to 310 846 6306.
- If a repair has been returned by the jeweler and is still in your store for 6 months or more, it should be returned to SMC

Office Functions

Merchandise/Spiff Control Report Instructions

Returns and Trade-Ins

- Verify that all return/trade-in form numbers issued during and since last month are written in the Return/Trade-in log, and each pink copy is filed in the store. Make sure the date and manifest number for each Return or Trade-in is written in the log and put a checkmark on the log page next to each entry verified today.
- If there are no missing forms or merchandise, then check "OK" on the Merchandise/Spiff Control Report.
- If a form or merchandise is missing, or if you need help with this procedure, check Need Help on the Merchandise/Spiff Control Report.

Spiffs Paid

- Total the amount paid last month on each associate's spiff log page.
- Compare each associate's log total with the total amount on the POS Commissions Paid Register report (POS prints at the end of the month). If the totals match, put your initials and employee number on each spiff log page.
- If everyone's log page total matches with their report total, then check "OK" on the Merchandise/Spiff Control Report and file the white copy of the POS Commissions Paid report with the log pages in Ops. Drawer File # 14.
- If the Spiff totals do not match or if you need help with this procedure, check "Need Help" on the Merchandise/Spiff Control Report and provide details in the box on the right.

Office Functions

Merchandise/Spiff Control Report Instructions

List All Customer Merchandise Being Held

List any and all customer merchandise that has been in your store for more than 45 days on your Merchandise/Spiff Control Report.

- Since it was taken in as a repair or returned by the jeweler (whichever is later) or Since it was sold in POS.
- This includes repairs, special orders and any other merchandise (other than properly recorded layaways) that has been paid for by the customer or charged to a customer account.
- You may have to list certain items, like unclaimed repairs, month after month.
- You should be working to contact the customer and arrange for their pick-up of their merchandise.
- If the customer is unwilling to pick-up merchandise that has been charged to a Daniel's account that has a balance, contact your RDM for additional assistance.
- If Necessary list on additional sheet of paper and fax to (310) 846-6306.

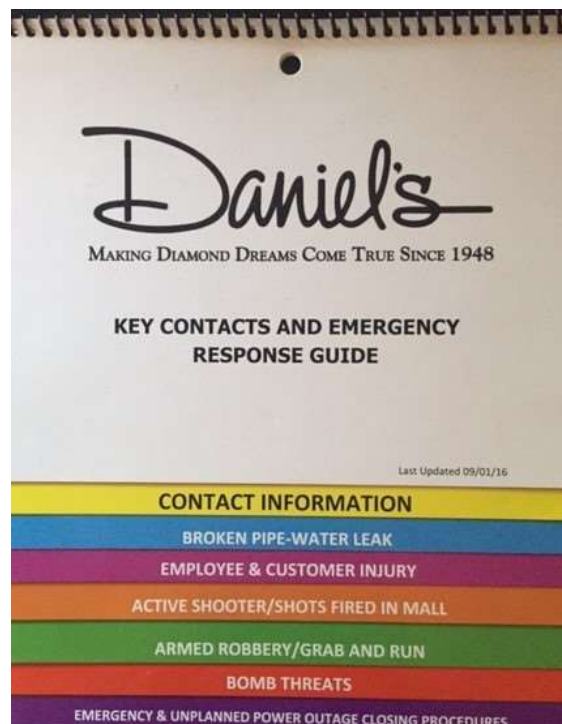
Emergency Procedures

Key Contacts and Emergency Response Guide

The lives and safety of our Associates and customers are always first priority, followed by protecting inventory and other assets whenever possible. It is the purpose of this guide to identify standard emergency procedures for the most common emergencies and incidents. It is impossible to anticipate every conceivable emergency. However, the following procedures in this guide are applicable to most emergencies and should be followed.

The tabs on the bottom of the guide address different scenarios so that you could access exactly the one needed quickly and easily. In addition, a tab for key contacts of who to call in a specific situation was included.

The Key Contacts and Emergency Response Guide is located on the wall in your backroom, next to the current years Legal Posting.



Emergency Procedures

Broken Pipe-Water Leak

- Try to determine the source of the leak.
- Move any merchandise or supplies to prevent water damage.
- Call Mall Maintenance/Mall Security so they can locate and turn off the water source of the broken water pipe.
- If possible, place a trash can or bucket to catch the leak.
- If the leak appears to be coming from the air conditioning unit (and you are sure that it is not raining and the leak is not from another source), turn the air conditioning unit off.
- If minor leak, complete and send Maintenance Request Form from the Intranet.
- If immediate emergency repair is needed, call Bill Clark (see emergency contacts).
- Call Loss Prevention (see first tab for telephone numbers) to report this incident.

Employee & Customer Injury

- In case of a serious injury, immediately call 911.
- Use the store first aid kit for minor injuries.
- Print an Accident Report from the Intranet or retrieve a blank/printed form from a store file.
- Complete this form for each employee injured at work or in the mall, or for each customer injured in the store.
- Get the name, address, and phone number of each witness.
- If the injured person seeks medical treatment, get the name of the hospital or medical clinic where they are going (or were transported by emergency personal) and write it on the Accident Report form.
- Call Loss Prevention (see first tab for telephone numbers) to report this incident.

Emergency Procedures

Active Shooter/Shots Fired In Mall

If you see or have been notified that shots have been fired or that there is a person with a gun nearby, the first priority is the protection of all associates, customers and others that are in the store.

- In an orderly manner, escort customers, the jeweler and anyone who is not a store associate to an area in the store that is out of view from outside of the store.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- If it is safe to do so, the Store Manager or Key Holder in charge should try to retrieve and take his/her personal cell phone and keep it on his/her person until the situation is resolved.
- Stay out of sight to anyone in the mall and remain quiet such as in the back room behind a closed door.
- Ask everyone in the store to put his/her cell phone on silent.
- If it can be done safely, find a location in the back of the store to quietly call 911 to provide or get information of the incident.
- If it can be done safely, find a location in the back of the store to quietly call Mall Security so they know where you are and notify Loss Prevention.
- Wait for instructions from Mall Security, Law Enforcement, or Loss Prevention before opening store or leaving.
- If directed to by Mall Security or Police, open a single door and escort everyone out of the store.
- Verify that everyone has left the store.
- Set the store alarm, if possible.
- Lock all doors and gates.
- Leave the store.
- Wait for the police in a location that is a safe distance from the store.

Emergency Procedures

Armed Robbery/Grab and Run

If A “Grab and Run” Or “Smash And Grab”,

- Do not attempt to apprehend the person and do not chase them out of the store.
- If you are standing by the exit, get out of the way.
- If someone enters the store and attempts to commit a robbery, with a gun or other physical threat,
- Remain calm.
- Cooperate fully. Do only what the robber says to do.
- Do not make any moves or do anything except exactly what the robber tells you to do.
- Remember the robber’s race, age, clothing and description.

After All Robbers Leave

- Attempt to see where each Robber goes and their getaway vehicle. However, DO NOT follow or attempt to stop them.
- Immediately call 911 with a description of each suspect.
- Ask everyone in the store, including the jeweler and customers, to remain in the store to talk to the police.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- Do not touch areas the robbers may have touched until the police have checked for fingerprints.
- Gently place sale mailers or flyers to cover any area touched by the robber.
- Call Loss Prevention *AND* your District or Regional Manager/Director (see first tab for telephone numbers) to report this incident.
- Try to provide paper and something to write with to each person in the store (especially store associates) and ask him/her to write a description of what they saw.
- Do not speak to any news media or callers about the incident. Refer all callers to Loss Prevention.

Emergency Procedures

Bomb Threats

Always take a bomb threat seriously. The first priority is the protection of all associates, customers and others that are in the store.

The associate receiving the call should get as many details as possible.
Spend only a few minutes doing the following steps before leaving the store.

- In an orderly manner, escort customers, the jeweler and anyone who is not a store associate out of the store immediately.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- Contact Mall Security and/or the local police immediately (see first tab for telephone numbers).
- Call Loss Prevention *AND* your District or Regional Manager/Director (see first tab for telephone numbers).
- Look for a suspicious package in customer and backroom areas.
 - ANYTHING that is not store property should be regarded as suspicious and SHOULD NOT BE TOUCHED OR MOVED. Report it immediately to the local police.
 - If a suspicious package is seen,
 - If it is safe to do so, the Store Manager or Key Holder in charge should try to retrieve and take his/her personal cell phone with him/her when exiting the store.
 - Set the store alarm.
 - Lock all doors and gates and leave the store.
 - Wait for the police in a location that is a safe distance from the store.
 - If no suspicious package is seen,
 - Put the repairs, repair log, and layaways into the safe.
 - The Store Manager or Key Holder in charge should try to retrieve and take his/her personal cell phone with him/her when exiting the store.
 - Set the store alarm.
 - Lock all doors and gates and leave the store.
 - Wait for the police in a location that is a safe distance from the store.

Emergency Procedures

Emergency and Unplanned Power Outage Closing Procedures

If there is no immediate threat to the safety of employees:

- In an orderly manner, escort customers, the jeweler and anyone who is not a store associate out of the store immediately.
- Close all entrances to the store. Use the manual release to close gates, if necessary.
- Use the flash light or other items as needed from the store's Emergency Box.
- Unless required to leave by mall security or police *AND* if there is no immediate threat to the safety of store associates, store associates should remain in the store.
- Call Loss Prevention *AND* your District or Regional Manager/Director (see first tab for telephone numbers) to report this incident.

If there is an immediate threat to the safety of associates or if ordered by mall security or police to leave the store, do as much of the following as can be done without risking the safety of any associate:

- Put the repairs, repair log, and layaways into the safe.
- Put the cash drawer trays with all the money into the safe.
- Put the merchandise into the safe starting with the most expensive pieces - diamond merchandise, expensive watches, heavy gold merchandise, and then all remaining merchandise until the safe is full.
- The Store Manager or Key Holder in charge should try to retrieve and take his/her personal cell phone with him/her when exiting the store.
- Set the store alarm, if possible.
- Lock all doors and gates and leave the store.

If you must leave the store and you have not contacted *and* spoken to loss prevention or your district or regional manager/director, call the emergency voice mail box (888) 447-7773 or (collect calls will be accepted) (650) 734-1331.

- Listen to voice mail greeting for any updates provided by the company.
- Leave a message with status information about you and your store.

LOWERING A POWER GATE DURING A POWER OUTAGE must be done manually. It is the responsibility of each Keyholder to know where the gate release is and how to operate it.

Alarm Systems

Keyholder Alarm Security Code

Keyholders are identified at the alarm company by the Keyholder's employee number. This is different from the code number used to turn on or off the alarm on the keypad. A keyholder can obtain or change their code by calling the loss prevention department.

Alarm Keypad

If the store's alarm keypad starts making noise or if its display panel words or light go out during the day, the store manager, keyholder or lead associate should immediately notify loss prevention.

Store Alarm Company Calls & Visits

All store employees should be cautious of anyone claiming to be from the store's alarm company that visits or calls the store, or calls a store manager or keyholder at home, until it has been verified that the person is from the store's alarm company.

- If a person claiming to be from the store's alarm company comes to or calls the store, they should not be given any information or allowed into an employee only area until the Loss Prevention Department at the main office has authorized it.
- If a person claiming to be from the store's alarm company calls a store manager or keyholder at home claiming that the store's alarm has gone off, the operator may ask you for your security code number and you may need to go to the store to make sure everything is secure. However, BEFORE you give your code number to the caller or BEFORE you go to the store, you should call the alarm company back at the phone number that you know (not the one the caller gives you) and verify that the caller is really an operator with the Alarm Company.
 - BEWARE...A professional thief may pretend to be with the alarm company so they can trick you into coming to the store where they will force you to open it so they can steal the merchandise.
- If you do have to go to the store after closing, do not leave your car or enter the store without an observer.
- If the store is not located at a mall with security that can meet the manager or keyholder and escort them to the store, then the manager or keyholder should call the police and request that they meet them in front of the store.

Store Leadership Audits

Store Leadership Audits

The Store Leadership Audit is conducted in order to determine how well the store is complying with company policies and procedures. History has proven that stores that do a good job following company procedures and receive higher audit scores also tend to have significantly fewer losses, and when problems do occur, they tend to be detected and resolved much faster.

Approximately one to two times a year, the company's Loss Prevention visits each Daniel's store location conducting a Store Leadership Audit (more times if the store's previous inventory results were poor.)

- There are no store audits during Trunk Shows, special store promotions, or before major holidays.
- Managers are given no advance warning about when their store will be audited.
- At the conclusion of the audits, the store receives an audit score along with a Store Audit Report. This report provides detailed information on the specific areas where the store gained or lost audit points.
- Store audit reports are filed in the store's Operations Drawer.

Security Guards

Security Guard Post Orders

1. Security Guards are expected to arrive at their scheduled location on time, in uniform, prepared to start work, then sign-in on their timesheet. The proper uniform consists of:
 - A. Matching trousers and a button up shirt, with an authorized sewn on logo or patch
 - B. A badge
 - C. A belt holding mace, handcuffs, a weapon, etc. is allowed, but not mandatory
 - D. A hat with an authorized security related logo or patch is allowed, but not mandatory
 - E. Sunglasses are allowed while on-duty.
2. If a Security Guard is going to be late, the Security Guard must notify Daniel's Store Management as well as their immediate Supervisor, providing an estimated time for arrival. If that updated time is not going to be met, the same communication must again occur.
3. If permitted by the shopping center, each Security Guard shall be stationed **OUTSIDE** the store, within 20-feet of the entrance. If the shopping center does not permit the Security Guard to be posted outside the store, they are to be posted inside the front doors of the store in such a way as to not block the entry/exit and **must** be able to see the area outside the store. In cases of severe, inclement, weather, the Guard may be posted inside the front door of the store as previously described, **if approved by a member of the Daniel's Loss Prevention Team.**
4. The Security Guard can sit on a chair, or stool, intermittently at their assigned Post outside the store but must stay alert and aware of their surroundings. While on duty the guard cannot spend time in their vehicle, or in a location other than their assigned Post location.
5. Each guard **must** be in possession of a cell phone while standing their post. The cell phone is **only** to be used in times of emergency, to contact law enforcement, mall security, or their supervisor. Security Guards are **not** to use their cell phone for games,

Security Guards

Security Guard Post Orders Continued

6. social media, watching videos or movies, listening to music, or for any other non-work-related personal phone calls/texts while working.
7. Security Guards are not to make physical contact with a customer, employee, or suspect, unless it is necessary to prevent immediate danger or harm to a Daniel's employee, a Daniel's customer, or themselves. If there is no eminent emergency, law enforcement or mall security should be called.
8. Security Guards may be asked to assist with providing security for trash removal or escorting employees to their vehicles. The Guards should not be used for: store set-up, removing trash from the store, cleaning the store front, receiving packages from couriers, etc... For questions, contact a member of Daniel's Loss Prevention.
9. **We partner with Security Guard providers and therefore the guards are not direct employees of Daniel's Jewelers, they are contracted through any number of vendors.**

The Security Guard is assigned to "guard" Daniel's stores. Security Guards should report all incidents to their Supervisor, their Company Management (if deemed necessary), and/or Daniel's Jewelers Loss Prevention Department. Security Guards should only report incidents to the Daniel's Store Manager, or Keyholder, if it is to warn of impending danger or suspicious activity in front of the store. Security Guards are not to help neighboring stores and are not posted to provide support to non-Daniel's customers unless there is an inherent danger, or harm, to a Daniel's employee, Daniel's customer, or themselves. If there is a need to leave their Guard Post to go on break, use the restroom, or another urgent reason, the Security Guard **must** notify the Daniel's Store Manager or Keyholder immediately.

Security Guards

Virtual Security Guard Protocols & Guidelines

Daniel's Jewelers has implemented a Virtual Guard system in some stores. To increase safety and security of the employees, the customers, and the store without placing a physical security guard in front of the building, a Virtual Guard system is a system now allows third party monitoring of the store remotely. This is accomplished by installing cameras, a speaker, and a microphone that can be accessed when needed by the monitoring company.

The monitoring company is scheduled to check-in periodically throughout business hours by talking to your store via the installed speaker. They will say something like "This is Interface Security monitoring and recording all activity at this location. This security check is being conducted at random and I see that everything is okay. We will continue to monitor and if you need further assistance, please contact us." You are then free to speak back to them as the microphone will be open for communication at that time.

How to Contact the Monitoring Center:

Aside from communicating when the monitoring center reaches out to you, there are three other ways in which you can contact the monitoring company directly.

1. Notification Buttons installed near the POS.
 - a. To use these, simply press both buttons simultaneously for a minimum of 5 seconds and it will alert the monitoring company to take a live look-in on the store.
2. Notification Buttons placed on your keyring.
 - a. To use these, simply press both buttons simultaneously for a minimum of 5 seconds and it will alert the monitoring company to take a live look-in on the store.
3. Dedicated Phone installed in the backroom.
 - a. Pick up the receiver, it will begin ringing, and the monitoring center will answer.

Security Guards

Virtual Security Guard Protocols & Guidelines Continued

When to Contact the Monitoring Center:

The monitoring center can be contacted for any of the following purposes:

1. If you have a threatening or harassing customer in your store.
2. A “210” that you are extremely concerned about, or recognize they are a repeat offender.
3. Any criminal activity or activity that makes you feel unsafe and wish to be monitored.

Expected Monitoring Center Reactions/Responses:

In response to you contacting the monitoring center, they will pull-up the live video of the store and respond in one of two ways.

1. Pull-up the live video inside the store to identify if it is an emergency, if not they will simply speak down via the speaker like what they would do in the normal check-in. They will continue to monitor the store remotely to ensure no issues occur with the customer(s) in the store you were concerned with.
2. Pull-up the live video inside the store to identify if it is an emergency, if it is they will Contact Law Enforcement and continue to watch the live video, reporting what they see taking place.

Troubleshooting:

If you have any problems with your Virtual Guard system, please notify a member of Loss Prevention, either via the Help Desk or a phone call.