

Research Note

The Black Swan by the Festival

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Abstract: This paper discusses the operational risks revealed by the outlier event of the Las Vegas shooting in October 2017 where 58 people were killed and more than 500 people were injured. Black swan events - an extreme outlier that is almost impossible to prepare for - such as this shooting reveal their unique risks typically only after the event has happened. The Las Vegas shooting has resulted in discussions on event, public-space, and hotel security; this paper identifies some possible recommendations in order to address these risks.

In the old days, machines were simple, individual objects and fields remained separate, and problems were trivial. As technology advanced, today's society has become a place where "the tools we use are complex, and breakdowns can be catastrophic, with far-reaching consequences... we must be constantly aware of the likelihood of malfunctions and errors."¹ When planning for any project, especially ones with large scales, it is now vital for enterprises to consider potential hazards and perform risk management. Not only does that help enterprises to fully understand their projects, clarify the priorities, and mitigate some risks, it also prepares enterprises to react to and resolve issues in the shortest time possible. However, it is tremendously challenging, even for the most sophisticated and detailed risk management plan, to cover every possibility, such as the black swan events - events that are unexpected due to the lack of indications in the past of their possibilities, involve extreme impacts, but become explainable after their occurrences.² One such event is an incident that took place in Las Vegas, Nevada on October 1, 2017.

On the last night of the Route 91 Harvest Festival, a mass shooting event occurred in Las Vegas, now commonly referred to as the Las Vegas shooting. The Route 91 Harvest Festival, also known as "the neon sleepover," is a 3-day open-air country music festival across a 15-acre concrete lot, where people gather to listen to various singers' live concerts, many of which are big names. It has been held annually for the past 4 years, only selling three-day passes and provides no parking space. The festival's safety regulations allow fans to bring beach chairs, binoculars, and motorized scooters, but banned stuffed animals, drones, selfie-sticks, and weapons. Security guards are also on site to ensure fans' and performers' safety.³ Despite these efforts to keep the festival safe, tragedy occurred. On the last day of this festival during country music singer Jason Aldean's performance, a shooter fired shots into the concert venue for 10 to 15 minutes from the 32nd floor of the Mandalay Bay hotel across the street, approximately 1,000 feet away. It is believed that he fired from both rooms of the two-room suite he stayed in, in order to get different angles. The police quickly identified the shooter's location, and busted into the room after confirming that there were no other shooters at other locations. Upon entering, they discovered that the shooter had killed himself; beside his body, police found 23 guns and evidence of a carefully planned attack in the room. The significance of this event is that out of the 22,000 concert-goers, 58 were killed and more than 500 were injured, making this event the deadliest mass shooting in modern American history.⁴ It also raised awareness in areas and aspects that were previously disregarded, revolving around how the shooting could be carried out.

The CEO of the security company that employed about 200 people to work security for the music festival mentioned his “company works with law enforcement and runs active shooter drills... [but] there’s ‘nothing you can do’ when someone is shooting from another building above the venue.”⁵ This reveals how unexpected it was and the reason behind the event’s physical security control failure, further proving that “the world has become more populated by those who want to exploit those [security] gaps, including those living among us – and who, in the United States, can easily obtain military-grade weapons.”⁶ This black swan event - an extreme outlier that is almost impossible to prepare for – reveals the exposure to multiple risks the enterprise MGM Resorts International, the owner of the Mandalay Bay hotel, where the shooter stayed, and the hotel itself. The first of which is operational risk of types physical security, disaster recovery, and external. However, the risk of encountering unforeseen attack that the security people and machines are not trained or designed for always exists, so it should have been included as a part of risk planning. The Las Vegas shooting led to reflection on hotel security as well, since most hotels in the U.S. do not have metal detectors, which enables anyone to bring firearms into the hotels easily.⁷ As for preparation after a disaster, on the other hand, especially after unforeseen disasters like this one, recovery plans should have been created beforehand and available if one were to happen in order to guarantee business continuity in the quickest time possible. The recovery stage for Las Vegas, according to the country’s emergency manager, will “be a very, very long process,”⁸ which is not exceedingly problematic for a city. Nevertheless, for the Mandalay Bay Hotel, the longer it takes to recover, the greater the loss and the harder it is to pick the business back up. The last type of operational risk is external, which is only referring to terrorism for this topic. The day after the tragedy, ISIS claimed that the shooter was a soldier of theirs, but gave no evidence for the claim. The FBI dismissed the claim due to the lack of evidence suggesting connection between the shooter and any international terrorist group, as well as the trend of apparent false-claims of responsibility ISIS had been making.⁹ Nevertheless, that does not verify that the shooter had no affiliation with ISIS, and given that the attack was planned with the involvement of so many firearms, it is not impossible that the shooter received support from and acted on behalf of a terrorist group, perhaps ISIS or others.

Another risk exposed is conduct risk. One of the major questions raised revolving around the Las Vegas shooting is on how the shooter managed to keep the maid service from noticing anything. The shooter brought a substantial amount of firearms into the hotel. If he had taken several trips, carrying a portion of the firearms each time in a bag without any bellmen’s help, it would explain why no one was suspicious when he brought weapons in. However, he had to keep and store all of them in his room for multiple days.¹⁰ How was he able to hide them so well? Although the shooting incident is still under investigation, a possibility would be that he received help from an employee of the hotel, intentionally or unintentionally, by providing him information on the locations of discrete areas, showing him ways and places for cover-up, or other similar means. If the shooter was under the cover of an insider, it would be reasonable that he could stay undiscovered for such a long time. Regardless of whether the helper supported the shooter knowingly or unknowingly, it would have been misconduct.

One other risk is the third-party risk. MGM is the owner of the Las Vegas village, where the concert took place, but it was neither the organizer nor the promoter of the concert.¹¹ However, that does not prevent MGM from getting the blame. Even though the specific type of the mass shooting was unexpected, to the victims, it simply seemed like the organizers were not prepared – they did not have a plan and took a long time to respond, which was probably why there were so many casualties. As the owner of the space, MGM might have needed to contribute to only a small portion of concert planning, but it would end up getting nontrivial, if not equal impact from the shooting. It is presumed that MGM had built partnership with the organizers through contract for using the space, and thus they would share assessment program on the event operation and security, as well as the responsibility. Therefore, severe incidents like this one would not only affect the third parties, the organizers, but also MGM.

Lastly, as the owner of the concert space as well as the owner of the shooter’s accommodation and shooting site, MGM faces apparent reputation, legal, and regulatory risks. Mandalay Bay Hotel quickly installed permanent, 24-

hour security at elevator banks after the tragedy, checking every guest's room key in order to "boost its security image to attract more customers," but it inevitably experienced a spike in cancellations,¹² since it already earned itself a bad reputation on security. This situation is just like what Benjamin Franklin had stated, "It takes many good deeds to build a good reputation, and only one bad one to lose it."¹³ Moreover, the change in security rule raises the expense for labor and may cause customers to feel irritated, who can further affect its business and market, a regulatory risk it cannot disregard. Mandalay Bay Hotel's average room price¹⁴ and MGM's stock price, because of the shooting, also fell significantly.¹⁵ Mandalay Bay has not yet decided on what to do with the room the shooter stayed in and opened fire from,¹⁶ but it is obvious that their final decision will further influence its reputation, for better or worse. Both elements challenge MGM's and Mandalay Bay Hotel's "focus on positive interactions with stakeholders" and how well they "know their customers, align company goals with customer needs and act to ensure a distinctively different experience for customers."¹⁷ These will determine their direction of reputation gain and loss in the future. At the same time, many lawsuits are being filed against the hotel, but "one would have to show that the hotel had knowledge about this of some sort and they disregarded it" in order to sue the hotel successfully."¹⁸ While it is unlikely that Mandalay Bay Hotel and MGM will have major losses legally, the possibility exists, and how they treat these legal issues will have an impact on their reputation as well. The vulnerabilities contained within these risks, along with the risks presented previously, exist not only in the Las Vegas Shooting and MGM particularly, but also in the sector. All the enterprises hosting or around any concert, any mass gathering, face the same risks and hazards. This is why risk management is significant, as enterprises can learn from each other and build safer environment through indirect collaboration.

A government regulation that should have prevented the event from happening is the gun regulation. While it is legal to bear arms in the U.S., regulations enforce precautions and background checks. These processes should have, or at least should supposedly avoid putting weapons into the wrong hands, but the shooter purchased from several Nevada gun shops, where the workers "have maintained that the gunman passed all necessary background checks," and the general manager of a gun store the shooter shopped in claimed that the shooter "never gave any indication or reason to believe he was unstable or unfit at any time." The businesses indicated that they took all precautions and sold firearms legally to the shooter just like to every other customer. However, Nevada has some of the most relaxed gun laws. Owners are not required to have licenses, nor do they have to register their weapons, and are not limited to possessing a certain number of firearms either.¹⁹ Moreover, bump stocks, gun accessories that enabled the shooter to fire rapidly, "were originally created ostensibly to make it easier for people with disabilities to shoot," and although it is yet unsure, the bump stock maker that sold the part to the shooter is suspected to have geared its marketing to regular gun owners who wished to construct near-fully automatic weapons.²⁰ These are most likely the reasons why the regulations failed to prevent the event from happening. The use of background check on the shooter was next to nothing, as there were no restrictions at all following the check. Anyone who had never had a bad record can easily inflict harm on others at anytime, once they have developed malicious intents. In order to reduce the risk around such an event recurring, I would propose Nevada to implement stricter gun control regulations. This is not only for keeping firearms away from potential criminals at the time of purchase, but also for preventing people who have gradually turned to be hateful towards the society and other people from causing harm, or in other words, prevent potential criminals in the future.

One other recommendation I would suggest is to host mass gatherings indoors. The main issue with the Las Vegas Shooting is that no one thought and prepared for active shooting from above the ground, at a place outside of the concert venue. Despite of the amount of security effort put into the festival, "mirroring the mainstream adoption of previously unheard-of safety precautions at airports around the country...[using] bomb-sniffing dogs, body scanners, and high-definition closed circuit cameras," the effort could not be applied to the shooter, as he stayed out of the realm. The shooter utilized the advantage of keeping "well outside the usual security perimeter of pat-downs

and metal detectors... [and choosing] an open-air target that is by definition vulnerable from a high elevation.”²¹ Even though arranging events indoors cannot guarantee protection against black swan events, and it can be difficult to achieve for certain events that are outdoors by nature, it can force attackers to have to go through the security systems. This may successfully intimidate and stop some of them, and it would decrease the exposure of outdoor events to unknown factors.

Finally, increasing hotel security and planning for aerial assault would also be effective on decreasing the risk of having this kind of event reoccurring. It is certainly extremely challenging for hotels to install measures to scan through or check each customer’s suitcase, but it is important for hotels to find a way to raise their security level during special times. It could be done through checking baggage, being more aware of customers and regular individuals going in and out of hotel, or using security cameras on more than just catching cheating gamblers. As in the situation mentioned above, “the key is creating security environments that make it difficult to carry out attacks and thus deter people from trying.”²² Other than security from the hotel side, organizers for major events should also include aerial assault planning for both mitigation and contingency purposes. There is high likelihood that there will be “copycat killers” that try to use the same tactics and cause more “entertainment venues... [to] be transformed into killing grounds,”²³ so it is crucial to develop plans for this type of mass shooting as soon as possible. In fact, Las Vegas is already doing so for its recent annual weekend marathon, by “posting snipers,” adding “some counter-sniper surveillance posts along the route,” and circling the police helicopter throughout the marathon. It was “the first large-scale outdoor event since... [the] country music festival,”²⁴ but it evidently learned from the festival, and made noticeable changes and security measures. Las Vegas had taken its first step in restoring people’s confidence in the city; surely, MGM will soon forge ahead on repairing its name, and redeeming its customers’ sense of security and faith in the Mandalay Bay Hotel.

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