

21st Century CIT Compliance



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Not only because of the post-9/11 world we live in and not only as a result of the increasingly globalized interdependent world economy, but also because of the rapid advance of technology and reinvigorated regulatory landscape, the very definition of an armored carrier has undergone an unpredicted transformation. Set the stage for twenty-first century cash-in-transit (CIT) compliance.

Whereas historically the CIT industry - at least in the American marketplace - enjoyed an umbrella of regulatory exemptions at both state and federal levels, the sheer weight of regulatory compliance is today a calamitous prospect for some long-standing operations. Pressing issues with fiscal impacts like a minimum wage increase and the Affordable Care Act face all businesses large and small. However, armored carriers must also grapple with things like the kaleidoscope of firearm regulations and the ever-widening eye of the U.S. Department of the Treasury – a.k.a. FinCEN and Anti-Money Laundering.

The path toward compliance is far from simple, and hardly straight-forward. For many armored carriers, today's understanding of due diligence is anathema to a service sector born out of over-the-road truck hauling. Nevertheless, the letter of the law is not up for debate or subject to negotiation or interpretation. Armored carriers must develop effective compliance programs if they expect to continue operation in the United States.

This transition is no small feat, but is doable if done right. A clear understanding of *compliance* as relates to the armored car industry is essential. Compliance in this context means acting in convention with the rules issued by the Treasury Department's Financial Crimes Enforcement Network (FinCEN) relating to anti-money laundering (AML). For armored carriers, this means accounting for not only every penny that passes through operations managing billions of dollars a day, but also demonstrating an acute and documented awareness of the origin and intended destination for every single shipment for which custody is taken. Compliance also means registering as a *money services business* as needed at both the federal and local levels, filing any and all required reports relating to the nature of currency transactions for all customers, and continuing to maintain your operational integrity and remain a profitable enterprise.

When one calculates the vast quantity of endpoints serviced by any single carrier, considers the total number of shipments transported between any combination of them on any given day, and then factors in elements like scheduling, holdovers, returns, rejects, cash v. coin, boxed v. loose, Fed-ready v. non-conforming shipments, including the fact that you must know not only who these shipments are going to but also where they are from including the relationships between legal and DBA names, compliance may seem difficult. However, the task is achievable if the appropriate technology is marshaled, and the will to comply with the law exists instead of the intent to sidestep it.

Additional subjects of due diligence, reporting, auditing, third party review, automated clearinghouse implications, and independent screening necessitate their own attention as additionally new requirements of complementary concern. However, the primary objective for regulators and financial institutions is to ensure that the armored carrier of the twenty-first century not only accounts for the flow of all liability within its operation from beginning to end, but that it also has an established program for coordinated and swift action if and when that liability is out of conformity with the above specifications and conditions. The days of carriers simply acting as transportation agents blind of consequences and ignorant of the downstream effects are no longer. When a shipment is received from an entity for whom the carrier is not contracted or for whom due diligence has not been performed, it is the carrier's obligation to possess and execute a specific response plan. When a shipment meets certain criteria, the armored carrier must identify if it will engage certain reporting mechanisms like currency transaction reports. The idea of independent third party reviews must be acknowledged, and carriers must not only profile their customers, but begin to systematically screen things like client business licenses, corporate addresses, principals, owners, and more.

Suffice to say, the industry has changed, and dramatically so. As armored carriers have evolved into firms that specialize in so much more than point-to-point shipping, this reality is not without justification. Armored carriers are increasingly acting as bank agents as the legitimate trend of bank outsourcing continues. Though arduous in certain aspects, the road to AML compliance for armored carriers is a necessary one. If one feels otherwise, simply take a moment to consider the fines for remaining non-compliant. They have no ceiling.