

# **PREVENTING AVOIDABLE LOSSES:**

## **LOSS TYPES**

**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**
- **Ring or Loose Diamond Switch**
- **Armed Robbery**

# **DISTRACTION**

## **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.
- Ages range from very young children to old persons.
- Six or more thieves may enter the store and pretend not to know each other.

## **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 (“Columbian” technique). While turning associates away from “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 (“Gypsy” technique).
- Customer will attempt to get store person to look away or step away, while customer is holding a merchandise item they have just been shown.

## **What To Do If You Suspect Distraction Thieves Are In Your Store**

- Give the “210” code (most thieves know it and it deters them).
- Continue to acknowledge each customer.
- Leave no one unattended, especially children.
- Report a suspicious person or incident to the Loss Prevention Department.

# 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**

- Will ask to see expensive merchandise, usually as many pieces at one time as possible. May simply ask to see the "most expensive" or "biggest diamond."
- Often wearing a baseball type cap and/or talking on a cell phone.
- Will often appear nervous and/or glance at the exit once or twice to see if there is a clear path.
- May not make sense when answering questions regarding why they want what they are looking at.

## **Preventing a Grab and Run**

- Show only one piece of merchandise at a time and verify the customer's picture ID with a current Daniel's account or hold it before showing an item priced at \$10,000 or more (see sign in display case).

Before you show a customer an item with a price tag of \$10,000 or more, you must:

1. Verify that the identifying information on the ID matches a current Daniel's account; and
2. The ID picture matches the customer; or
3. Lock the customer's ID in a display case while showing the merchandise.

Say "210" security code (see Signaling Devices, p.10) whenever you feel suspicious of a customer.

- If suspicious of a customer, do not let them hold the merchandise.
- If you do show merchandise to a suspicious customer, another associate should be observing from a position between the customer and the most likely store exit. Hold the item tightly in your hand or show it without removing it from the display case.

## **What To Do If a Grab and Run Occurs**

- If you are standing by the exit, get out of the way. Do not attempt to apprehend the person and do not chase them out of the store.
- Call "911" immediately and provide a description of the person, the direction they fled, and the type and license number of their vehicle if visible from your store.
- Report this incident as required (see Reporting Losses & Attempted Thefts, p.19)

# **SOLITAIRE, EARRING, OR LOOSE DIAMOND SWITCH**

## **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 Thief**

- Usually asks to see a large diamond solitaire ring, diamond stud earring, or loose diamond(s).
- When merchandise is being shown, either the customer or the accomplice will try to get 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**

- Diamond test all .50 CT. solitaire rings, earrings, and loose diamonds immediately before and after showing to a customer. A switch thief will be deterred from attempting a switch if they observe the associate testing diamonds.
- A loose diamond should always be held in a diamond claw tool or diamond tweezers when shown to a customer.
- A 2nd store associate should always be present observing the presentation to the 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.
- Report the incident as required (see Reporting Losses & Attempted Thefts, p.19).

# ARMED ROBBERY

## **Identifying Someone Looking Over (Casing) Store for a Robbery**

- Usually drive stolen vehicles or vehicles with no license plates.
- May ask about gold watches, especially Rolex.
- 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 (see Signaling Devices, p.10) 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.
- 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.
- 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.

# ARMED ROBBERY

## *(Cont.)*

### **If An Armed Robbery Occurs**

- Remain calm
- Cooperate fully. Do only what the robber says to do and nothing else.
- Do not make any moves or do anything except exactly what the robber tells you to do.
- Remember robber's race, age, clothing, and description.

### **After the Robbers Leave**

- Immediately call "911" and describe the suspects so that a patrol car will know who to look for in a car driving away from your area.
- Call mall security and ask them to look for witnesses who may have seen the robbers or their getaway car.
- Close the store and attempt to keep all witnesses there until the police arrive.
- Stay away from and do not touch cases or other areas the robbers touched until the police have checked for fingerprints.
- Each employee should write down a description of the robber(s) and all other information they can recall without discussing it with the other employees.
- Do not release any information to any news media source. Refer all requests for information to the Main Office.
- Report incident as required (see Reporting Losses & Attempted Thefts, p. 19).

# **PREVENTING AVOIDABLE LOSSES:**

## **INCORPORATING LOSS PREVENTION INTO DAILY ACTIVITIES**

**At Daniel's, everyone is responsible for loss prevention. By incorporating a few simple procedures into our daily store activities, we are able to prevent losses. We reduce the number of thieves who visit our stores because they see the procedures we follow, and they recognize that it is more difficult to steal at Daniel's than at other jewelry stores. Therefore, thieves do not stay or return to Daniel's stores.**

**There are different loss prevention procedures to be followed for various times during the day.**

- Prior to opening the store to the public**
- During store hours while open to the public**
- After closing the store to the public**

# **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.

## **Never Open Your Store Alone**

- A minimum of two associates are 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, if 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, 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.

## **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.

## **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.

# **PRIOR TO OPENING THE STORE TO THE PUBLIC**

*(Cont.)*

## **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.
- Do morning case counts (see Case Counts, p.21).
- Verify that no jewelry is left out. Look on the floor and on counters.
- Test all case alarms if cases have them (see Case Alarm Test Method, next page).
- Verify that all cases are locked.
- Finish counting the cash and lock it in the cash drawer.

# DURING STORE HOURS WHILE OPEN TO THE PUBLIC

## 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.

## Security Code

- KEYHOLDERS ARE IDENTIFIED BY THE ALARM COMPANY through the use of a personal security code provided by the alarm company or by some other personal information that only the Keyholder and the alarm company know. 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

## Signaling Devices

- **Buddy System.** A Buddy System is utilized to eliminate losses caused by carelessness. Associates are responsible for checking up on each other and correcting any mistake, like a case left open, before it results in a loss.
- **Security Code "210."** Say "210" in a sentence to another employee whenever 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 and an associate should never try to grab a thief who runs toward the exit.
- **Security Code "Joe at the Bakery."** Used by store security guard to alert associates that persons who look like jewelry robbers or "casers" are in the parking lot. When this code is given, all associates should go to the front of the store and give the suspects very aggressive customer service if they enter the store.

## 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.

## 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 the Loss Prevention Manager or Vice President.

# **DURING STORE HOURS WHILE OPEN TO THE PUBLIC**

## ***(Cont.)***

### **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 in the restroom.

### **Displaying Merchandise**

- All jewelry should be displayed in a locked display or wall case. There should be no backup stock kept in drawers or the safe, except as specifically instructed by the Main Office.
- Do not display more than one item in a single case with a price tag of more than \$15,000. Any diamond merchandise item with a ticket price of over \$20,000 should be kept in the safe, rather than the display case, until it is shown to a qualified customer. Each item in the safe that is priced over \$20,000 must be listed on the diamond display case count and each time an associate counts this case, they must look in the safe to verify the item is there.
- The lower-priced merchandise should be displayed toward the rear of the case (side where the employee stands) with the least expensive placed closest to the door.
- All slots in each display tray must always be filled with either a ring or a ring slot plug.
- 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 a case or drawer.

# DURING STORE HOURS WHILE OPEN TO THE PUBLIC *(Cont.)*

## **Showing Merchandise To a Customer**

- 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 (display case sign).
- Before you show a customer an item with a price tag of \$10,000 or more, you must have:
  1. The POS receipt for the payment the customer just made; or
  2. A copy of the customer's F8 in your hand; or
  3. The other employee should be between the customer and the most likely store exit.

Say "210" security code (see Signaling Devices, p.10) whenever you feel suspicious of a customer.

- If suspicious of a customer, do not let them hold the merchandise.
- If you do show merchandise to a suspicious customer, another associate should be observing from a position between the customer and the most likely store exit. Hold the item tightly in your hand or show it without removing it from the display case.
- Test .50 CT or larger mounted diamond with diamond tester immediately before & after a customer handles it.
- Do not lose sight of a merchandise item when showing it to a customer.
- Never turn or walk away from a customer who has your store's merchandise.
- Be aware of and acknowledge unattended customers.

## **Loose Diamonds**

- Loose diamonds should be kept in the safe lock box at all times in a loose diamond wallet.
- 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 diamond with your fingers. Use tweezers or other device.
- Never allow the wallet to be within customer reach.

## **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.

# **DURING STORE HOURS WHILE OPEN TO THE PUBLIC (*Cont.*)**

## **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.

## **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 back room is to remain closed during regular business hours.

## **Cash Drawer**

- 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.

## **Deposit Procedure**

- Bank deposits should be made daily.
- 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.
- Associates should drive rather than walk to the bank if the bank is not located in the mall.
- On holidays and weekends when the bank is closed, the deposit should be made using the walk up bank depository drop. Morning is the preferred time for these deposits and at least two associates must go together to the bank.
- Deposit times, methods, routes, and people should vary.

# **DURING STORE HOURS WHILE OPEN TO THE PUBLIC (*Cont.*)**

## **Keys**

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

- 1) Key Holder Set
- 2) Sales Associate Set
- 3) Cash Drawer Set

### **KEY HOLDER SET**

- Keys that open the store and the safe lock box.
- Issued to Store Managers and Key Holders.
- Key Holders carry store keys with personal keys 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 lock box.

### **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 lock box.

### **CASH DRAWER SET**

- Each key opens one of the cash 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.

# **DURING STORE HOURS WHILE OPEN TO THE PUBLIC (*Cont.*)**

## **Display Case Locks**

- Display cases should be locked at all times when not in use.
- The inner cylinder on all pop out locks should be colored bright red, with a marking pen or nail polish, such that the red is visible only when the lock is unlocked.

## **Cleaning Customer Jewelry**

- Inspect for missing stones or prongs before putting in sonic cleaner.
- Confirm with customer how many items they have given you, and the types, before putting them into the sonic cleaner.
- Place each customer's jewelry into a separate basket in the sonic cleaner.
- The employee that accepted the jewelry from the customer and puts 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.

# AFTER CLOSING THE STORE TO THE PUBLIC

## **Before Locking & Leaving The Store**

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 (see Case Counts, p.21). The case counts must balance before the merchandise in that case can be pulled and put in the safe.
- Remove all merchandise from window cases.
- All cash, diamond jewelry, moissanite, heavy gold, repairs, repair log, 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)
  - Trade-ins
  - Expensive Watches (Movado, Accutron, Wittnauer, etc.)
- 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 lock box. The closing keyholder should verify that all cash drawer envelopes are completed, sealed, and in the safe lock box before leaving the store.
  - Make sure that each person records if their drawer balanced or was over or short on the Cash Control chart form after they close their drawer.

If A Case Count Does Not Balance

- See TIPS FOR RESEARCHING MISSING MERCHANDISE in STORE OFFICE & CASH DRAWERS chapter, page 16.

# **AFTER CLOSING THE STORE TO THE PUBLIC**

## ***(Cont.)***

### **Night Lighting**

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

### **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 know where the nearest phone is 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 car.

### **Night Bank Deposit Drops**

- Night Bank Deposit Drops must be made by at least two associates. If it is made outside a bank, the second associate should be observing from inside a car with its headlights on the Keyholder as s/he approaches the bank and makes the night deposit. If the night drop is in a mall, the Keyholder should make the deposit while the other associate(s) observe from a safe distance. Bank Deposits must be made daily including on holidays and weekends when the bank is closed.
- The associates that make or observe a Bank Deposit Drop should record the details about it on the **CASH CONTROL CHART**.

# **STORE PROCEDURES FOR TRUNK & EXTRAVAGANZA SHOW MERCHANDISE**

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

## **Delivery of Trunk or Extravaganza 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 or Extravaganza Merchandise**

- Put locked A-boxes into store safe if there is room.
- If there is not room inside the store safe, use cable to secure A-box(es) to a store fixture in the backroom, near the store's safe if possible.

## **Departure of Merchandise Following Trunk or Extravaganza Show**

- After the store is closed following a show, or on one of the days following the show, the merchandise will be removed by an Associated driver or by authorized couriers. The boxes should be removed on the same two-wheeled cart on which they were delivered.

# 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:

1. **Loss Prevention Manager or Vice President**

2. **The 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.
  - 1) The associate who did it.
  - 2) The Store Manager
  - 3) The Region or District Manager
  - 4) Other district level person (Office Administrator, Coordinator, etc)
  - 5) Loss Prevention Manager Cary Straus (Cell 818-383-6400)
  - 6) Tim Sullivan confidentially (Cell 310-991-5033)
  - 7) The Network anonymously (800) 241-5689

**Note:** The numbers for Cary Straus, Tim Sullivan and The Network should be in every store.

- **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.