

# Safe Deposit Box Mysteriously Disappears

As a safe deposit consultant for over 35 years I have heard many horror stories about financial institutions that have lost millions of dollars in safe deposit lawsuits.

The following is a true story about an institution who experienced a significant loss due to a safe deposit disappearance claim. To protect its identity, the bank's name and location will not be mentioned in this article.

## **Everything is gone.**

This story begins when a bank employee escorts a safe deposit renter to his box. The renter's box door is opened, and it is discovered that not only are the renter's box contents missing, the bank's metal container has also disappeared. Can you imagine how this situation would ruin your day?

Needless to say, the renter is extremely distraught and demands an immediate explanation. Gold coins, jewelry, precious gems and \$200,000 in cash are gone! The bank is caught totally off guard and cannot provide any reasonable explanation for the disappearance.

## **Case drags on**

This case goes on for several months. After numerous attempts to find out about the current status of the investigation, the renter becomes very frustrated and impatient, and finally he reports the disappearance claim to the local police department. The police go to the bank to investigate, and they are told the same things that the renter was told, "We don't know what happened to the renter's valuables." The police question a few employees, did a cursory investigation and came to the same conclusion. They too had no idea how the contents and box could have disappeared.

## **Box mysteriously reappears**

Eight months later a bank employee, while assisting another renter in the same vault, notices a safe deposit box in an opening, but the opening is doorless! He removes the box and sees that it does contain some items. After quickly replacing the box, he finishes helping the renter, and then this observant employee reports his discovery to his supervisor. Together they return to the vault, open the 3" x 5" container and find some legal papers. Sure enough, the name on one of the documents verifies that this is the missing box. The renter is contacted and accompanied by the police, arrives at the bank. The box's contents are photographed and documented; all that remains in the box are a few legal papers, a small empty cardboard box, and a zippered bank bag. Predictably, all other valuable items are gone. Now the bank and the police confer, and both agree that the renter's 3" x 5" box is much too small to have ever housed the bulky items and the amount of cash the renter claims were stolen. The renter, once a victim, is now labeled a liar! The bank and the police immediately cease investigating. Case closed!

## **Renter very unhappy**

The outraged renter, a multi-millionaire, filed a lawsuit against the bank. Four years elapsed before the case was tried. However, justice was served. A clever courtroom demonstration before the judge and the bank's attorney proved that all the original items, (cash, jewelry, coins, documents, etc.) would fit in a 3" x 5" box if they were arranged very precisely. The moral of this story is...if it fits, you must admit it is possible.

### **Fallout Follows Folly**

Obviously, the bank's flawed internal controls were exposed to close (and embarrassing) scrutiny. The bank's attorney recommended to his client that the case should be settle, the renter reimbursed for his losses and all attorney's fees and other legal expenses be paid. A confidentiality agreement prevents the exact dollar amount of the settlement from being disclosed.

### **Lessons Learned**

Bottom line, when you have a renter claiming that something is missing, take him seriously. Never jump to the hasty conclusion that he is dishonest, and never infer that you suspect the person is being less than truthful. Most important, review and audit all your internal procedures and make sure they are being performed correctly and will stand up in court if the need arises.

### **In Conclusion**

If you would like to test your own internal procedures to see how well you would score, email [sdspec@aol.com](mailto:sdspec@aol.com) or call 713-937-9929. Request our complimentary thirty question "Safe Deposit Report Card." These thirty audit questions include the most frequently asked questions that will always be asked in any safe deposit litigation. If you have difficulty answering the majority of these questions "yes," the chances of your internal procedures standing up in court are pretty slim.

**About the Author:** David P. McGuinn, President of Safe Deposit Specialists, is a former banker and is often referred to nationwide as the safe deposit GURU. In all 50 states he has trained over 200,000 safe deposit personnel since 1969 and has served as President of the American Institute of Banking and the American, Texas and Houston Safe Deposit Associations. He has created numerous safe deposit manuals, training videos, products, compliance forms and other products. During the past 35 years, McGuinn's safe deposit manuals, videos, products and forms have been recognized as the national standard for the financial industry.