

How Safe are Safe Deposit Boxes?

Houston hairdresser Akrel "Junior" Byrd never gave a second thought to the safety of his safe-deposit box - stored under lock and key and guarded by bank personnel inside a steel vault until he discovered most of its contents missing one day.

"I had just gone into the bank and purchased a \$1,000 savings bond for my daughter and I was about to put it inside the box," Byrd recalled of the 1989 incident at First National Bank of Pearland. Missing were a Rolex watch, antique silver coins and some cash, all valued at around \$4,000. (More than \$4,000 in U.S. Savings Bonds was untouched.)

"The bank said I was mistaken, that it couldn't happen," said Byrd, who successfully sued four years ago. Most of the people who keep untold personal treasures in the estimated 30 million safe-deposit boxes in banks, savings and loans and credit unions nationwide assume safe-deposit boxes are very safe - and more often than not they're right.

The metal-case boxes are stored in concrete or steel vaults often equipped with sophisticated alarms, video camera, motion sensors, heat detectors, and other security devices. Financial institutions usually have strict access procedures, like signature verification, restricted vault access and dual keys.

Yet losses due to floods or fire have occurred. And some experts say safe-deposit thefts have been rising, due in part to more sophisticated thieves and to occasional lapses in security procedures within financial institutions.

"The safe deposit boxes are as safe as the institutions are," said Joyce A. McLin, former executive director of the American Safe Deposit Association in Greenwood, Ind., which had 3,000 member financial institutions, "Probably 98 percent of them (have) superior procedures."

But security experts say even the best-run financial institutions may inadvertently have breaches in security.

John W. Kennish, a security consultant from Westbrook, Conn., believes the steady spate of bank mergers and resulting layoffs over the last decade are partly to blame. "You have fewer people doing more things, you get burnout," he said. "One person doing so many things can't do them all well ... and that includes monitoring the safe-deposit boxes.

Banks disagree. "I don't think that is an issue with safety of safe-deposit boxes," said Lisa Margolin-Feher, spokeswoman for the Bank of America in San Francisco. "I think that as banks are shrinking the employee base, they're keeping more experienced people." Most financial institutions offer safe-deposit boxes as a service rather than a way to raise revenue, and annual rental fees can start low as \$15. Customers want a place where they can privately store family

heirlooms, jewelry, stock and bond certificates, and important papers. Items only they may consider valuable, like love letters or photographs, also find a home there.

Banks' strict hands-off policy makes a safe deposit box among the most sacrosanct of hiding places. No one, except the person who rents the box, or someone designated by the renter, is given access. Even police will need a search warrant to peek inside.

About the only time a safe-deposit box gets drilled open without customer consent is if the rent is overdue for a period of time after which the contents are turned over to state's uncollected property division and eventually sold at an auction.

Among the more notable cases that reached the public eye in the past few years: In Los Angeles, lawsuits were filed by former Bank of America customers, alleging hundreds of thousands of dollars in jewelry, cash and coins were stolen and, in some cases, fakes were substituted. In Chicago, Firststar Bank customers reported more than \$500,000 in diamonds, jewelry cash and coins were stolen and, in some cases, fakes were substituted.

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Industry experts believe a special breed of thieves, armed with new tools and new schemes have been targeting safe-deposit boxes.

The industry newsletter Bank Security Report recently reported that many robberies are being committed by individuals who rent safe-deposit boxes themselves in order to gain access to others' boxes. The thieves, it says, look for financial institutions that leave customers alone and unobserved in the vaults.

It outlines a typical scheme: "The perpetrators, who generally act in pairs, enter the vault to open their own box. One of them then distracts the safe-deposit guard long enough to make an impression of the guard's master key and return it, a process that can take no more than seconds.

"Once the thieves have a duplicate of the master key cut, they again enter the safe deposit box vault ostensibly to visit their own box. Armed with a copy of the master key, their job has been cut in half - they only have to pick the customer locks to get into other safe deposit boxes,"

Byrd, 53, theorizes that happened to him eight years ago.

He says the last time he visited his safe-deposit box prior to reporting the theft, he noticed a man and a women left alone inside the vault, leafing through some papers at a table. He moved to a private room to view of his box. When he returned, the couple was gone but he recalled having difficulty locking away his box afterward.

"We found out the name of the fellow that was in there the same time I was in there the same time of his (deposit box) contract," said Byrd. "They had nothing on him - no Social Security number, no driver's license. The address he gave them turned out to be a vacant lot."

Byrd received about \$40,000 as a result of his lawsuit against the bank, said his lawyer, Candace Smith.

Some banks, like Bank of America, and New York based Chase and Citibank offer limited insurance coverage on box contents for additional fees. Homeowners and renters policies also have added coverage on certain valuables through riders.

Box keys should be kept in a safe place and never left in a box door; contents should be viewed privately and put back in place. Individuals also should familiarize themselves with the security and operating procedures in their rental contract and make sure they're adhered to.
