



September 27, 2021

Ms. Ann E. Misback
Secretary, Board of Governors
Federal Reserve System
20th Street & Constitution Avenue NW
Washington, DC 20551

Re: **Docket No. OP-1747**

To Whom It Concerns,

This correspondence concerns the criteria for accessing accounts and services at Federal Reserve Banks, particularly with respect to the Account Access Guidelines as proposed in the recent Federal Register publication referenced by the Docket No. OP-1747. As a credentialed armored car services firm, Davis Bancorp is interested in accessing certain Federal Reserve Bank services, despite not being an insured depository institution itself. The longstanding history of Davis Bancorp, including its record of service to the Federal Reserve Bank of Chicago and seventh district depository institutions, make it uniquely qualified for a wider approach toward select access functions, which we believe could be of significant benefit to the Federal Reserve System and supply chain resiliency.

Founded in 1951, Davis Bancorp is a privately owned, Chicago-based firm providing essential armored car, money processing, and cash vault services to thousands of customers, including banks, credit unions, financial centers, retailers, merchants, commercial businesses, and, as stated above, the Federal Reserve Bank of Chicago.

Davis Bancorp has worked with the Federal Reserve Bank of Chicago for several decades, providing various currency and coin-related services, including safe transportation, secure storage, and compliant processing and fulfillment. We believe this position provides us with a unique perspective of the modern cash supply chain as it relates to the cash usage of financial institutions working with all twelve Federal Reserve Banks. We know the logistics network for cash handling is rapidly changing, given technological advances affecting the payments landscape, consolidation of vendors in the armored car industry, and changes in attitude about the banking system in general.

More specifically, the traditional banking sector has reacted to these changes by modifying the way it manages physical currency. Instead of directly interfacing with Federal Reserve banks for cash services (i.e. orders and deposits) as was the case for decades, depository institutions now largely outsource the management of cash in their supply chains to third party providers like armored carriers. This has constituted a complete revisioning of the established methodology for processing, distributing, and ultimately accessing cash. We understand existing law does not permit direct access to Federal Reserve accounts; however, our substantial experience in support of those services may be useful to the Federal Reserve System.

Notably, this cash outsourcing has materialized in tandem with changes to cash usage in society. However, it conceals the fact that cash remains an enduring and essential element of the American payments system. Currently, over twenty percent (20%) of Americans rely on cash for daily transactions and over fifty (50) billion notes of U.S. dollars exist in circulation.

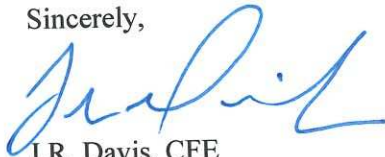
In recognition of the Federal Reserve System's goals of ensuring the safety and soundness of the banking system, promoting financial stability, protecting consumers, and promoting a safe, inclusive, and innovative payment system, it is important the American cash supply chain remains resilient, efficient, and effective.

The environmental backdrop of an unprecedented coin circulation shortage is critically relevant. For example, in today's cash supply chain, most banking centers have discontinued coin acceptance throughout their branch networks, while third party providers, including armored carriers like Davis Bancorp, facilitate the wholesale redemption of coin but cannot deposit stockpiles to central bank inventories. Meanwhile storefronts and businesses cannot access coin supply to make change for customer transactions.

As the Board of Governors evaluates potential changes to the eligibility standards for Federal Reserve Bank services, this letter respectfully requests consideration of ways for qualified armored carriers to facilitate the cash and coin delivery process to pertinent accounts and services in light of the evolving market. With cash-based commerce increasingly dependent on the services of companies like Davis Bancorp rather than the products of traditional banks, tailored permissible arrangements to select FedLine services for credentialed providers squarely aligns with the Federal Reserve System's core objectives. It may serve to protect and preserve the overall quality of physical cash in circulation too.

Based upon the published guidance, we believe this is an important time to consider this expansion of traditional support services. We would appreciate the opportunity to discuss these matters with the Federal Reserve further. I am personally available to answer any questions you may have at any time. Enclosed are my credentials and additional background on Davis Bancorp.

Sincerely,



J.R. Davis, CFE
President
Davis Bancorp

Enclosures: (6)

cc: Jason Hinkle, Assistant Director, Division of Bank Operations & Payment Systems
J. Brent McCauley, Esq., Barack Ferrazzano Kirschbaum and Nagelberg, LLP

J.R. Davis
847-998-9000
jrdavis@davisbancorp.com

Employment

Davis Bancorp – Chicago, Illinois
President

Affiliations

Board Member

Chicago Crime Commission	Lowers Risk Group
Chicago Zoological Society	Davis Bancorp
Independent Armored Car Operators Association (former)	Secure Cash Transport Association

Professional Membership

Association of Certified Anti-Money Laundering Specialists
Associated Detectives & Security Agencies of Illinois
Bank Secrecy Act Advisory Group, US Treasury Department (former)
Cash Advisory Council, Federal Reserve Bank
FBI Citizens Academy
Homeland Security Investigations Citizens Academy
Independent Armored Car Operators Association
Special Agents Association
US Coin Task Force

Certifications

Illinois Department Financial and Professional Regulation

Private Detective	License No. 115.002471
Private Security Contractor	License No. 119.001490

Association of Certified Fraud Examiners

Certified Fraud Examiner (CFE)

Education

Washington University in St. Louis – St. Louis, Missouri	
B.A. History	B.A. Political Science

Presentations

Federal Reserve Bank, Cash Advisory Council Annual Meeting

Business Resiliency: High Priority Objectives, 2019, Cleveland, OH
Business Resiliency: Strengthening Collaboration in the Cash Supply Chain, 2019, Denver, CO
Cash Visibility: Embracing the Digital Future 2019, Denver, CO

Independent Armored Car Operators Association

Efficiencies of Automation: Armored Car Digital Tracking Software, 2019, Denver, CO
Culture of Cash-In-Transit Compliance, 2017, Houston, TX
Twenty-First (21st) Century Insurance Implications, 2017, Houston, TX

Secure Cash Transport Association

Guns in the Armored Car Workplace, 2019, Chicago, IL
FinCEN Update: Armored Car Operations, 2018, Chicago, IL
Case Study on Application of FinCEN to a CIT Business & Its Impact, 2016, Chicago, IL

The Cash Cycle Seminar, Americas

Using Data to Predict & Collaborate in the Cash Cycle, 2020
Coin Coin Everywhere & Not a Cent to Spend, 2020
Outsourcing of the Cash Supply Chain, 2019, Boston, MA
Alternative Models of Cash Distribution, 2018, Los Angeles, CA
Outsourcing of the Commercial Cash Cycle, 2018, Los Angeles, CA
Improving Efficiency & Resilience Through Cash Visibility, 2017, Miami, FL
Revolution of Cash Handling Technology & the Prominent Role of the Armored Carrier, 2016, Miami, FL

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

June 23, 2021

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On June 10, 2021, a virtual audit was performed on coin holdings at your facility as part of the coin terminal program. Results were found to be satisfactory.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Kevin Gearin
Assistant Vice President

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

December 22, 2020

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

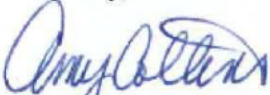
On December 11, 2020, a virtual audit was performed on coin holdings at your facility as part of the coin terminal program. Results were found to be satisfactory.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

July 19, 2019

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On July 11, 2019, a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted. Count was in balance with our records.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Jon Sudduth
Assistant Vice President

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

October 3, 2018

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

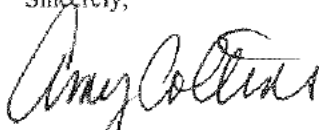
On September 19, 2018, a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted. Count was in balance with our records.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

May 16, 2018

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On May 3, 2018, a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted. Count was in balance with our records.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

October 12, 2017

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On September 27, 2017, a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted. Count was in balance with our records.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

February 22, 2017

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On February 8, 2017, a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted.

There are no issues to report.

Please extend our thanks to your crew for their assistance and courtesy shown during the review.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

October 4, 2016

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

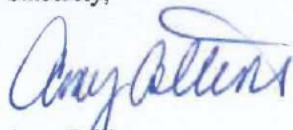
Mr. Davis,

On September 22nd, 2016 a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted.

There are no issues to report.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Senior Manager

FEDERAL RESERVE BANK
OF CHICAGO
DETROIT BRANCH

April 27, 2016

J.R. Davis III
Davis Bancorp
2100 South Sawyer Avenue
Chicago, IL 60623

Mr. Davis,

On April 13, 2016 a physical and procedural audit was performed on coin holdings at your facility as part of the coin terminal program. Segregated FRB coin was counted at the full pallet level with all partial pallet bags counted. Samples of full pallets were also bag counted.

There are no issues to report.

If you have any questions regarding this audit, please contact me at

Sincerely,



Amy Collins
Cash Senior Manager

CASH VISIBILITY PROJECT

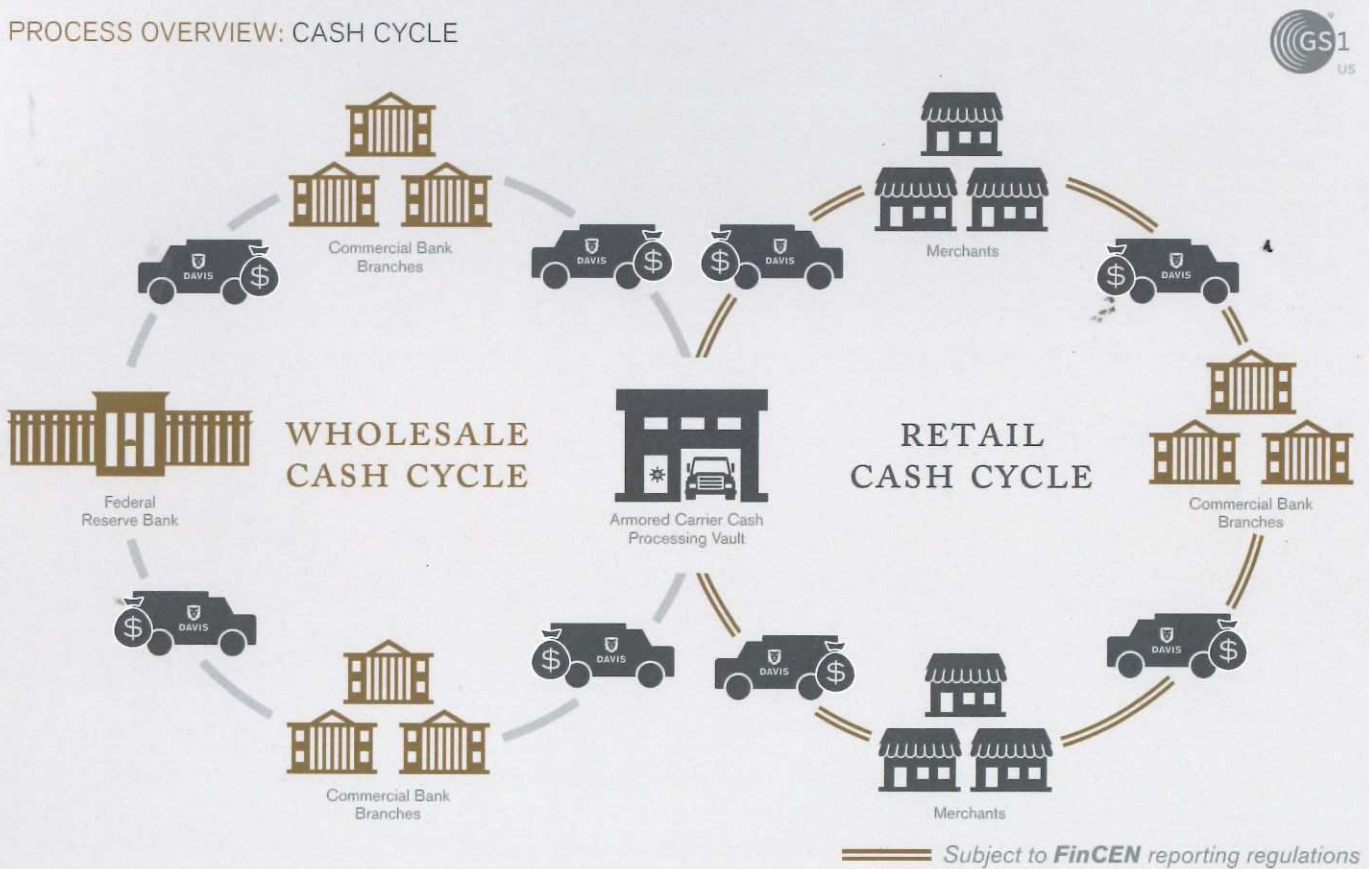


The cash cycle status quo is generally slow and arcane in the cash-in-transit industry. A lack of unifying standards and common procedures mean each armored car company, bank, and business uses their own custody control system—some IT-based and some still operating on paper. With so many vastly different strategies for meeting the same single business objective, errors are unavoidable and efficiency is out of reach.

Davis Bancorp has proudly deployed technology and standardization that fully streamlines the process, injecting much needed modernization and cohesion into the cash cycle. In coordination with GS1 US, Davis Bancorp is the first armored carrier nationwide to operationalize the core tenets of GS1's Cash Visibility Standards.

Davis Bancorp's *CheckPoint* solution not only facilitates adoption of GS1 standards, but also simultaneously enables all participants in the cash cycle (financial institutions, retailers, and armored carriers) to access and enter information via a secure, global, and IT-agnostic platform. In cooperation with SureTraxx Cash Management Systems, *CheckPoint* has revolutionized the cash cycle for all parties involved to effectively create, monitor, and track any shipment from creation to ultimate destination.

PROCESS OVERVIEW: CASH CYCLE



BARCODE IDS USED FOR ALL SHIPMENTS ALLOW FOR:

-  Tracking of cash shipment custodians
-  Identification of shipper, receiver, and armored carrier locations
-  Denotation of declared \$ value and denominational breakdown
-  Pre-advisement of incoming information for retailer, bank, and armored carrier

CASH VISIBILITY PROJECT

The responsibility of armored carriers to fulfill reporting obligations identified by the **Bank Secrecy Act (BSA)** and **Financial Crimes Enforcement Network (FinCEN)** requires effective technology. Davis Bancorp's *CheckPoint* cash management solution provides the global visibility tools necessary to capture and consolidate all reportable transactions mandated by federal law and automatically transmit e-filings in batch format.

As a leader in industry advancement and best practices, we are already seeing groundbreaking improvements in productivity and customer experience. At Davis Bancorp, we recognize this methodology is the future of our industry. From overall cost savings and **BSA** reporting compliance, to positive environmental impact and improved archival organization—we invite you to explore how the benefits of enhanced cash visibility can benefit your organization today.

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

Founded in 1951, Davis Bancorp is a private business headquartered in Chicago, Illinois. Davis Bancorp is a proud member of both the Secure Cash and Transport Association (SCTA) and Independent Armored Car Operators Association (IACO). **For more information, please email us at security@davisbancorp.com.**



Integrating Standards for the Movement of Cash

Barcoding technology stands poised to revolutionize the management of bills, and to bring big benefits to companies that do a lot of business in cash.

BY CARRIE WILKIE

Cash is still king. Even in the digital age, bills and coins remain the most frequently used form of payment in the United States. Thirty-two percent of all transactions—and more than 50 percent of transactions with a value under \$25—are conducted in cash.

Thirty-eight percent of 18- to 24-year-olds, and 48 percent of consumers with household incomes below \$25,000, prefer cash as their primary method of payment. And according to a 2015 survey by the FDIC, roughly 27 percent of all households in the U.S. remain “unbanked” or “underbanked.” This is one driver of the massive number of cash-based transactions that still exist in our economy today.

The volume of cash changing hands is tremendous, and managing its movement is an ongoing challenge for many businesses. For companies in highly regulated industries, in particular, there is a clear value in improving visibility into where the organization’s cash is and has been at any point in time.

Advancements in the processes underlying supply-chain logistics, which are being implemented across a broad range of industries already, offer additional opportunities for improving efficiency and reducing risk for cash in transit. The financial services community is working to standardize the exchange of information in the digital supply chain, which

would modernize the tracking of bills as they move from one institution to another. If implemented, this standard would enable stakeholders to share information electronically, often in real time.

Such integration would substantially improve efficiency in the cash supply chain. And the time to make it happen is now, as leaders in a range of industries are incorporating package-tracking capabilities into their inventory management systems.

How Money Currently Moves

The cycle of companies receiving payment in cash and transferring that cash to their banking partners has historically relied upon paper documentation and verifications. For example, when a courier collects cash from a business, it typically leaves behind a signed paper manifest, and when it delivers that

“Companies that don’t have visibility into their incoming cash shipments may hold excess inventory of bills, or may have to arrange costly special shipments if they run short of one or more denominations.”

cash to the appropriate bank, it leaves the bank with a similar manifest. There are software systems that store cash-in-transit information, but the data is entered and re-entered manually at every step along the way by the merchants, armored carriers, depository

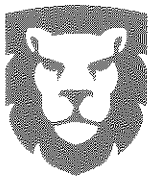


institutions, and finally at the Federal Reserve.

The manual and paper-based processes create inefficiencies and the data entered is always at risk of operator error. These challenges are magnified by the fact that the processes are dissimilar among the different business partners. A lack of unifying standards and common procedures means that each armored car company, bank, and corporate depositor uses its own custody control system. Without interoperability, many large retailers using multiple armored carriers and financial institutions have no single view of their cash movement. They have different customer numbers across their various accounts and different ways of identifying and resolving discrepancies, which complicates the sharing of information.

With so many different strategies for meeting a single business objective, efficiency and accuracy can suffer. Staff spend too much time entering data about incoming and outgoing cash packages, reconciling shipments against

SECURITY IS
IN THE DETAILS.



DAVIS

BANCORP

**DAVIS BANCORP, INC.
ANTI-MONEY LAUNDERING
(AML) COMPLIANCE POLICY**

U.S. DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK
FinCEN REGISTRANT #31000050019507



DAVIS

BANCORP

Risk Adverse Cash-in-Transit &
Vault Specialists for the Banking Industry.

Since 1951