

When Safe Deposit Boxes Aren't So Safe - Transcript

Tom Mullooly: In episode number 150 we're going to talk about when a safe deposit box isn't so safe. Stay tuned.

Welcome to the Mullooly Asset show. I'm your host Tom Mullooly, and this is episode number 150. Thanks for tuning in. Have you seen the other 149?

Want to tell you a story that was featured recently in Bloomsburg and in the New York Times about a sad story that happened with safe deposit box that went missing. It started out with a story about a gentleman who walked into a bank in Highland Park, New Jersey, so this is right in our backyard, in 1983, so this is 35, 36 years ago. At the time when he walked into the bank it was a branch of First National, First National Bank of Edison, which soon became First Union, which then became Wachovia, which then became Wells Fargo. Stop me if you've heard this before. A lot of times people say, "I've had my safe deposit box at the bank on the corner for 35 years," just like this gentleman did, but it become five or six other banks along the way.

Now, safe deposit boxes are supposed to be safe. Normally the way it works you have two keys; you have one and the bank has the other. You can't open the box without having both keys present. That is, of course, unless you watched the movie Casino, and you know how that ended; there's always a risk if that key gets out of your sight.

So between 1983 and 2014 this gentleman, who used to work for Sotheby's and he's a consultant for Christie's, these are auction houses where they auction off some pretty expensive stuff, over 30 years he just added. He just put stuff in, in, in, in, in all the time to a safe deposit box, and then he walks in in April 2014 the box is empty. Wells Fargo said, "Oh we made a mistake. We were actually trying to evict another customer's box who had the same number, box 105." What happened was they were merging all these different bank branches and so they were putting boxes in from other safe deposit boxes. There were two 105s. This happens from time to time. They went to evict that guy's stuff because he didn't pay; they cleaned out this other guy.

Every year it seems there's a few hundred people across the country who report things stolen or missing from their safe deposit box. Did they forget? They probably don't go down to the safe deposit box every week. Did your spouse take it out? Did children go in and retrieve things? But what do you do if the bank is actually at fault, like this case that they talked about in the Times? The answer is, too bad.

Banks, let's face it in 2019; banks don't really want to be in this business anymore. A lot of them are setting up online access. They don't want people coming in to ... They would rather have a branch with no employees.

There was a case in Los Angeles that recently happened. A woman was in a lawsuit with Bank of America. She was seeking \$7 million in damages. After a month long trial a jury awarded the woman \$2.5 plus 2 million more in punitive damages. Lawyers for Bank of America challenged the verdict and they won. It turns out that the lease agreement, like it says in on all of these lease agreements, the renter assumes all risks and liability shall not exceed the annual rent. So here's

what happened. A Bank of America challenged this, the judge agreed with them and she lowered the amount that this woman got to \$2460. That's 10 times the \$246 it cost to rent the box for a year, and 150 grand in punitive damages. She estimated there were millions of dollars' worth of jewels and valuables in the safe deposit box.

This case in New Jersey, the person who's been harmed has been estimating the loss at something along the lines of \$10 million. Look, if you have valuables worth \$10 million you really want to put it in just one safe deposit box? Do you want to spread it around? You want to maybe keep them somewhere else?

The Office of Comptroller of the Currency has come out and said there is no provision. No provision of federal banking laws expressly regulating safe deposit boxes. Again, these banks don't want to be in this business. You need to really think about whether it's safe to be leaving money, leaving valuables, leaving things that are important to you in a safe deposit box.

Something to consider. Not a topic we talk about very often, but thanks for tuning in to episode 150. Catch you next time.