

A Scary Day

by [Steve Brown](#)

Forget ghosts, goblins and shrinking interest margins, the scariest thing in our line of work remains the traditional bank robbery. While it used to be that everyone at the bank received annual training, now most independent banks just train their branch staff to meet the requirements under the Bank Protection Act.

That is scary, as many senior bankers may be less prepared to mitigate robbery risk in real-time. Having management well trained not only sends a message to the rest of the staff on how important the information is, but also decreases risk. This is particularly true, given the amount of time that senior management spends at branch offices. The number of bank robberies per year generally follows the strength of the economy, with fewer incidences occurring in strong economic times. However, the last few years has bucked this trend, due to the rise in the number of branches, urbanization and population growth.

The best course for those witnessing a robbery in progress is to follow the robber's directions. "Heroes are often eulogized," is a common law enforcement saying. Arguing, attempting to thwart, trying to attract attention of a passersby, or chasing after the getaway car are best left for action movies. Even pressing the silent alarm should be case dependent, as in a well-planned takeover attempt, this action will be closely monitored by the perpetrators. While easier said than done, experts tell us to stay calm and avoid sudden movements that can make criminals edgy.

The general rule of thumb is to treat robbers like any other customers and meet their requests with cool efficiency (in order to get them on their way and out of the bank in the least amount of time). Staying calm focuses the mind and helps witnesses remember details such as the type of shoes, jewelry, tattoos or mannerisms that are difficult to recall. Believe it or not, a common problem for bank management is the belief that going beyond specific demands will help. This is a false assumption and statistics show that this tactic has no bearing on the outcome. In fact, it may actually increase the risk. Helping robbers collect money or showing them the location of additional cash drawers without being asked, keeps the bad guys on premises longer and raises the probability of bodily harm.

As we visit 5 or 6 branches a week, there is one thing we don't see enough of - signs that remind customers that the branch is under surveillance and asking them to remove hats, hoods and glasses. While Paris Hilton and Michael Vick costumes may be popular for adults this Halloween, for robbers, almost 90% of them prefer the 3 aforementioned items. Not only does a simple sign help keep robbers away, but it also keeps employees focused on a potentially dangerous physical profile. Halloween is a scary time for all - not only for kids, but also for bankers. Due to the use of masks and the looming holiday season, more bank robberies take place on this day than any other. Be observant and be careful.

BANK NEWS

Mind Those Reserves

A group of shareholders sued BankAtlantic Bancorp (\$6.2B, FL) Monday, alleging the company violated SEC rules by understating its reserves for real estate loans since late 2005.

Wachovia Reorg

After posting disappointing Q3 earnings, Wachovia announced it is reorganizing its general bank, cutting the number of executives and staff in its 4 largest businesses, and consolidating its eastern banking group to 3 regions from 6.

Credit Card Bonds

A recent report found that bonds backed by credit card debt have become the most popular type of asset-backed security in recent weeks. Coincidentally, consumer credit card debt reached a record \$915B, sparking concerns that credit card defaults are the next shoe to drop in the global credit crunch.

Small Biz Confidence

A survey that measures small business owners' attitudes regarding their economic outlook and hiring plans dropped to a new low in October, according to National City's Business Confidence Index.

BofA Sued

American Home Mortgage Investment Corp has sued BofA, alleging the bank reneged on coverage of a \$25mm shortfall from a recent sale of mortgage loans. According to court papers, about \$1.62B of mortgages were sold for less than what American Home paid for them.

TRICK OR TREAT FOR BANK CAPITAL

Amid further dislocations in the marketplace, the Banc Investment Group and PCBB remain ready to fund a variety of capital options. These include holding company loans, trust preferred securities and subordinated debt. Pricing has recently come down from recent highs, but is set to increase (due to looming demand). If you are looking for capital in the next 6 months, contact us for terms and to see how we can design a program to meet your needs.

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