

# FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212 732-5700

January 13, 1969

## NEW REGULATION P TO IMPLEMENT THE BANK PROTECTION ACT OF 1968

To All State Member Banks  
in the Second Federal Reserve District:

The following statement was issued by the Board of Governors of the Federal Reserve System for release in morning papers January 14:

The Federal Reserve Board announced today its rules implementing the Bank Protection Act of 1968 covering State banks that are members of the Federal Reserve System as well as Federal Reserve Banks and their Branches. The rules, designated Regulation P, are effective immediately under terms of Public Law 90-389 (signed July 7, 1968) enacted to discourage crimes against financial institutions and to assist in the apprehension of perpetrators of such crimes.

The Federal Reserve regulation is based on preliminary proposals released for public comment on November 6, 1968. The final version is the result of extensive consultation with the banking community, law enforcement officials, insurance representatives and security equipment specialists as well as among the four agencies charged with enforcing the Bank Protection Act (the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency and the Federal Home Loan Bank Board).

Pursuant to the statute, the new regulation:

- (1) Provides minimum standards for security devices and procedures both to discourage robberies, burglaries and larcenies involving financial institutions and to facilitate the identification and apprehension of persons who commit such crimes;
- (2) Establishes time limits for compliance and procedures for reporting on compliance, as required by statute; and
- (3) Assures flexibility in application of such standards to accommodate differing circumstances of individual banking offices (such as size of assets at stake and degree of risk at particular offices).

The Bank Protection Act originated in response to public concern over the steady rise in crimes against financial institutions during the past 15 years. Testimony before Congress prior to enactment of the statute indicated that bank robberies have risen more rapidly than other types of robberies. For instance, Federal Bureau of Investigation statistics showed that between 1960 and 1966 bank robberies increased 154 per cent (in contrast with gas station hold-ups, which increased 80 per cent, and street robberies, which increased 43 per cent). Latest FBI data estimate there were approximately 2,658 violations of Federal bank robbery statutes during 1968 compared with 2,551 in 1967, 1,871 in 1966 and 526 in 1965. These totals include armed robbery, burglarly and larceny. Armed robbery alone accounted for

(Over)

1,806 violations in 1968, compared with 1,730 in 1967, 1,164 in 1966 and 248 in 1953.

In 1967--the latest year for which detailed FBI information is available--total financial losses to banking institutions due to robberies, burglaries and larcenies exceeded \$15 million. Even more important, during the same year 23 persons were killed and 61 were injured in the course of bank robberies.

The main objective of the new Act and implementing regulation is to identify minimum protection standards for deterring such crimes and to provide appropriate methods for confirming compliance. The regulation, which affects some 1,200 main offices and 3,500 branches of State member banks, requires each State member bank to develop a security program and provide for its administration in specified stages.

The regulation gives State member banks until February 15, 1969 to designate a security officer to administer the protection program for each bank. On or before March 15, 1969, each bank must file a report (Form P-1) on its existing protection facilities. On or before July 15, 1969, each bank must develop a written program, approved by its board of directors, based on nine minimum procedural requirements listed in the regulation. (These range from establishing schedules for inspection, testing and servicing of the bank's security equipment to providing for training, and periodic retraining, of employees in how to follow the security procedures.) Banks are required to file a copy of their program with the appropriate district Federal Reserve Bank. By January 1, 1970, the bank must survey its security needs in each banking office and provide for installation, maintenance and operation of a vault area lighting system, tamper-resistant exterior door and window locks, an alarm system or other appropriate device for promptly notifying the nearest responsible law enforcement officers, and such other devices as the bank security officer shall determine appropriate after seeking the advice of local law enforcement officers. On the last business day of June in 1970 and annually thereafter a certification of compliance must be filed with the district Federal Reserve Bank by the president, cashier or other managing officer of the bank.

An appendix to the regulation sets forth minimum standards for installation, maintenance and operation of security devices, generally as consistent with the individual bank's circumstances.

In its section on "implementation," the regulation states: "It is appropriate for banking offices in areas with a high incidence of crime to install many devices which would not be practicable because of costs for small banking offices in areas substantially free of crime against financial institutions."

The regulation lists six considerations relevant to what devices are appropriate, and also makes provision for use of improved measures that become available as technological change occurs.

The regulation requires filing of a special crime report (Form P-2) after any attempted robbery, burglary or larceny.

Under terms of section 5 of the Bank Protection Act, violation carries a civil penalty not exceeding \$100 per day of violation.

A copy of the new Regulation P will be sent to you shortly.

ALFRED HAYES  
President