

For Immediate Release:

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Bad Key Wallets - A Key To Disaster

A home is invaded, the homeowner murdered and the entire house ransacked. This is an unfortunate tragedy that is all too familiar.

Yet, another tragedy occurs on this day when, during the burglary, the murderer opens a dresser drawer and stumbles across a small red safe deposit key wallet. On the outside of the wallet is printed the name and address of the financial institution, and on the key inside, the box number is stamped. This same dresser drawer also contains bank statements with cancelled checks bearing the deceased renter's signature.

After practicing this signature for hours, the murderer shows up at the financial institution and attempts to access the box. A very knowledgeable and alert vault attendant exercises excellent access procedures and foils his attempt. She protects her financial institution against a potential lawsuit by denying access. The murderer then verbally and physically attacks her, but an alert security guard responds to her screams, and an arrest is quickly made.

This tragic series of events is true, and I have used this incident to underscore the purpose of this article. . . *Any information on a key wallet is too much information.*

In the event that a safe deposit box key is lost or stolen, any specific printed information such as the institution's name, logo, address or telephone number could assist a thief or murderer in accessing the box by leading this dishonest person right to the vault location. Armed with this information, there is the possibility that an unscrupulous individual could weasel his way inside your vault.

No Insurance Provided

Key wallets should never be used to advertise or promote insurance coverage. If the FDIC or NCUA name or logo appears on the wallet, box renters may incorrectly assume, and rightfully so, that their safe deposit box contents are insured. This misleading and incorrect implication can be used to justify a claim for restitution from a loss after a disaster such as a flood, fire, tornado, hurricane or burglary.

In 2005, Hurricane Katrina flooded and destroyed thousand of safe deposit boxes throughout Louisiana and Mississippi. One distraught box renter, looking for someone to blame, breathed a lot easier when he discovered the FDIC logo printed on his key wallet. Concluding that his destroyed box contents were insured, just as his bank deposits were, he filed a claim with the bank. When he was informed that FDIC does not cover box contents, he filed a lawsuit for restitution. His litigation claimed that the logo on the key wallet implied box insurance coverage was provided and that he had been misled by false advertising.

Your marketing and advertising departments should be reminded that federal insurance disclosure requirements only apply to deposit account transactions and related disclosure documents, *not to safe deposit services*.

Easy Solution

Key wallets should always be provided, but the printed information on these envelopes should be limited and carefully worded. Many financial institutions are now providing key wallets with only the following text, printed in bold type:

“PROTECT YOUR PRIVACY”
Please DO NOT write your
name, box number or vault
location on this envelope.

Without this important recommendation and disclosure, many renters feel compelled to write all of this information on their key envelopes in the event they are misplaced. What renters don't realize is that their institution does not want this key envelope returned to them. If received, this renter's key puts both sides of the critical dual control key system in the financial institution's possession. This situation is undesirable and certainly not recommended.

Other Information

Financial institutions should always provide renters with two key wallets. If you give only one, you are encouraging these renters to put both keys into one envelope. If this envelope is lost or stolen, access will be impossible without drilling the box. Also, you must inform all new renters that they should never put their extra safe deposit key inside their box. If this important information is not provided, you could have a large percentage of your renters storing their extra key inside their box. This happens because they want to keep this extra key in a safe place. And where does a box renter always store everything they consider valuable and don't want to lose? . . . *inside their safe deposit box!*

Conclusion

Carefully review your safe deposit key envelopes now. If you find anything printed on these small key wallets that could create liability, embarrassment, adverse publicity or a potential lawsuit for your institution, it is important to take prompt corrective action to minimize your legal exposure. For assistance and additional information please visit www.sdspec.com, email sdspec@aol.com or call Dave McGuinn at 713-937-9929.

About the Author: **David P. McGuinn**, President of Safe Deposit Specialists in Houston, is a former banker and often referred to nationwide as the safe deposit GURU. In all 50 states he has trained over 250,000 safe deposit personnel since 1969. He has created numerous procedures and compliance manuals, training videos/DVDs, forms, brochures and other safe deposit products, including a properly worded safe deposit key wallet. For almost 40 years, McGuinn's seminars, forms and other resources have been considered the accepted standard for the financial industry.