

# A Guide to Secure Storage Options

Today, when the storm of the century seems to occur every 6 months, fires and floods ravage entire towns and communities, terrorist threats are a societal concern, and criminals work tirelessly to steal our assets, using vaulted off premise storage is a necessity for many people and businesses. Evaluating the available secure storage options can be intimidating. The type of storage selected can dramatically impact your risk and your ability to recover if there is a loss.

## Home Storage

**Statistics don't lie; you should not store assets at your home or business.**

Assets are seventy times more likely to be stolen or damaged there, as compared to a commercial vault. Even when you have the best safe money can buy, a quality, off-premises facility is always the better choice according to the FBI, state law enforcement, FEMA and even the Red Cross.

## Financial Institutions

**For many, a safe deposit box at a bank or credit union represents a convenient storage solution.** For some, the possible risk of asset seizure makes this an untenable option. Many banks are de-emphasizing their box services, not investing in modern technology to authenticate the identities of those accessing the box and reducing the number of staff and training given to those who oversee the safe deposit box service. This has led to an unprecedented increase in the number of boxes being picked from unattended bank vaults, banks mistakenly drilling wrong boxes and then losing the property and finally, banks losing customers assets when moving boxes from a closed branch.

## Private Vaults and Depositories

**Increasingly, individuals and businesses are electing to use private vaults and depositories.**

**There are two types: depositories, where the main players are Brinks and Delaware Depository, and independently owned retail safe deposit box facilities located across the country.**

**Depositories are designed for larger investors and commercial operations that warehouse gold at these facilities. Bullion dealers that market a storage option, typically utilize one of the depositories to physically hold assets rather than invest in their own vault.**

**The independent vault facilities are generally owned by local investor(s) and entrepreneurs. These facilities are typically not regulated or licensed by any federal or state agency. Several years ago, a highly publicized incident where the owner of the facility looted the boxes and used the facility for criminal activities tarnished the entire industry. Today, the number of independent vault companies is growing with well over 30 such facilities operating across the country. Some companies have been in business for 20-25 years, while others are relatively new. There are standalone facilities located in industrial areas while others are found in strip malls. This makes it very challenging to evaluate the quality of a facility.**

## **Independently Accredited Private Vaults**

**In response the lack of recognized standards for private vaults, Safe Deposit Box Insurance Coverage, LLC introduced SecurePlus a private vault assessment program. Accredited facilities undergo a rigorous on-site assessment by an independent expert. The accreditation involves analysis and inquiries in over 200 areas including vault design and construction, physical and electronic security, access technology and controls, fire detection and suppression, and institutional policies and procedures. Only those that meet the standards for overall safety and security are accredited. Accredited vaults also offer an insured safe deposit box.**

## **The Importance of Insurance**

**A facility offering a fully insured safe deposit box is critical for two reasons: First, when a large insurance company trained to evaluate exposure is willing to essentially backstop the facility it provides significant comfort about the facilities ability to secure valuable assets; Second, history tells us no vault is invincible, and no matter how sophisticated and secure the physical**

facility may be; the risk of human mistakes, malicious acts or the wrath of mother nature are always present.

What if a natural disaster, a terrorist attack, or other catastrophic event destroys the vault? What if fraud or financial problems arise at the facility and assets are compromised? How are you positioned to recover the value of their assets? Insurance places you in the best position to recover the full value of those assets when a “What if” becomes a reality.

**If a private vault is not a *SecurePlus* accredited facility and does not offer an insured box, proceed with caution.** If the vault has long operating history and continuity of ownership, that certainly helps, but the lack of accreditation may also indicate a level of complacency. You should always be sure to assess when the vault security, surveillance and access control technology was updated. Having the owner or another familiar person servicing you at the vault on your visits is comforting, but it should not be at the cost of strict adherence to operational protocols and procedures at all times.

## **Not all Insurance is Equal**

**You can never be sure a depository is maintaining adequate insurance to protect their assets.** Depositories typically maintain a single policy covering all the assets it holds. The depositories select the limits of coverage they want to carry and the insurance company. What if those limits are less than the total value of all the assets being stored in the depository? The insurance company is not obligated to notify you if the coverage or limits are changed or the policy is canceled or non-renewed. If there is a catastrophic event involving the depository, you will be coordinating with their bullion dealer—then the depository and finally the insurance company to file a claim. This is a lengthy and cumbersome process.

With a *SecurePlus* vault, you are issued a policy or certificate directly in your name for the insurance amount you have determined is needed. This leaves you in a much better position to settle a claim when you are the actual named insured on the policy rather than a third-party loss payee under the depository policy. Why take a chance? You want to be compensated in the event the unthinkable happens. A *SecurePlus* vault gives you the certainty of protection and peace of mind.

# Shipping and Custodial Services

***SecurePlus* vaults accept insured delivery of assets directly to their vault; will video the opening of the package(s), the inventory process (alternatively the package contents can be placed as received) and the placement of the assets in the box or safe. This video, along with a written inventory is provided to you validating receipt of the assets and reconciliation to the shipping invoice. If you are establishing or adding to a precious metal IRA, this receipt can be provided to the IRA custodian.**

***SecurePlus* vaults will also arrange for the transfer of assets upon your directive. The process of removing the assets from the box or safe and transferring control to the insured carrier can also videotaped and included in the documentation received.**

**If you physically take your assets to the facility, you can confidentially place them in their box. *SecurePlus* vaults can provide an insurance policy that covers those assets from the time the delivery is received and while assets are being transported to the vault. This provides seamless risk protection through the entire transfer process and provides the ultimate privacy and protection, as even the vault does not know what they are storing in their box.**

## Validating Bullion Purchases

**When using a depository or a bullion dealer's storage option, you never see or touch the purchased assets, making it difficult to confirm the grade and quality. You can always visit a *SecurePlus* vault and access their assets in a private viewing area. If you have a precious metal IRA, a *SecurePlus* vault will allow you to inspect and see the gold, silver, or other qualified assets. In addition, the video intake and inventory process provide better evidence and peace of mind than the paper confirmation received from a depository, even when there is a periodic audit from an independent firm.**

## Accessing Assets

**You may not have a direct contractual relationship with a depository which can compromise timely access to their assets. Depositories typically only contract with precious metal dealers, IRA custodians, and other institutions, who then store their customer's assets at these facilities. This means most**

individuals cannot directly instruct the depository on the handling of their assets -they must go through the institution where the assets were purchased. Theoretically, that institution can instruct the depository on the transfer or disposition of these assets- without your knowledge or consent. At a *SecurePlus* vault, that control rests exclusively with the you – except in an IRA where the custodian or trustee must approve the distribution.

## Understanding Segregated Storage

**Assets at a depository are stored with the assets of other customers of the bullion dealer selected.** While technically called segregated storage, the bullion dealer, not the depository is responsible to track and keep records of the ownership, and while assets may be in a vault with the depository, they typically are labeled under the bullion dealer's name and placed on open metal shelving with the dealer's other customer's assets. At a *SecurePlus* vault, your assets are truly segregated and off-balance sheet as they are placed in a dedicated locked box under the investor's name and control. No one, other than the you can access the assets or provide direction on transfer or disposition, and if you physically place the assets at the *SecurePlus* vault, even the vault and its staff do not know what is in your box.

Don't be fooled by precious metal dealers who market their own vault services. Almost all do not maintain their own vault. These companies simply manage the paperwork while outsourcing the actual custodial storage to a third-party depository.

## In Summary

**Home storage is simply not a suitable alternative for valuables.** Banks and credit unions are convenient and more affordable, but you should evaluate the security and the access /control process at the branch and understand the risk of loss is increasing as bank's de-emphasize or even phase out this service.

Depositories are corporately owned and insured which are positive features but offer secure warehoused storage, not true segregated box protection. True verification of receipt of the gold purchase is problematic and access to these facilities can be difficult for individual investors.

**Private vaults are growing as they offer access and a level of service and security not available at depositories or most banks. Look for private vault facilities that have the *SecurePlus* accreditation and/or offer insured boxes ensuring the facility meets today's standards for security and protection.**

**For a list of *SecurePlus* vaults – Go to [www.sdbic.com/securestorage](http://www.sdbic.com/securestorage)**

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