

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212 732-5700

March 20, 1969

Use of Certain Currency Protection Devices Under Regulation P

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

The Board of Governors of the Federal Reserve System has suggested that we bring to your attention the substance of a letter that the Board has recently sent to a supplier of a currency protection device intended to temporarily incapacitate a bank robber after he leaves the bank's premises. In its letter, the Board asked the supplier to refrain from representing to banks that are subject to the Board's supervision under the Bank Protection Act of 1968 that they are not required to install cameras or other surveillance devices, but may in lieu thereof install the supplier's device.

The assertion attributed to the supplier could result in purchases by banks of its device in the false belief that the banks would, by virtue thereof, not be required to install cameras or other surveillance devices.

The Board's Regulation P provides that if a bank does not install devices at least equivalent to those listed in Appendix A of the regulation, which list includes surveillance devices, then the bank must preserve in its records a statement of the reasons for its decision and forward a copy of that statement to the Federal Reserve Bank of its District. The regulation also provides that whenever the Board determines that the security devices used by a bank under its supervision are deficient, it may require the bank to take corrective action. Thus, a bank that believes it has good cause for not installing cameras or other surveillance devices may nevertheless be required to do so, if the Board disagrees with its decision.

ALFRED HAYES
President