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Linking Assets Inc. UPdate periodically provides articles and information regarding legislation, regulatory, compliance, and/or associated developments. Keeping you informed about unclaimed property, search and location, owner outreach, and related areas of interest.

Unclaimed Property & Certified Mailings

By Christa DeOliveira, CIA, CCEP and Mike Ryan

Are Certified Mailings always the answer? When do they make sense? What dollar threshold(s) are appropriate? We pose these questions in light of Maryland Senate Bill being introduced on January 12, 2022, and Maryland House Bill 305 being introduced on January 24, 2022. While the content of these bills is not identical, both propose blanket certified mailing requirements based on the dollar threshold of a property.

If the goal is to get the property to the rightful owner, then owner reengagement/reunification can be leveraged to preserve owners' assets, there are multiple ways to aid this. There are steps holders can perform prior to reporting and remitting unclaimed property.

It is optimal to reunite owners with their assets. This eliminates the need to report and remit that unclaimed property. This avoids both the owner from needing to claim property from a state and avoids the state needing to process any claims and return property to owners. Therefore, it reduces the amount and volume of property turned over to states and jurisdictions.

Proactive and multiprong outreach programs are the best solution to protect customers' bank accounts, credit union member accounts, securityholders' shares, brokerage accounts, and other types of property, through reactivation. These programs can help avoid the potentially negative impacts of escheat.

Using a bank as an example unclaimed property compliance and reporting are costly; with both direct and indirect costs and uses of resources:

- Diminishing potential for cross selling and other lost business opportunities
- Mailing and due diligence costs (this can include certified mail)
- Advertising costs, where required
- Staffing and other compliance resources
- Adding the cost of replacing customers
- Reducing assets under management, reducing loaning power, and requiring more cash on hand
- Damaging to customer goodwill and a bank's reputation
- Decreasing litigation risks.

For owners of stock or a mutual fund, the stakes can be even higher. For instance, if a state has received shares and liquidates them the owner could miss out on appreciation. This is especially true now as the stock market has seen consistent and sustained multi-year growth. Also, the tax consequences can be monumental. Especially with tax deferred retirement accounts-liquidating these has consequences that cannot be repaired, short of a state making the owner completely whole.

What can a holder do to reengage with the rightful owner instead of reporting and remitting to states and jurisdictions? Holders can utilize vendors to enhance internal programs and campaigns to leverage:

- Tried and true best practices
- Advanced research tools and expertise, with cutting edge technologies
- Combining old school with new school.

Banks and other holders can implement risk and loss mitigation strategies through outreach and reengagement programs; resulting in clear benefits with unclaimed property compliance reduction and increased reengagement. Improving the addresses of owners reduces the overall costs of return mail processing.

Make no mistake, certified mailings are a useful tool under certain situations and there is certainly a place for them:

- High dollar/value accounts (this can be relative based on the type of holder, property type, and specific circumstances)
- Evidence indicating the rightful owner is at a known address but unresponsive.

Disadvantages include:

- High costs
 - As of publication the certified mail cost with return receipt requested is the postage cost, plus \$3.75 for certified, plus \$3.05 for return receipt; and \$9.75 for certified mail adult signature required or restricted.¹
 - This does not account for personnel's time to individually prepare each piece of mail and process return receipts

- Some states offer deductions; these can take the form of both the mailing cost and an administrative processing cost per letter, other states only offer a per letter actual out of pocket deduction
- Sending to the last known addresses after three to five years can be unproductive; t is better to start early and connect often.

Linking Assets' reengagement and reunification success is not based on Certified Mail alone, but rather pursuing a multiprong approach. Reengagement campaigns and programs are tailored to our Client's specific operations, industry, property types, and needs to yield optimal results.

UPPO Annual Conference



Once again, we are exhibiting at UPPO's Annual Conference, being held this year in warm, Orlando, Florida from March 27 through 30, 2022. We hope to see you in person, stop by our booth. We have both fun and practical giveaways for you, along with daily chances to win Mickey or Minnie stuffed toys.



Christa DeOliveira, our Chief Compliance Officer, will be a panelist for the *Reporting, Remittance, and NAUPA III* session, scheduled for Monday, March 28, 2022, at 10:30 am. Mike Ryan will be Co-Facilitator of the *Industry Conversation Banking and Finance* session, scheduled for Monday, March 28, 2022, at 12:45 pm. Also, we will be sure to see (and hear) Mike as he shouts "50/50" for the raffle to raise funds for the UPPO Scholarship Fund.

¹ https://pe.usps.com/text/dmm300/Notice123.htm#_c191

UPPO is the leading community and resource for unclaimed property compliance education, networking, advocacy, and reform. Learn more at https://www.uppo.org/mpage/UPPOConference and https://www.uppo.org/.

Legislation Highlights

Linking Assets Inc. monitors the progress of legislation relating to unclaimed property. Highlights of enacted and noteworthy pending legislation are provided here.

Linking Assets Inc. is not a law firm and does not render legal services or advice. The information in this UPdate is not intended to be substituted for legal advice, which can only be provided by an attorney.

State

CA SB 308 enacted and effective on 07/16/2021, specifies payments of \$2,000 or more must be made by EFT.

DE HB 250 enacted and effective on 06/30/2021, provides the Secretary of Finance or his/her designee shall have the authority to enter into contingency and other fee agreements for locating or substantiating property to be escheated to the State by means of audit or otherwise.

NJ AB 1405 was introduced on 01/11/2022 and provides that amounts remaining in inactive Internet gaming accounts will be abandoned property after three years under unclaimed property law.

SC HB 3849 as can be seen in the ULC's RUUPA Enactment Map to the right, this has been introduced. (There has not been activity on this legislation this year; however, South Carolina has a bicameral legislative session, as such this bill remains active.)

SC HB 4100 enacted on 06/29/2021 and effective on 07/01/2021, includes a provision that prohibits the Treasurer from hiring contingency fee auditors, with limited exceptions.

TX HB 1514 enacted 05/28/2021 and effective on 09/01/2021 made several changes, including insurance proceeds that would have been reported on November 1, 2021, should now be reported on July 1, 2022. the

² Some states are introducing legislation labelled as being a revised uniform unclaimed property act, but they do not meet the ULC's thresholds for being considered RUUPA. comptroller may use the proceeds from the sale of securities delivered under this chapter to buy, exchange, invest, or reinvest in marketable securities.

WA SB 5531 as can be seen in the ULC's RUUPA Enactment Map below, this has been introduced.

RUUPA Watch

Jurisdictions with enacted versions of Uniform Law Commission's (ULC) 2016 Revised Uniform Unclaimed Property Act (RUUPA) are shown below.²



In this Enactment Map³:

- Blue = RUUPA has been enacted⁴
- Green = RUUPA has been introduced
- Maroon = a prior uniform act is in place
- White = Jurisdictions that have unclaimed property laws not based on any version of a uniform act

Federal

On the federal front a bill we are monitoring is **HR 3046**, the Postal Reform Act of 2021. On 02/08/2022, this bill has passed Congress by a 342-92 vote. We are monitoring for activity in the Senate.

Of note, this bill includes a six-day first class mail delivery mandate. This could improve first class mailing delivery, depending on locations/distances. Thereby, improving the speed for unclaimed property compliance mailings for owner outreach and due diligence mailings, along with other correspondence sent by first class mail. Last October 1, 2021, modified first class mail delivery standards extending many of them.

³ https://www.uniformlaws.org/committees/community-home?CommunityKey=4b7c796a-f158-47bc-b5b1-f3f9a6e404fa ⁴ Vermont is noted to be "Substantially Similar", https://www.uniformlaws.org/committees/community-home?CommunityKey=4b7c796a-f158-47bc-b5b1-f3f9a6e404fa

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