

UPdate Alert

LINKING ASSETS INC.

A Jaison Recovery Corp.

OCTOBER 2020

Litigation UPdate

Andrea Lea, Arkansas State Auditor v. United States, et al.

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In *Andrea Lea, Arkansas State Auditor v. United States, et al.* the Supreme Court was asked to review the findings of the United State Court of Appeals for the Federal Circuit. The case sought to clarify jurisdictional questions for matured, unredeemed Savings Bonds held by the U.S. Treasury. The Supreme Court denied this petition on October 5, 2020. Details and documents can be viewed at: <https://www.supremecourt.gov/search.aspx?filena me=/docket/docketfiles/html/public/19-1285.html>.

This case had been previously heard at the Appeals Court on August 13, 2019 (case number 2018-1509, 2018-1510) and a rehearing was denied on December 11, 2019. The petition for writ of certiorari was requested and can be viewed here: https://www.supremecourt.gov/DocketPDF/19/19-1285/143156/20200508145830219_Lea%20v.%20United%20States%20-%20Petition.pdf.

There were three central questions presented in the May 8, 2020, petition:

1. Whether the federal statute, regulations, and contractual provisions governing the transfer

and redemption of United States Savings Bonds preempt the State of Arkansas from obtaining ownership of matured but unredeemed bonds through a statute providing for the escheat of title to the State.

2. Whether the federal statute, regulations, and contractual provisions governing the transfer and redemption of United States Savings Bonds require the United States Department of the Treasury to redeem matured savings bonds that are owned by a State pursuant to a valid judgment of escheatment but that the State cannot identify by serial number without Treasury's assistance.

3. Whether the interpretation of federal law adopted by the Federal Circuit below results in an uncompensated taking of property in violation of the Fifth Amendment's Takings Clause.

Therefore, the ruling from the United State Court of Appeals for the Federal Circuit stands. Specifically, "Because the States' escheat laws attempt to transfer ownership of the bonds to the States in contravention of Treasury regulations, they are preempted by Federal law. In addition, because the States lack the serial numbers or possession of the bonds at issue, they could not redeem the bonds even if they validly owned them." (https://www.supremecourt.gov/DocketPDF/19/19-1285/134443/20200228122601820_Exhibit%20A.pdf)