

TECHNICAL ISSUES ROUNDTABLE PART 1

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SESSION PURPOSE

- Present a brief overview of the basics of unclaimed property.
- Share ideas/concerns with other administrators and staff.
- Provide resources for continuing assistance.

THE BASICS



HISTORY OF UNCLAIMED PROPERTY

- Origins in British common law
 - Traditional escheat
- 1st Uniform Unclaimed Property Act - 1954
 - Custodial escheat
- Three Uniform Act Revisions (1966, 1981, 1995)
 - States have modified the Uniform Acts to meet their specific needs

REASONS FOR THE UNCLAIMED PROPERTY LAWS

- Protect the interests and property rights of the lost owner.
- Relieve the holders from the expense and liability associated with the property.
- Ensure that any economic windfalls benefit the public, not the individual company.

ROLE OF THE STATE UP PROGRAM

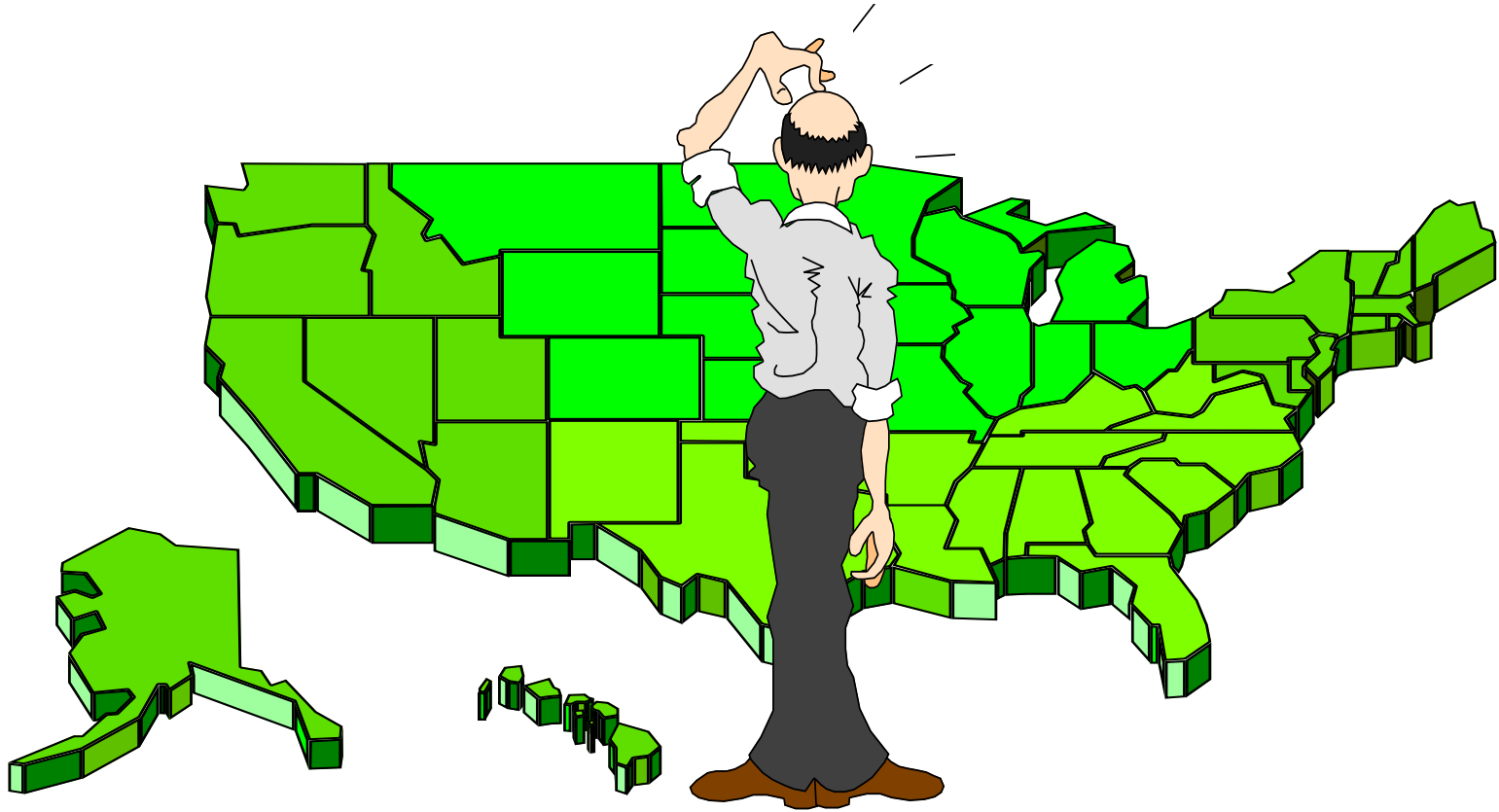
- Receive property for the benefit of the lost owners
- Return the property to the rightful owners
- Safeguard the property while in the state's possession



GENERAL REPORTING REQUIREMENTS

- Most states have report dates of November 1, with life insurance due May 1
- Dormancy periods generally range from 1 year (wages) to 15 years (travelers checks), with most other property being 3-5 years
- Aggregate reporting levels range from \$10-\$100, with most states being \$50

WHERE SHOULD THE PROPERTY GO?



RULES OF JURISDICTION

Texas V. New Jersey (1965)

- Property is remitted to the state of the owner's last known address, as shown on the holder's records.
- If the address is not known, the property is remitted to the state of holder's incorporation or domicile.
- If the state of last known address does not provide for the reporting of a certain property type, the property is remitted to the holder's state of domicile or incorporation.

RULES OF JURISDICTION

THIRD PRIORITY RULE

- Property is remitted to the state in which the transaction occurred if the owner's address is unknown and the state of incorporation or domicile does not provide for the reporting of the property.
- Applies only to money orders, travelers checks or similar written instruments.

RULES OF JURISDICTION

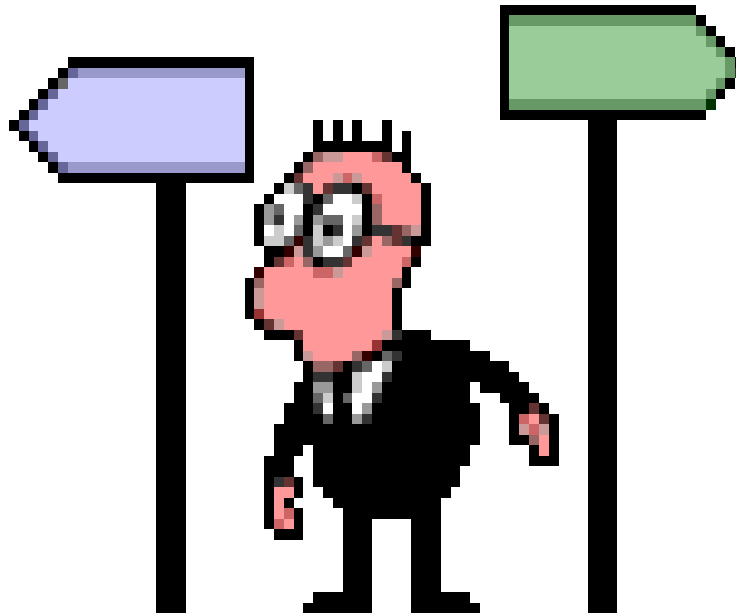
- *Pennsylvania v. New York (1972)*
- *Delaware v. New York (1994)*

Reaffirmed the US Supreme Court's earlier decision in *TX v. NJ*

RECIPROCITY

- Offered as a service to the holders in an effort to enhance compliance
- Different levels of participation
 - Full reciprocal agreements
 - Property exchange agreements
 - Periodic exchange of property
- Most states participate

DECISIONS! DECISIONS! DECISIONS!



COLLECTING PROPERTY

What to do about.....

- **Ensuring compliance?**
 - Education? Enforcement? Third party auditors?
- **Amnesty?**
 - Ongoing? One time?
- **Interest and penalties?**
 - When to assess?
- **Extensions?**
 - How long? When granted?
- **Property belonging to owners in other states?**
 - Accept all? None? Some?
- **Holder reporting forms and formats?**

PAYING THE RIGHTFUL OWNER

How to.....

- Do effective outreach?
- Manage the cost of outreach?
- Handle ALL that paper?
- Ensure the claimant is the rightful owner?
- Deal with “heirfinders”?

SAFEGUARDING THE FUNDS

What is needed to prevent fraud?

- Internal Fraud
- External Fraud

USING TECHNOLOGY

How technology can improve the efficiency of:

- Holder reporting
- Claims payments

LEGISLATION

- How to monitor legislation that would impact the UP Program?
- How to work with the legislature for the benefit of the UP Program?

RESOURCES



- Your own staff
- Other states
- NAUPA
 - Conferences and meetings
 - Bulletin board

LET'S TALK!

