



ATM Security in New York City

Report of the Temporary ATM Task Force

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Submitted to

David N. Dinkins
Mayor

Peter F. Vallone
Speaker

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December 29, 1993

The Honorable David N. Dinkins
Mayor, City of New York
City Hall
New York, NY 10007

The Honorable Peter F. Vallone
Speaker of the New York City Council
City Hall
New York, NY 10007

Dear Mayor Dinkins and Speaker Vallone:

Pursuant to Local Law No. 70 of 1992, I respectfully submit the Report of the Temporary Task Force on limiting ATM access.

The Temporary Task Force undertook an exhaustive analysis of this issue during the past eleven months. We met with experts in law enforcement, electronic banking and security/access systems in order to fulfill our mandate to advise the Mayor and the City Council as to the technological feasibility of the law's limited access entry door provisions. This Report details that process, our findings, and recommendation for a limited access system that meets the requirements of Local Law No. 70 and is the most feasible system, both technologically and practically, available at this time.

In addition to this technical recommendation, the Report also contains a number of non-technical approaches to improving ATM security that evolved during the course of the Task Force's discussions. These approaches include a public advertising campaign on ATM safety to be undertaken by several of the Task Force's bank members.

The Task Force believes that the cumulative effect of Local Law No. 70's security provisions, the limited access entry door system, and the other suggestions contained in the Report will significantly enhance the safety of New York City's ATM users.

Very truly yours,



Stanley E. Grayson

I. BACKGROUND

Local Law No. 70 of 1992 was enacted by the City Council on July 29, 1992 and signed into law by Mayor Dinkins on August 13, 1992. The law establishes a minimum level of security requirements at automated teller machine ("ATM") facilities owned, operated or controlled by banks and financial institutions in New York City.

These security measures were proposed after a number of violent crimes against bank customers occurred at ATM facilities in New York City. The City Council then conducted a survey of 231 New York City ATM locations. The survey revealed that security measures such as working door locks, surveillance cameras and mirrors, often differed substantially from ATM location to location, thus resulting in varying degrees of consumer safety. As a result, Local Law No. 70 established a uniform minimum standard for security at ATM facilities in order to "enhance the safety and well-being of New York City's residents, workforce and visitors." (Local Law No. 70, Section One) These security measures include the following:

- A surveillance camera or cameras, capable of viewing and recording the flow of traffic into, out of and within an interior ATM facility, or within three feet of an exterior ATM.
- Entry doors with fire exit bolts as required by the Building Code.
- Adequate lighting for both interior and exterior ATMs, including contiguous parking areas. Interior ATM facilities must be lit, on a 24-hour basis, in a way which allows a person entering the facility to readily and easily see all persons inside it, and which permits a person inside the facility to readily and easily see all persons at the entry door of the facility. Exterior ATM facilities and parking areas must be lit during nighttime hours in accordance with technical standards set forth in the law.

- A minimum of one exterior wall made substantially of untinted glass or other untinted transparent material providing an unobstructed view of the automated teller machines within the ATM facility.
- Reflective mirrors or surfaces at each ATM providing the user with a rear view and reflective mirrors placed throughout interior ATMs to permit views of "dead-spots".
- A visible sign stating that activity within the facility is being recorded and advising customers to take certain precautions such as: closing the entry door; prohibiting access to unknown persons after regular banking hours; and placing withdrawn cash securely on their person before leaving. The sign must also indicate that complaints about the safe operation of ATM facilities should be made to the bank's security department or the Department of Consumer Affairs, together with telephone numbers for that purpose.

These security measures were required to be implemented 180 days after the enactment of Local Law No. 70, approximately mid-February 1993. According to the banking industry, at the time of the law's passage, there were approximately 2418 ATMs located at 1038 sites in New York City. Of those, 780 sites, or 75% of the total, are subject to the law's requirements.

II. LIMITED ACCESS ENTRY DOORS: SECURITY GUARDS: TEMPORARY TASK FORCE

In addition to the security measures set forth above, the law calls for the installation, at interior ATM sites, of "entry doors equipped with locking devices which permit entry to such facility only to persons using an [ATM] card or access code issued by a bank for that purpose." (Local Law No. 70, Section Two).

This limited access entry door lock requirement was based in large measure on the Council's ATM survey, which found that entry into an ATM facility could be gained with the use of any card having a magnetic stripe. For example, it was discovered that credit cards issued by gasoline companies and retailers can open the door of an ATM facility even though such cards are not authorized to perform an ATM transaction. Moreover, even ATM cards that have been lost or stolen can continue to gain access to ATM facilities, increasing the likelihood that unauthorized persons might be present in those facilities.

During the course of the Council's deliberation on the proposed legislation, the banking industry expressed its concerns with the limited access entry door lock requirement. These concerns centered on the availability of the technology necessary to implement this requirement, the overall effectiveness of limited access doors, the need for such a system to be compatible with electronic banking networks such as the NYCE and MAC (regional networks), and CIRRUS and PLUS (national networks), and the costs associated with developing and maintaining the system. In response to these concerns, the legislation expressly recognized the need for further technological developments to "create a system by which access to ATM machines is limited, to the greatest extent possible, to holders of valid access cards issued by banks and other financial institutions" (Local Law No. 70, Section One). To this end, the law provided for the formation of a temporary task force to advise the Mayor and the Council as to the technological feasibility of the limited access entry door requirements and to facilitate the development of that technology.

The task force was mandated to submit a report containing its conclusions to the Mayor and the City Council within twelve months after the appointment of its last member. Pursuant to Local Law No. 70, the limited access entry door lock requirement will become mandatory within six months after the submission of the report to the Mayor and the City Council. Any ATM facility that is not in compliance with the limited access entry door lock requirement within this six-month period will be required to have at least one security guard stationed therein during those times after regular banking hours when the ATM is available to customers.

III. TASK FORCE MEMBERSHIP

Local Law No. 70 specified that the task force be comprised of fifteen members, seven appointed by the Mayor and seven appointed by the Speaker of the City Council; the chair being jointly appointed by the Mayor and the Speaker. The task force has two representatives each of federally chartered-banks, state-chartered banks and savings and loan associations.

The Mayor and the Speaker of the City Council jointly appointed as Chair of the task force Stanley E. Grayson, Vice President, Goldman, Sachs & Co., formerly a New York City Deputy Mayor for Finance and Economic Development.

The Mayoral appointees are: Eugene Connolly, National Director, Security, Discover Card Services, Inc.; Anne Compocchia, Chair, Manhattan Community Board No. 1; Michael Hegarty, Senior Executive Vice-President, Chemical Bank; Anne Slattery, Managing Director, Consumer Banking, Citibank; George Engelke, President and Chief Executive Officer, Astoria Federal Savings and Loan Association; Henry H. Henderson, President and

Chief Executive Officer, H.F. Henderson Industries; and Stanley Wand, Engineering Consultant.

The City Council appointees are: Charles Hamm, President and Chief Executive Officer, Independence Savings Bank; Donald L. Boudreau, Executive Vice-President, Chase Manhattan Bank, N.A.; Thomas E. Gunther, Director of Electronic Banking, The Dime Savings Bank of New York; Anthony Montesion, Vice-President of Risk Management, AT&T Universal Card Services Corp.¹; Noushin E. Bryan, A.I.A., President, Accessible Architecture, P.C.; Council Member Walter McCaffrey (D-Queens), the prime sponsor of Local Law No. 70 and Michael Levine, a former official of the Drug Enforcement Administration and the father of Sergeant Keith Levine, an off-duty New York City officer who was killed while trying to stop a robbery at a Manhattan ATM.

IV. METHODOLOGY

A. Defining the Access Issue

The temporary Task Force (the "Task Force") convened its first meeting on February 2, 1993. It met formally a total of nine times until December 21, 1993. (Minutes of each meeting were kept and are available in the Office of the Deputy Mayor for Finance and Economic Development.)

The Task Force began its work by considering the legislation's requirement that ATM entry doors be equipped with locking devices "which permit entry [only] to persons using an automated teller machine card or access code issued by a bank

¹ Mr. Montesion resigned from the Temporary Task Force on March 30, 1993.

for that purpose." (Local Law No. 70, Section Two) Thus, at a minimum, the Task Force determined that any limited access system would have to eliminate the use of non-bank cards, such as retail and gasoline credit cards, at ATM entry doors. However, the Task Force was cognizant of the legislative intent of Local Law No. 70 to "enhance the safety and well-being of New York City's residents, workforce and visitors" by creating "a system by which access to ATM machines is limited, to the greatest extent possible, to holders of valid access cards..." (Local Law No. 70, Section One) (*emphasis ours*)

With this in mind, the Task Force then turned its consideration to the degree of restrictiveness a limited access system could provide. In other words, beyond eliminating the use of non-bank cards to gain entry to ATM facilities, how could access be further limited in a manner consistent with the intent of Local Law No. 70? To this end, the Task Force identified a range of access issues. For example, could a limited access system eliminate the use of lost and stolen cards (a question raised during the legislative deliberations), cards attached to closed accounts, and cards issued but not yet activated by the customer? Could a customer's ATM access code be required for entry at the front door to further limit access to authorized users? How should consumer credit cards, such as Mastercard, Visa, and American Express, be treated? The Task Force also examined the issue of "tailgating," i.e., unauthorized persons following an ATM customer into the facility while the entry door is open. This phenomenon appeared to constitute a serious threat to even the most sophisticated limited access strategy.

