

Cash In Transit (CIT) United States

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Background: Davis Bancorp

- Davis Bancorp provides commercial, financial & municipal institutions with:
 - Armored Transportation
 - Cash & Coin Management
 - Vault Services
 - Secure Storage
 - Security Officers
 - Scheduled Couriers
- Davis Bancorp is the first CIT operator registered with The Department of the Treasury as a MSB
 - Registrant No. 310000500119507
- First CIT operator to operationalize core tenets of GS1 Cash Visibility Standards
- Member of IACOA
- Founding Member of SCTA

SINCE 1951



Secure Cash & Transport Association (SCTA)

- Established to represent the shared interests of:
 - CIT Operators
 - Insurance Underwriters & Brokers
 - Manufacturers & Distributors
 - Financial Institutions
 - ATM Operators, Manufacturers, & Service Providers
 - Coin Suppliers, Wrappers, & Transporters
 - Loss Adjusters
- Serving as a forum to connect, educate and promote best practices



2016 Industry Trends & Updates

- Financial Crimes Enforcement Network (FinCEN) & The CIT Industry
 - [FIN-2014-R010](#)
- Cash Visibility Project 2016
 - [GS1 Cash Visibility Standards](#)
- Crime & Robbery Trends
 - [2012 to 2016 YTD](#)
- Future Safety & Security Considerations
 - [Limited Liability Vehicles/ One \(1\) Man Crews](#)
- Federal Labor Laws/ Regulations & Employee Training
 - [Motor Carrier Act of 1935](#)
 - [Fair Labor Standards Act](#)



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What is the Financial Crimes Enforcement Network (FinCEN)?

- FinCEN is a bureau of the United States Department of the Treasury tasked with collecting and analyzing information about financial transactions.
- FinCEN combats domestic and international money laundering, terrorist financing, and related financial crimes.
- Who must register with FinCEN?
 - Money Services Businesses & Money Transmitters
 - Banks
 - Casinos/Card Clubs
 - Money Services Businesses (Armored Car, Bitcoin, etc.)
 - Brokers/Dealers in Securities
 - Mutual Funds
 - Insurance Companies
 - Futures Commission Merchants
 - Dealers in Precious Metals, Precious Stones, or Jewels
 - Operators of Credit Card Systems
 - Loan or Finance Companies



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Financial Crimes Enforcement Network (FinCEN) FIN-2014-R010

- Currency transporters have the same regulatory obligations as other money transmitters including:
 1. Registration with FinCEN as a Money Services Business (MSB)
 2. Assess Money Laundering Risk in non-exempt & non-accepted transactions
 3. Implement an Anti-Money Laundering Program
 - Appoint a Compliance Officer
 - Develop internal controls/procedures
 - Implement staff training/awareness program
 - Engage independent review
 4. Comply with required recordkeeping, reporting, and monitoring of each applicable shipment
 - Currency Transaction Reporting (CTR)
 - Customer Due Diligence (W9, Beneficial Ownership, Etc.)
 - Suspicious Activity Reporting (SAR)



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Financial Crimes Enforcement Network (FinCEN)

FIN-2014-R010



- A Currency Transporter would be deemed a Money Transmitter if:
 1. “The currency transporter delivers currency or other value that substitutes for currency to the vault of another Currency Transporter or third party, so that the transportation is completed by another person; or, the Currency Transporter takes delivery into its vault from another Currency Transporter or third party, and completes the transportation”
 2. “The Currency Transporter subcontracts with another Currency Transporter or a third party to pick up and/or deliver the shipment, or the currency transporter itself acts as a subcontractor for another currency transporter for the pickup and/or the delivery of the shipment.”
 3. “The currency transporter combines the physical transportation of currency with other means of transaction, such as an electronic transmittal of funds; or”
 4. “The currency transporter takes more than a custodial interest in the currency or other value that substitutes for currency transported at any point of the transportation, such as by deposit the currency or monetary instruments that it is transporting into its own operating account at a bank, or by utilizing the currency transported to purchase a negotiable instrument, and then transporting the negotiable instrument.”

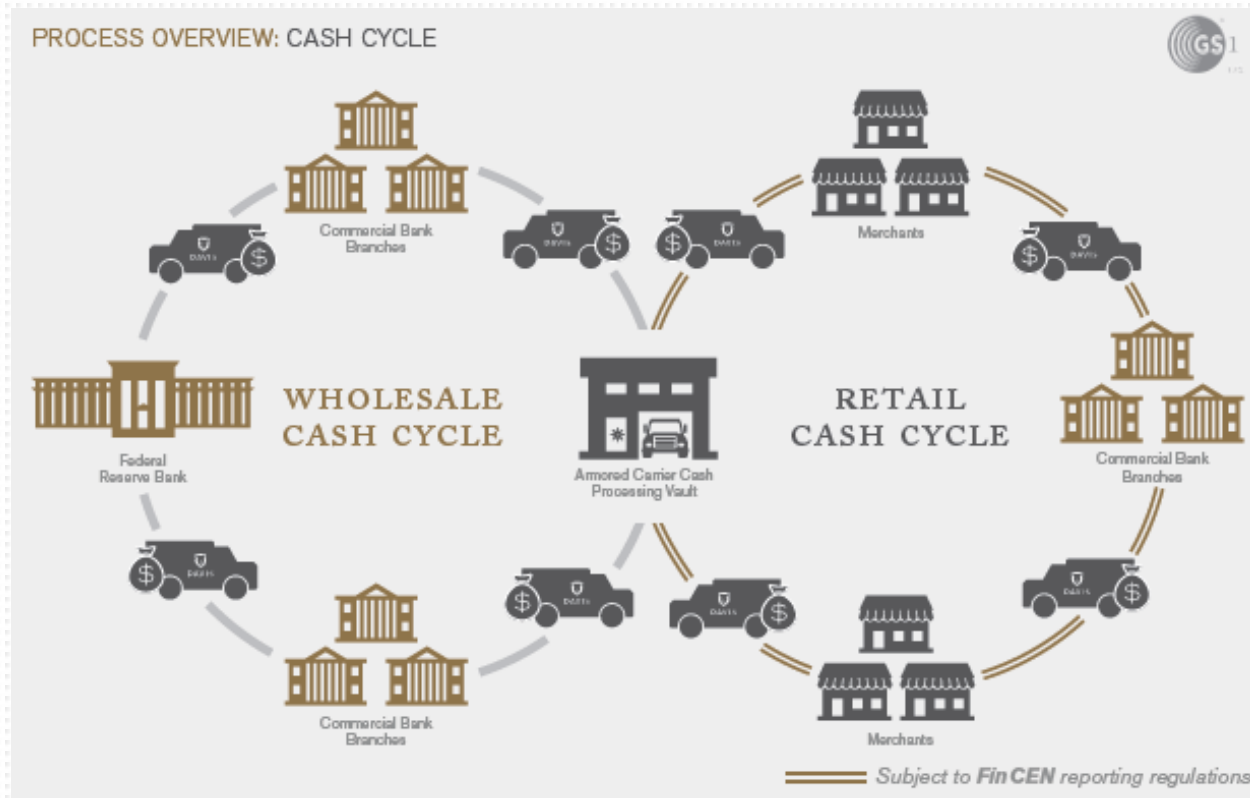
Cash Visibility Project 2016

- Davis Bancorp has partnered with GS1 to deploy technology and standardization to:
 - Track cash shipment custodians
 - Identify shipper, receiver, and armored carrier
 - Denote declared dollar value and denominational breakdown of shipments
 - Pre-advise incoming deposit information for retailer, bank, and armored carrier.



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Cash Visibility Project 2016



Cash Visibility Project 2016

SEE THE RESULTS IN ACTION



95% error reduction
with reduced
manual intervention



**47% less customer
service traffic** with pickup
history and proof of delivery
made available online



21% reduction
in employee overtime



62% reduction
in customer transaction
time per stop



**18% route efficiency
increase** with more stops
per route, per day in same
8–9 hour period



2/3 reduction
in vault loading
dock time

Automated custody > paper custody results in cost savings, positive environmental impact,
and improved archival organization



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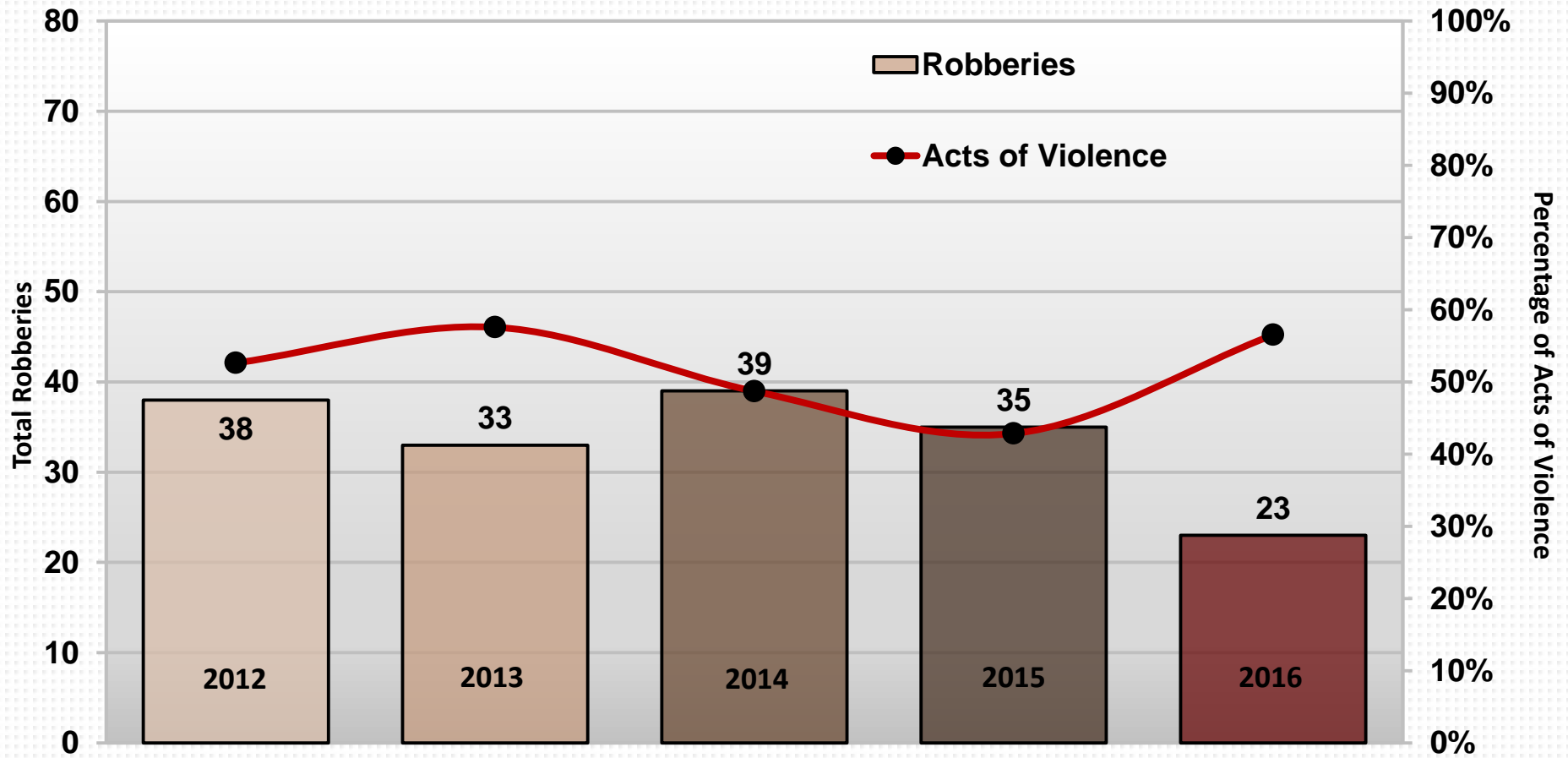
Crime & Robbery Trends U.S.

- Since 2001, there have been over 865 armored car robberies in in the U.S.
- Homicide & attempted homicide is becoming more prevalent.
- 2016 has seen more homicides than 2012-2015 combined
- Greatest amount of homicides (per year) since 2004



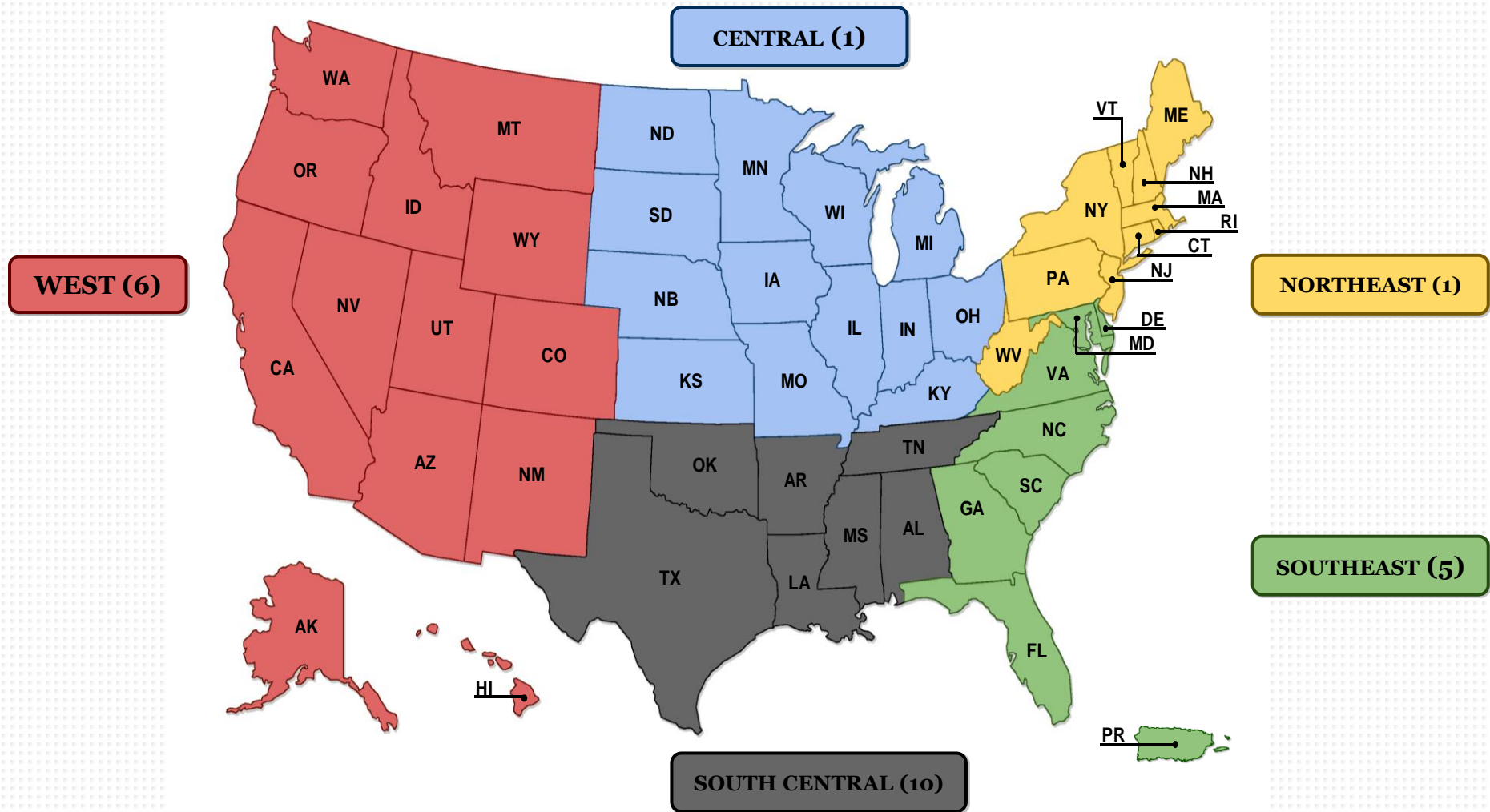
U.S Robbery Trends, 2012 - 2016 YTD

Number of Armored Car Robberies V. Acts of Violence*

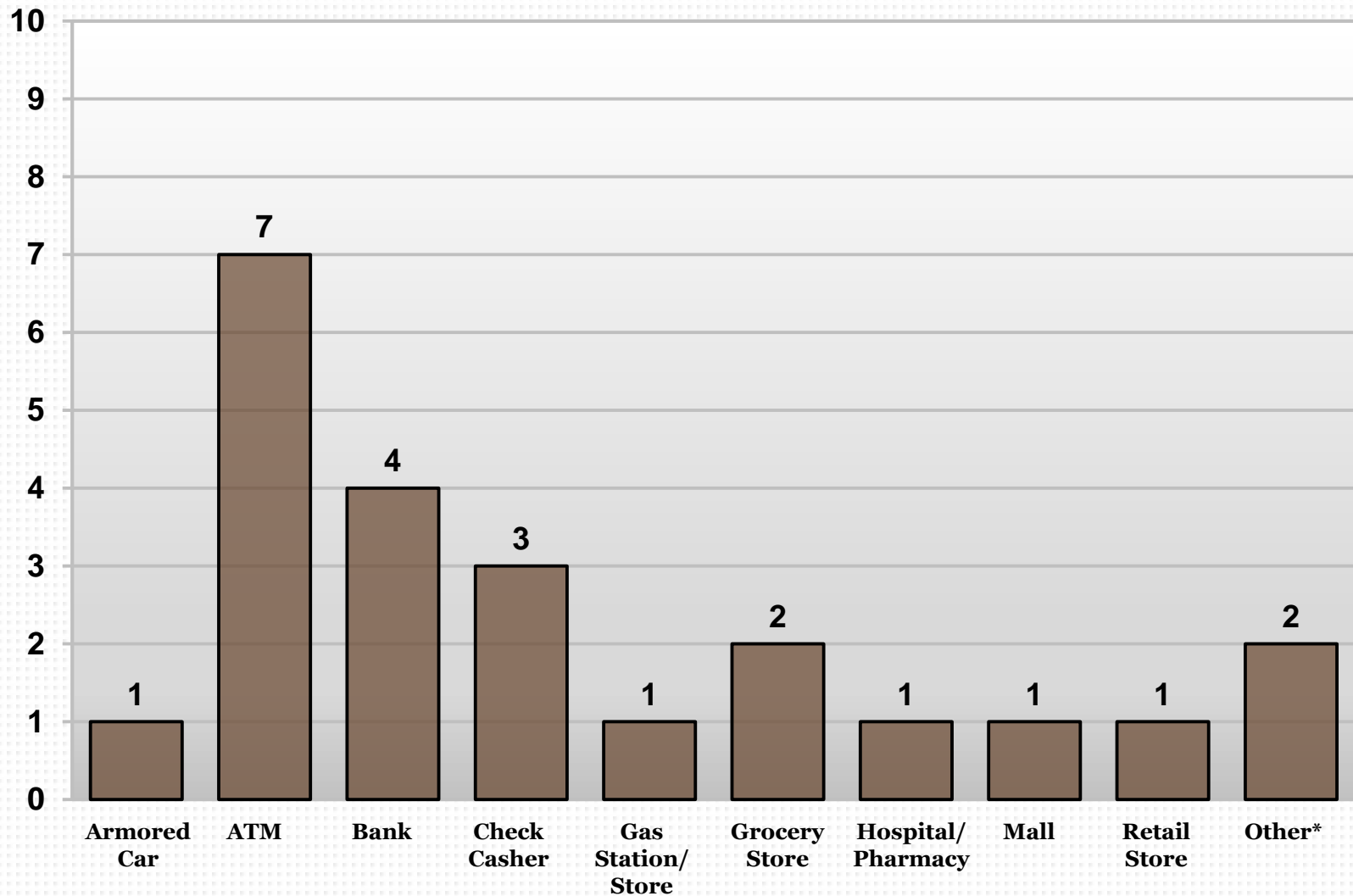


*Homicide, Attempted Homicide, Assault

U.S. Armored Car Robbery Trends, 2016 YTD

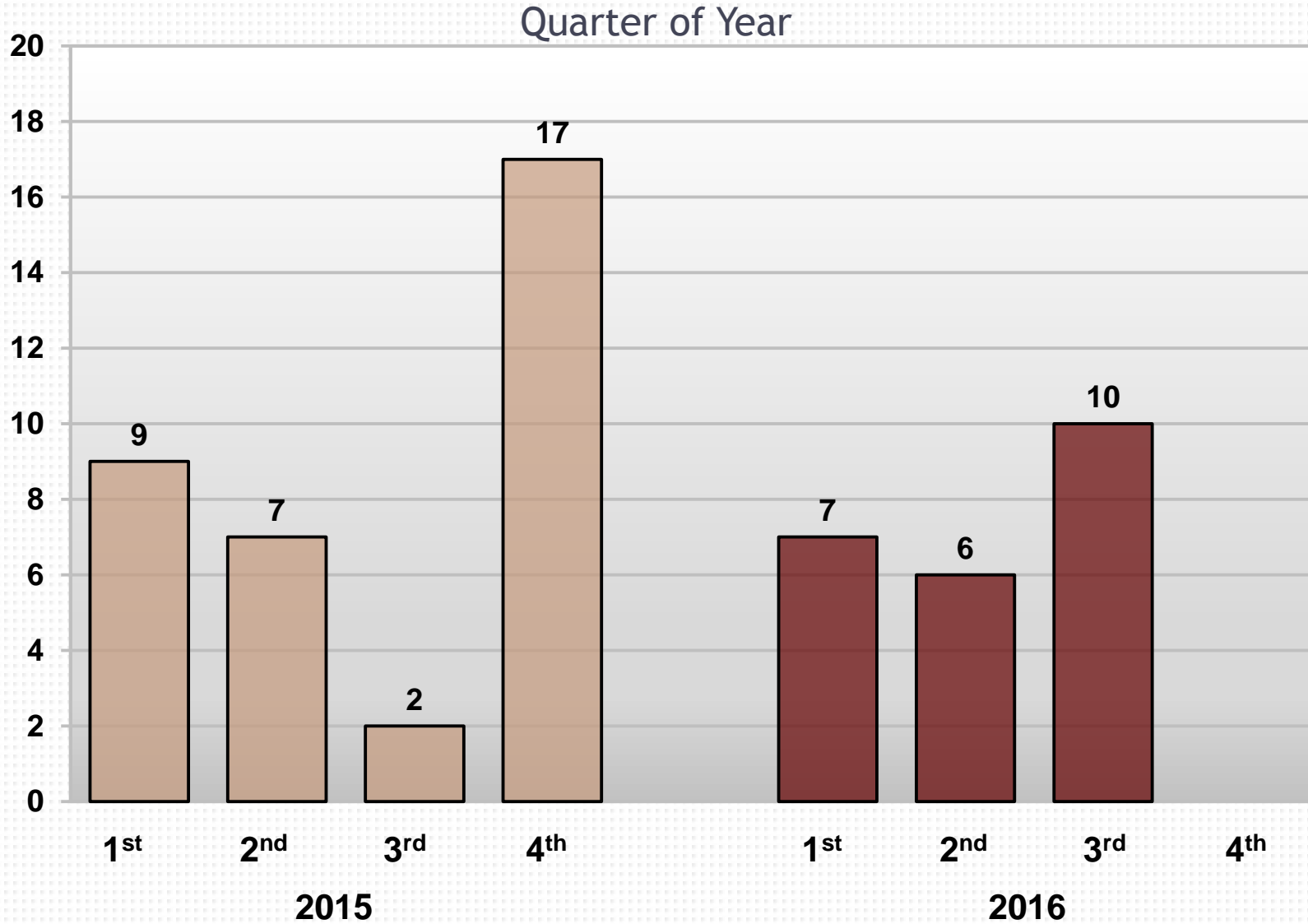


U.S. Robbery Trends, 2016 YTD (Location Type)



*Turnpike Toll Office, Public Utility Office

U.S. Armored Car Robbery Trends, 2015 - 2016 YTD





Limited Liability Vehicles & One-Man Crews

- CIT operators are introducing new and retrofitted vehicles to accommodate one-person crews
- Cost of operations is reduced, but risk of robbery is greatly increased
- 41% of all robberies result in a homicide or attempted homicide
- As operators implement one-man crews, loss and death count are expected to increase proportionately

Crew Size	One-Person	Two-Person	Three-Person
Robbery Count	22	739	40
Homicide	3	21*	6*
Attempted Homicide	6	111	5
% of Homicides & Attempts	41%	18%	28%

Evolving Federal Labor Laws & the CIT Industry

- Many CIT firms operate under the Motor Carrier Act of 1935
 - Provides overtime exemption for employees within the authority of the Secretary of Transportation.
 - Establishes qualification and maximum hours of service
- Problem: Class action lawsuits against CIT operators stem from:
 - Operations being intrastate
 - Duties being performed on vehicles <10,000lbs

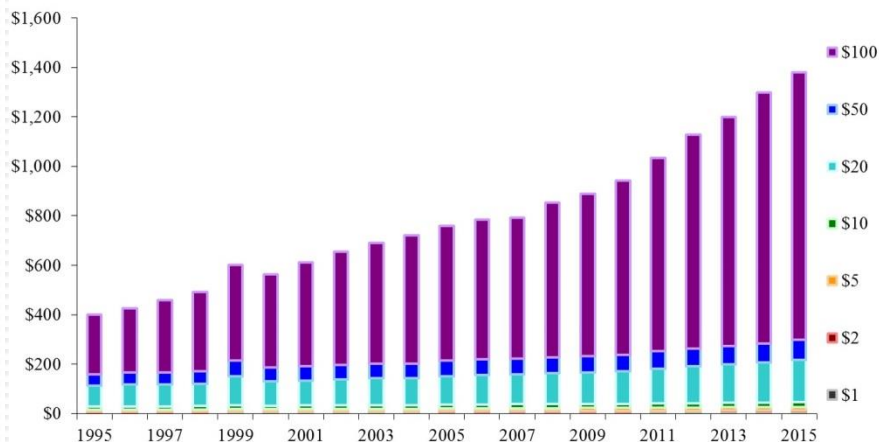
Armored Car Drivers Unpaid Overtime Lawsuit

- Filed in Los Angeles County Superior Court v Brink's, Incorporated (2014)
 - Alleging:
 - Non-payment of overtime wages
 - Failure to provide legally required uninterrupted meal period
 - Issue: how can employees “be vigilant and alert at all times?”
 - If employees are non-exempt under the Federal Motor Carrier Act of 1935, employers are obligated to provide uninterrupted meal period
 - Result: \$1.2 Million Dollar Judgment

Trends In Cash Usage U.S.

- Cash remains the preferred payment tool in the U.S.
- ~50% of all transactions below \$50 are Cash
- \$1.4 Trillion USD in circulation
- New methods of payment have little effect on cash usage

Value of Currency in Circulation
(Billions of dollars, as of December 31 of each year)



Includes Federal Reserve notes, U.S. notes, and currency no longer issued.

Excludes the dollar value of denominations larger than the \$100 note.

