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2/27/96 Do Pass  
H-3/6/96 Commerce  
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SENATE FILE 2230  
BY DELUHERY

Passed Senate, <sup>(p.611)</sup> Date 3/5/96 Passed House, Date \_\_\_\_\_  
Vote: Ayes 49 Nays 1 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to definitions, reporting, and remittance  
2 guidelines concerning the disposition of unclaimed property.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2230

1 Section 1. Section 556.1, subsection 2, Code Supplement  
2 1995, is amended to read as follows:

3 2. "Business association" means any a corporation other  
4 than a public corporation, joint stock company, business  
5 trust, investment company, partnership, limited liability  
6 company, trust company, mutual fund, or any association for  
7 business purposes of two or more individuals other business  
8 entity consisting of one or more persons, whether or not for  
9 profit.

10 Sec. 2. Section 556.1, Code Supplement 1995, is amended by  
11 adding the following new subsection:

12 NEW SUBSECTION. 8A. "Property" means a fixed and certain  
13 interest in or right in an intangible that is held, issued, or  
14 owed in the course of a holder's business, or by a government  
15 or governmental entity, and all income or increment therefrom,  
16 including that which is referred to as or evidenced by any of  
17 the following:

18 a. Money, check, draft, deposit, interest, dividend, and  
19 income.

20 b. Credit balance, customer overpayment, gift certificate,  
21 security deposit, refund, credit memorandum, unpaid wage,  
22 unused airline ticket, unused ticket, mineral proceeds, and  
23 unidentified remittance and electronic fund transfer.

24 c. Stock or other evidence of ownership interests in a  
25 business association.

26 d. Bond, debenture, note, or other evidence of  
27 indebtedness.

28 e. Money deposited to redeem stocks, bonds, coupons, and  
29 other securities, or to make distributions.

30 f. An amount due and payable under the terms of an  
31 insurance policy, including policies providing life insurance,  
32 property and casualty insurance, workers' compensation  
33 insurance, or health and disability benefits insurance.

34 g. An amount distributable from a trust or custodian fund  
35 established under a plan to provide health, welfare, pension,

1 vacation, severance, retirement, death, stock purchase, profit  
2 sharing, employee savings, supplemental unemployment  
3 insurance, or similar benefits.

4 h. Amounts distributable from a mineral interest in land.

5 i. Any other fixed and certain interest or right in an  
6 intangible that is held, issued, or owing in the course of a  
7 holder's business, or by a government or governmental entity.

8 Sec. 3. Section 556.2, subsection 4, Code Supplement 1995,  
9 is amended by striking the subsection.

10 Sec. 4. NEW SECTION. 556.2A TRAVELER'S CHECKS AND MONEY  
11 ORDERS.

12 1. Subject to subsection 4, any sum payable on a  
13 traveler's check that has been outstanding for more than  
14 fifteen years after its issuance is deemed abandoned unless  
15 the owner, within fifteen years, has communicated in writing  
16 with the issuer concerning it or otherwise indicated an  
17 interest as evidenced by a memorandum or other record on file  
18 prepared by an employee of the issuer.

19 2. Subject to subsection 4, any sum payable on a money  
20 order that has been outstanding for more than seven years  
21 after its issuance is deemed abandoned unless the owner,  
22 within seven years, has communicated in writing with the  
23 issuer concerning it or otherwise indicated an interest as  
24 evidenced by a memorandum or other record on file prepared by  
25 an employee of the issuer.

26 3. A holder shall not deduct from the amount of a  
27 traveler's check or money order any charge imposed by reason  
28 of the failure to present the instrument for payment unless  
29 there is a valid and enforceable written contract between the  
30 issuer and the owner of the instrument pursuant to which the  
31 issuer may impose a charge and the issuer regularly imposes  
32 such charges and does not regularly reverse or otherwise  
33 cancel them.

34 4. A sum payable on a traveler's check or money order  
35 described in subsection 1 or 2 shall not be subjected to the

1 custody of this state as unclaimed property unless any of the  
2 following apply:

3 a. The records of the issuer show that the traveler's  
4 check or money order was purchased in this state.

5 b. The issuer has its principal place of business in this  
6 state and the records of the issuer do not show the state in  
7 which the traveler's check or money order was purchased.

8 c. The issuer has its principal place of business in this  
9 state, the records of the issuer show the state in which the  
10 traveler's check or money order was purchased, and the laws of  
11 the state of purchase do not provide for the escheat or  
12 custodial taking of the property or its escheat or unclaimed  
13 property law is not applicable to the property.

14 Sec. 5. NEW SECTION. 556.2B CHECKS, DRAFTS, AND SIMILAR  
15 INSTRUMENTS ISSUED OR CERTIFIED BY BANKING AND FINANCIAL  
16 ORGANIZATIONS.

17 1. Any sum payable on a check, draft, or similar  
18 instrument, except those subject to section 556.2A, on which a  
19 banking or financial organization is directly liable,  
20 including a cashier's check and a certified check, which has  
21 been outstanding for more than three years after it was  
22 payable or after its issuance if payable on demand, is deemed  
23 abandoned, unless the owner, within three years, has  
24 communicated in writing with the banking or financial  
25 organization concerning it or otherwise indicated an interest  
26 as evidenced by a memorandum or other record on file prepared  
27 by an employee of the banking or financial organization.

28 2. A holder shall not deduct from the amount of any  
29 instrument subject to this section any charge imposed by  
30 reason of the failure to present the instrument for payment  
31 unless there is a valid and enforceable written contract  
32 between the holder and the owner of the instrument pursuant to  
33 which the holder may impose a charge and the holder regularly  
34 imposes such charges and does not regularly reverse or  
35 otherwise cancel them.

1     Sec. 6. Section 556.5, Code 1995, is amended by striking  
2 the section and inserting in lieu thereof the following:

3     556.5 STOCKS AND OTHER INTANGIBLE INTERESTS IN BUSINESS  
4 ASSOCIATIONS.

5     1. Any stock, shareholding, or other intangible ownership  
6 interests in a business association, the existence of which is  
7 evidenced by records available to the association, is deemed  
8 abandoned and, with respect to the interest, the association  
9 is the holder, if both of the following apply:

10    a. The interest in the association is owned by a person  
11 who for more than three years has neither claimed a dividend,  
12 distribution, nor other sum payable as a result of the  
13 interest, or who has not communicated with the association  
14 regarding the interest or a dividend, distribution, or other  
15 sum payable as the result of the interest, as evidenced by a  
16 memorandum or other record on file with the association  
17 prepared by an employee of the association.

18    b. The association does not know the location of the owner  
19 at the end of the three-year period.

20     2. The return of official shareholder notifications or  
21 communications by the postal service as undeliverable shall be  
22 evidence that the association does not know the location of  
23 the owner.

24     3. This section shall be applicable to both the underlying  
25 stock, shareholdings, or other intangible ownership interests  
26 of an owner, and any stock, shareholdings, or other intangible  
27 ownership interest of which the business association is in  
28 possession of the certificate or other evidence or indicia of  
29 ownership, and to the stock, shareholdings, or other  
30 intangible ownership interests of dividend and nondividend  
31 paying business associations whether or not the interest is  
32 represented by a certificate.

33     4. At the time an interest is deemed abandoned under this  
34 section, any dividend, distribution, or other sum then held  
35 for or owing to the owner as a result of the interest, and not

1 previously deemed abandoned, is deemed abandoned.

2 5. This section does not apply to any stock or other  
3 intangible ownership interest enrolled in a plan that provides  
4 for the automatic reinvestment of dividends, distributions, or  
5 other sums payable as a result of the interest unless one or  
6 more of the following applies:

7 a. The records available to the administrator of the plan  
8 show, with respect to any intangible ownership interest not  
9 enrolled in the reinvestment plan that the owner has not  
10 within three years communicated in any manner described in  
11 subsection 1.

12 b. Three years have elapsed since the location of the  
13 owner became unknown to the association, as evidenced by the  
14 return of official shareholder notifications or communications  
15 by the postal service as undeliverable, and the owner has not  
16 within those three years communicated in any manner described  
17 in subsection 1. The three-year period from the return of  
18 official shareholder notifications or communications shall  
19 commence from the earlier of the return of the second such  
20 mailing or the time the holder discontinues mailings to the  
21 shareholder.

22 Sec. 7. Section 556.13, Code 1995, is amended by striking  
23 the section and inserting in lieu thereof the following:

24 556.13 PAYMENT OR DELIVERY OF ABANDONED PROPERTY.

25 1. Except for property held in a safe deposit box or other  
26 safekeeping depository, upon filing the report required by  
27 section 556.11, the holder of property presumed abandoned  
28 shall pay, deliver, or cause to be paid or delivered to the  
29 administrator the property described in the report as  
30 unclaimed, but if the property is an automatically renewable  
31 deposit, and a penalty or forfeiture in the payment of  
32 interest would result, the time for compliance is extended  
33 until a penalty or forfeiture would no longer result.  
34 Tangible property held in a safe deposit box or other  
35 safekeeping depository shall not be delivered to the treasurer



1 governmental entity, including income or increment therefrom.  
2 A list of types of interests evidencing property ownership or  
3 rights is supplied.

4 The bill provides reporting guidelines for holders of  
5 traveler's checks, money orders, banking and financial  
6 organization instruments, stock, and other intangible  
7 interests in business associations. The duration that  
8 unclaimed amounts due or payable may remain outstanding before  
9 being considered abandoned are specified, together with the  
10 required form of communication for maintaining an interest  
11 during that time, and the circumstances under which service  
12 charges may be imposed.

13 The bill also provides for the remittance of unclaimed  
14 property by the holder of the property upon filing a report of  
15 abandoned property required by section 556.11. Securities or  
16 security entitlements under the Uniform Commercial Code,  
17 chapter 554, article 8, can be ordered transferred, remitted,  
18 or disposed of by the treasurer of state on behalf of the  
19 apparent owner. An issuer, holder, or any transfer agent, or  
20 individuals acting on their instructions, shall not be liable  
21 to the apparent owner of the property and shall be indemnified  
22 against claims in accordance with section 556.14.

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