

# Box Relocations Provoke Lawsuits

After 35 years of providing worldwide safe deposit training, products and consultations, I am frequently asked, “What’s new in the safe deposit industry?” Lately, my answer is always the same. “Lawsuits! Due to mergers, downsizing, branch closures and relocations of many facilities, there have been numerous safe deposit lawsuits filed nationwide.

## **Incorrect Procedures**

These lawsuits have occurred because many of these financial institutions did not follow correct box relocation procedures. Because of this lack of concern and knowledge, many unhappy consumers are taking legal action. The following examples show why these problems and the subsequent litigations now exist.

## **Two Recent Cases**

After losing all of her valuable box contents, one disgruntled box renter stated that, without receiving any written cancellation notice, two locksmiths spent the entire weekend inside the vault and drilled her safe deposit box. These men were given the security alarm code and vault door combination. They successfully drilled over 80 safe deposit boxes with no dual control or management supervision. Many of these boxes contained valuable contents. These box contents were never inventoried and on the following day, only one employee transported them from the vault to another location.

Another very unhappy family went to their financial institution to pick up their prized possessions – Fifty thousand dollars worth of antique gold and diamond jewelry that the family and their ancestors had accumulated over the past 100 years and wore only on special occasions. The vault employee informed them that their safe deposit box had been relocated and they no longer had a box at this location. When the family asked where their box and contents were now located, the employee told them, “I don’t know!” The family attempted to complain to upper management. They were ignored and no one would discuss any details about their missing possessions. A significant lawsuit has been filed and the family is now awaiting a jury trial to help them recover their losses and legal fees.

## **Guidelines Needed**

These are only two of the many horror stories that I have heard recently. Unfortunately, very few state and federal regulations spell out how to properly relocate or close a safe deposit facility. Because guidelines and assistance are always needed, many financial institutions are trying to establish their own internal procedures. When you attempt to create this step-by-step process you must also consider and include all nationally accepted safe deposit box relocation standards.

Whenever you close, merge or relocate your a safe deposit operation your procedures must protect your financial institution and your box renter’s contents. If a box relocation project becomes your responsibility, you must take every precaution that your security, insurance, vault design, legal notification, chain of custody log, project bidding and all other box relocation procedures are handled with utmost care.

## **Twelve Step Program**

Take into consideration the following 12 steps. All of them must be carefully followed:

1. Proper written notification must be given to all renters.
2. Establish a specific “Chain of Custody” log.
3. Carefully select the right moving date and time.
4. Identify the safest access routes, to and from each location
5. Establish adequate security controls and procedures.
6. Review your safe deposit liability insurance coverage.
7. Prepare a detailed vault floor plan and box layout.
8. Develop a written box move bid specification.
9. Establish a detailed box relocation bidding procedure.
10. Use only “experienced” box movers.
11. Specify your box relocation requirements.
12. Review all dimensions, procedures, specifications, etc.

## **Extra Precautions**

In addition to these steps, one innovative financial institution came up with a great idea. They bought a dozen eggs just before their box relocation. No, they weren’t planning to serve breakfast. They placed a hard-boiled egg in twelve empty boxes that were scheduled to be moved. After completing the relocation, these uncracked eggs were removed under dual control and this entire procedure was documented. This extra precaution would serve as a valuable defense if any renter makes a claim for damaged box contents in the future.

## **You Can’t Be Too Careful**

Any precautions you can take to minimize your unlimited liability should be seriously considered and implemented. Remember, your safe deposit operation is the only consumer service you provide in which you cannot define, anticipate or limit your potential legal exposure. If you need to develop your own internal procedures and would like additional box relocation information, call (713) 937-9929 or email your request to [sdspec@aol.com](mailto:sdspec@aol.com).

**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 managers and created numerous safe deposit manuals, training videos, and compliance products, including a “Box Relocation Manual”. During the past 35 years, McGuinn’s safe deposit products have been recognized as the national standard for the financial industry.