

TREASURER OF STATE[781]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 556.26, the Treasurer of State hereby gives Notice of Intended Action to rescind Chapter 9, “Unclaimed Property,” Iowa Administrative Code, and to adopt a new Chapter 9 with the same title.

The proposed rules in Chapter 9 are necessary to provide definitions, guidelines, and reporting requirements for holders of unclaimed property. New Chapter 9 will also provide clarification and documentation necessary for owners of unclaimed property to recover their lost assets.

Any interested person may make written suggestions or comments on the proposed rules on or before November 8, 2011. Such written comments or suggestions should be directed to Jake Friedrichsen, Iowa Treasurer of State, 1007 E. Grand Avenue, Des Moines, Iowa 50319. E-mail may be sent to Jake.Friedrichsen@iowa.gov.

A public hearing will be held on November 9, 2011, at 2 p.m. in the Treasurer of State’s Office, Lucas Conference Room, Lucas State Office Building, 321 E. 12th Street, Des Moines, Iowa. At the hearing, persons will be asked to give their names and addresses for the record and confine their remarks to the subject of the proposed rules.

After analysis and review of this rule making, no impact on jobs has been found.

These rules are intended to implement Iowa Code chapter 556.

The following amendment is proposed.

Rescind 781—Chapter 9 and adopt the following **new** chapter in lieu thereof:

CHAPTER 9 UNCLAIMED PROPERTY

781—9.1(556) Purpose. Iowa Code chapter 556 authorizes the treasurer of state to establish administrative rules that are necessary for the purpose of carrying out the provisions of Iowa Code chapter 556, the uniform disposition of unclaimed property Act.

This rule is intended to implement Iowa Code chapter 556.

781—9.2(556) Forms. The following approved forms will be used by the unclaimed property division:

9.2(1) Claim Form, together with, as applicable, the Affidavit of Lost Certificate, Affidavit of Administration, and Affidavit of Distributory Responsibility as well as other applicable affidavits, is the form required by the division for a claimant to file and support a claim relative to unclaimed property held in custody by the division.

9.2(2) Safe Deposit Box Inventory Form is the form that may be used by holders in the inventory and reporting of contents of safe deposit boxes reportable under the Act.

9.2(3) Holder Report Forms UP1 (also referred to as Holder Verification Form or Holder Report Cover Sheet) and UP2 are the forms holders are required to use to report unclaimed property.

9.2(4) Holder Reimbursement Form (or a form by another name that this office distributes to reimburse an owner or holder) is the form holders are required to use to request that the state pay an owner directly or to seek reimbursement from the state in cases when the holder has paid the claim of a reappearing owner, pursuant to Iowa Code section 556.14(5).

This rule is intended to implement Iowa Code chapter 556.

781—9.3(556) Definitions. In addition to the terms defined in Iowa Code section 556.1, the following words or terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

“*Act*” means the uniform disposition of unclaimed property Act, Iowa Code chapter 556.

“*Aggregate property*” means individual items of intangible property with a value of less than \$50 each, which have been “aggregated” by a holder and reported and delivered to the division in a lump sum.

“*Book shares*” means debt or equity securities which are maintained in book entry form only and for which no physical certificate was or is issued.

“*Claimant*” means a person or legal entity entitled to reclaim abandoned property in the possession of the division. A claimant may be an original owner, legal representative, or successor in interest.

“*Contract auditor*” means any person or entity engaged or hired by the treasurer or the division to provide unclaimed property examination services. “Contract auditor” includes agents, employees and any subcontractor engaged by a contract auditor or engaged by its subcontractors.

“*Credits, advance payments, overpayments, refunds, or credit memoranda,*” for purposes of Iowa Code section 556.1(12), means current accounts receivable of a business association that have not been reduced to a check or other form of payment. “Credits, advance payments, overpayments, refunds, or credit memoranda,” for purposes of Iowa Code section 556.1(12), shall not include uncashed checks or other unclaimed payments due and owing to a business association for its provision of goods or services, with respect to any other type of obligation.

“*Custodial property*” means property transferred to a custodian for a minor under the provisions of (1) the Iowa UTMA, (2) the Uniform Transfer to Minors Act, (3) the Uniform Gifts to Minors Act, or (4) a substantially similar Act of another state if, at the time of the transfer, the transferor, the minor, or the custodian is a resident of the designated state or the custodial property is located in the designated state.

“*Division*” means the Iowa unclaimed property division within the Iowa treasurer of state’s office that has the responsibility of administering the Act.

“*Dormancy fee*” means a service charge, dormancy charge, inactive account fee, escheat fee, minimum balance fee, maintenance fee, unclaimed property fee, or any other charge that results in the reduction of an account balance or property value, which is not directly related to a transaction initiated by an owner.

“*Dormancy period*” means the statutorily specified span of time after which an owner’s failure to indicate an interest in property will result in the property’s being presumed abandoned and subject to reporting and delivery to the division.

“*Due diligence*” means the efforts required to be undertaken by a holder of unclaimed property to find the rightful owner of such property before the property is delivered to the division.

“*Finder*” means a person hired or engaged to assist owners, heirs or other persons in the recovery of unclaimed property reported under the Act.

“*Finder agreement*” means an agreement to pay a fee, commission, or other compensation to a finder to identify, locate, deliver, recover, or assist in the recovery of unclaimed property reported under the Act.

“*Funds for liquidation*” means unclaimed funds which are held by a holder on behalf of an owner of debt or equity securities and which are owing as a result of the liquidation of the securities issuer.

“*Indication of interest*” means an action by an owner with respect to the owner’s property which indicates that the owner is aware of the existence of the property and intends for the property not to be presumed abandoned. Examples of an owner’s indication of interest include, but are not limited to, the following: an owner-initiated deposit or withdrawal from an account; notification to a holder of a change of address specific to the account; and any communication, such as written or electronic correspondence, telephone call or person-to-person conversation between an owner and a holder (or the agent of a holder), which can be documented and which reflects an owner’s awareness of the existence of the property.

“*Intangible property*” means such property as described in Iowa Code section 556.1(12).

“*Iowa uniform transfer to minors Act*” or “*Iowa UTMA*” means Iowa Code chapter 565B.

“Last activity date” means the last verifiable date of owner-initiated activity or contact with respect to unclaimed property.

“Matured bond principal” means unclaimed funds which are held by a holder for a bond holder pending the bond holder’s redemption of debt securities.

“Retained asset account” means a funds account or similar account maintained by a life insurer on behalf of a beneficiary, which is established through the life insurer’s retention of policy proceeds due a beneficiary, rather than the life insurer’s making a lump sum payment of the policy proceeds to the beneficiary.

“Tangible property” means the physical contents of a safe deposit box or other safekeeping repository, or physical items held as collateral by a banking organization, financial organization, or business association, that are reportable and deliverable to the division.

“Treasurer” means the treasurer of the state of Iowa.

“Undelivered shares” means unclaimed physically issued debt or equity securities, which were returned to the issuer by the post office as undeliverable, or which were otherwise never delivered into the possession of the owner.

“Underlying shares” means unclaimed physically issued debt or equity securities which are presumably in the possession of an owner.

“Unexchanged shares” means unclaimed debt or equity securities which are held by a holder on behalf of an owner, pending the owner’s surrender of obsolete debt or equity securities in conjunction with an acquisition, merger, recapitalization, or similar mandatory corporate action.

This rule is intended to implement Iowa Code section 556.1.

781—9.4(556) Dormancy fees and related charges.

9.4(1) Iowa Code chapter 556 authorizes the following dormancy fees:

a. Lawful charges withheld from abandoned demand, savings, or matured time deposits held by a financial organization.

b. Charges on un-presented travelers checks and money orders, when a valid and enforceable contract to assess the charges exists, and the issuer regularly imposes such charges and does not regularly reverse or otherwise cancel such charges for the benefit of the owner.

c. Charges on un-presented checks, drafts, or similar instruments on which a financial organization is directly liable, where a valid and enforceable written contract to assess the charges exists and the holder regularly imposes such charges and does not regularly reverse or otherwise cancel such charges for the benefit of the owner.

d. Deductions from the face value of a gift certificate or gift card resulting from untimely presentment or usage, where a valid and enforceable written contract was provided in conjunction with the issuance of the gift certificate or gift card, and the issuer of the gift certificate or gift card regularly imposes and does not regularly reverse or otherwise cancel the deduction for the benefit of the owner.

9.4(2) Dormancy fees not authorized by Iowa Code chapter 556 are prohibited.

9.4(3) All dormancy fees assessed against an unclaimed account must be disclosed in the report of unclaimed property filed with the division.

This rule is intended to implement Iowa Code section 556.2.

781—9.5(556) Reporting and delivery of safe deposit box contents.

9.5(1) Safe deposit boxes or other safekeeping depositories that have been abandoned shall be opened and inventoried in the presence of at least two employees of the holder.

9.5(2) The holder shall list the contents of each box inventoried and provide that list to the division. The Safe Deposit Box Inventory Form or any financial institution’s internal inventory form may be used and provided to the division.

9.5(3) The property and a copy of the inventory shall then be sealed for safekeeping until delivered to the owner or to the division when required by the Act. The holder may not convert the property to cash or reduce cash property to check; all property is to be delivered in its original form and “as is” to the owner or, if required, to the division.

9.5(4) Property transferred to the division shall be packaged in a reasonably protective manner to prepare for transportation to the division. Property should be delivered to the division via certified mail or insured courier. The holder assumes all risk of loss pending receipt of the property by the division.

This rule is intended to implement Iowa Code section 556.2.

781—9.6(556) Reporting of individual retirement accounts (IRAs) and other retirement accounts.

9.6(1) The reporting and delivery of property in an individual retirement account, defined contribution plan, defined benefit plan, or other account or plan that is qualified for tax deferral under the income tax laws of the United States shall be extended until three years after the earliest of the following has occurred:

- a.* The date of distribution or the attempted distribution of the property;
- b.* The date of the required distribution, as stated in agreements governing the account; or
- c.* The date specified in the income tax laws of the United States by which a distribution must occur in order for the owner to avoid a tax penalty.

9.6(2) In reporting individual retirement accounts and other retirement accounts, holders shall include the name, address, and social security number of the account beneficiary, to the extent such information is known.

This rule is intended to implement Iowa Code section 556.7.

781—9.7(556) Reporting of certificates of deposit and other time deposits. If an automatically renewable time deposit or nonrenewable time deposit is deemed abandoned prior to its initial maturity, the time for the reporting and delivery of the time deposit to the division will be extended to the date of maturity or three years from the date at which the abandonment period commenced, whichever is later.

This rule is intended to implement Iowa Code section 556.7.

781—9.8(556) Indication of interest by an owner in a certificate of deposit or other time deposit.

9.8(1) The following acts by the owner of a time deposit shall constitute nonabandonment of the time deposit:

a. Consent in writing to a renewal of the time deposit at or about the time of renewal and signed by the owner, given by delivery of the original or a signed facsimile or an E-mail transmission of the facsimile initiated by the owner, or demonstrated by the existence of a memorandum or other record on file with the holder made at the time of renewal; or

b. The owner, within three years after the earlier of the maturity date or the date of the owner's last indication of interest in the deposit, has:

(1) Increased or decreased the amount or presented the passbook or other similar evidence of the deposit for the crediting of interest due;

(2) Communicated in writing with the financial organization concerning the time deposit, including requesting that the time deposit be redeemed;

(3) Otherwise demonstrated an indication of interest in the deposit as evidenced by a memorandum or other record on file prepared by an employee of the financial organization;

(4) Owned other property to which subparagraphs 9.8(1) "b" (1), (2), and (3) above apply and the financial organization communicates with the owner about the deposit that would otherwise be presumed abandoned under this subrule in writing at the address to which communications regarding the other property regularly are sent; or

(5) Had another relationship other than time or demand deposits, such as, but not limited to, a safe deposit box, mortgage, stocks, bonds or other investments, with the financial organization concerning which the owner has:

1. Communicated in writing with the banking or financial organization; or

2. Demonstrated an indication of interest as evidenced by a memorandum or other record on file prepared by an employee of the financial organization.

9.8(2) Consent to renewal of a time deposit shall be presumed and the owner will be deemed to have demonstrated an indication of interest in a time deposit when the financial organization sends the owner

notice of the renewal via first class mail, address correction requested, and the notice is not returned to the financial organization by the post office for reason of nondelivery; provided, however, the financial organization must maintain a system for tracking and documenting return mail.

9.8(3) The date on which the owner has last demonstrated an indication of interest in and awareness of the owner's time deposit, as defined in paragraph 9.8(1) "a" above, or the date of maturity if no conduct evidencing such interest is made, whichever is earlier, shall begin the three-year abandonment period. However, when a written communication mailed to an owner is returned marked "undeliverable" or "unclaimed," the date of receipt by the financial organization of the returned mailing shall be deemed to begin the abandonment period. When periodic interest checks are issued on a time deposit, the abandonment period will commence on the date of an uncashed interest check, and the time deposit will be considered abandoned if all subsequent interest checks continue to remain uncashed through the entire statutory abandonment period, unless there is other conduct by the owner demonstrating an indication of interest in the time deposit as specified elsewhere in this subrule and applicable statutory law.

This rule is intended to implement Iowa Code section 556.7.

781—9.9(556) Reporting of retained asset accounts. Funds held in a retained asset account maintained by a life insurance company on behalf of a beneficiary shall be reported and delivered to the division if the beneficiary has failed to take such actions demonstrating an indication of interest in the account for a period of three years.

This rule is intended to implement Iowa Code section 556.9.

781—9.10(556) Information required to be included in report.

9.10(1) All Holder Report Forms submitted to the division must include, to the extent such information is available to the holder, the following information:

- a. The owner's (and as applicable/available, the beneficiary's) name;
- b. The owner's (and as applicable/available, the beneficiary's) last-known address;
- c. The owner's (and as applicable/available, the beneficiary's) social security or federal tax identification number;
- d. Account number, policy number, or other similar account relationship identifier;
- e. Check number, certificate number, or other similar property identifier;
- f. Date of owner's last indication of interest; and
- g. Date the property became payable or distributable.

9.10(2) The division may find the Holder Report Form as nonconforming and may seek a revision of the form under any of the following circumstances:

- a. Form does not include complete information;
- b. Form does not reconcile to the property remittance;
- c. Form is not verified;
- d. Form is not verified by the appropriate individual as required by statute;
- e. Form reflects unauthorized service or other owner charges assessed by the holder;
- f. Form includes property which is not subject to Iowa Code chapter 556;
- g. Form has been filed electronically and cannot be read or converted by the division.

This rule is intended to implement Iowa Code section 556.11.

781—9.11(556) Early reporting of unclaimed property.

9.11(1) A holder may request permission to report and deliver property to the division before it is presumed abandoned by sending a written request to the division.

9.11(2) The request must identify the property to be reported and delivered and the reasons for requesting permission to report and deliver the property prior to the date it is presumed abandoned.

9.11(3) The division may, at its sole discretion, consent to early reporting and delivery according to terms and conditions prescribed by the division.

This rule is intended to implement Iowa Code section 556.11.

781—9.12(556) Due diligence. Holders shall exercise reasonable and necessary due diligence consistent with good business practice in attempting to reactivate dormant accounts and to locate owners of unclaimed property.

This rule is intended to implement Iowa Code section 556.11.

781—9.13(556) Reporting aggregate amounts to the division. Holders may report in aggregate to the division items of property with a value of under \$50. Holders are encouraged not to aggregate unclaimed dividend checks, oil royalties, and other payments of a recurring nature, regardless of the item value.

This rule is intended to implement Iowa Code section 556.11.

781—9.14(556) Regulation of finders.

9.14(1) Pursuant to Iowa Code section 556.11(10), agreements or contracts between finders and owners to pay compensation to recover or assist in the recovery of abandoned property are unenforceable if made within 24 months of the date the property was received by the division. In no case shall the finder fees or compensation exceed 15 percent of the amount of the property subject to claim.

9.14(2) A claim form signed by a finder shall not be reviewed by the division. The apparent owner or owner's legal representative shall make direct contact with the division and sign the claim form. All communication regarding the claim will be sent to the claimant. A signed, dated and notarized copy of any original agreement or contract between a finder and an owner shall be included with the filing of any claim. Handwritten agreements or contracts will not be accepted.

9.14(3) Owner information shall be reproduced in a format to be determined by the treasurer at least annually and shall be provided to anyone requesting the information for a fee of \$20 per copy. The fee shall be paid in the form of an official check or money order and made payable to the State of Iowa. All fees for owner information shall be received by the division before the owner information is made available.

This rule is intended to implement Iowa Code section 556.11.

781—9.15(556) Disposition of safe deposit box contents.

9.15(1) Except as stated in subrules 9.15(2) and 9.15(3), the contents of safe deposit boxes and other tangible property received by the division shall be held by the division for not less than one year, after which time the property will be offered through public sale.

9.15(2) Medals awarded for military service in the armed forces of the United States shall not be auctioned.

9.15(3) If the treasurer determines, after investigation and after an attempt to dispose of the unclaimed property in accordance with the Act, that the probable cost of sale exceeds the value of the property, the treasurer may destroy or otherwise dispose of the property at any time.

This rule is intended to implement Iowa Code section 556.17.

781—9.16(556) Filing of owner claims.

9.16(1) All claims for abandoned property shall be filed with the division on the division's claim form or such other documents as the division finds acceptable.

9.16(2) The claim form shall be completed in its entirety and must include the following information:

a. Social security number or tax identification number, or both, of all claimants;

b. Signature of claimant(s). If the claim is over \$200 or includes stock(s) or safe deposit box contents, the signature must be notarized.

9.16(3) The treasurer shall consider any claim filed under the Act.

This rule is intended to implement Iowa Code section 556.19.

781—9.17(556) Documentation of claims by individuals. A claimant should provide the following supporting documentation with claims, as applicable, if the claim is being made by the person that is set forth as the apparent owner of the unclaimed property in the report filed with the division:

9.17(1) A copy of the claimant's driver's license or other government-issued identification.

9.17(2) A copy of a document verifying the claimant's social security number.

9.17(3) A document showing the claimant's address as it was reported to the division may be required if the holder did not report the social security number to the division. Examples of relevant documentation include a federal Form W-2, pay stub, bank statement, expired driver's license, stock certificate, college transcript, report card, marriage certificate, divorce decree, birth certificate, or an original (not a copy) of a postmarked envelope addressed to the claimant.

9.17(4) If the claimant's name has changed, copies of supporting documentation showing the name change.

9.17(5) If the property subject to claim is a joint account, each surviving claimant must provide:

a. The claimant's signature, a copy of the claimant's driver's license, and a document verifying the social security number for each joint owner; or

b. Where one or more joint owners are deceased, a copy of the deceased joint owner's death certificate.

9.17(6) If the property subject to claim is being claimed in the capacity of a guardian or conservator or under a power of attorney, the claimant must provide:

a. A copy of the letter of appointment;

b. Documentation identifying the claimant and the owner; and

c. If the owner is a minor, a copy of the owner's birth certificate and a document verifying the owner's social security number. No power of attorney filed by a finder will be recognized by the division for the purpose of making a claim.

9.17(7) If the property subject to claim is a security, in addition to the documentation required by this rule, the claimant must provide the original stock certificate(s).

9.17(8) If the property subject to claim is being claimed in the capacity of an executor or administrator, the claimant shall submit evidence as outlined in the Affidavit of Administration as provided by the treasurer of state.

This rule is intended to implement Iowa Code section 556.19.

781—9.18(556) Documentation of claims by business entities.

9.18(1) Businesses must provide the following supporting documentation with their claims, as applicable:

a. Proof of authority to conduct business on behalf of the entity, such as corporate resolution or other documentation deemed suitable by the treasurer.

b. Documentation setting forth the claimant's FEIN number.

c. A copy of the claimant's biennial report as filed with the office of the secretary of state or a copy of a current corporate tax return.

9.18(2) Claimants filing on behalf of businesses that are no longer in existence must additionally provide documentation that the claimant is the successor in interest to the rights of the discontinued business entity.

This rule is intended to implement Iowa Code section 556.19.

781—9.19(556) Certification of entitlement by claimant.

9.19(1) The claimant shall affirmatively certify that the claimant is the true owner of the unclaimed property and agree to hold harmless and indemnify the division, its employees, and the state in the event of a superior claim to such property by another claimant or person.

9.19(2) If the subject property is more than \$200, is security-related, or is a safe deposit box, the signature of the claimant must be notarized by a notary public or be guaranteed by an officer of a financial institution.

This rule is intended to implement Iowa Code section 556.19.

781—9.20(556) Claims by holders for owner reimbursements. A holder may make payment to the apparent owner and file a proof of payment with the division. Upon receiving reimbursement from the

division, the holder shall assume liability for the claimed assets and indemnify and hold harmless the division from all future claims related to the claimed assets.

This rule is intended to implement Iowa Code section 556.19.

781—9.21(556) Claims to custodial property under the Iowa UTMA or similar Acts.

9.21(1) A claim to custodial property may be made by the custodian of the property, or the legal representative thereof, provided that the minor has not yet reached the age of 21 years.

9.21(2) Upon reaching the age of 21 years, a minor may file a claim to custodial property.

This rule is intended to implement Iowa Code section 556.19.

781—9.22(556) Claimant interest in unclaimed property.

9.22(1) The division shall have the authority to determine a claimant's interest in unclaimed property.

9.22(2) An apparent owner's interest in unclaimed property held by the division may not be transferred to a third party except in the following circumstances:

a. As a remnant asset in bankruptcy;

b. Under an agreement that assigns the apparent owner's interest in the unclaimed property where the agreement is otherwise valid and meets the following criteria:

(1) The agreement is made at least 24 months after the date payment or delivery is made under Iowa Code section 556.13;

(2) The agreement is in writing and signed by the apparent owner; and

(3) The agreement discloses the nature and value of the property and the name and address of the person in possession of the property.

9.22(3) Notwithstanding subrule 9.22(2), the interest of a deceased apparent owner may pass pursuant to the Iowa probate code and related statutory provisions.

9.22(4) For the purposes of the Act, a money judgment against an apparent owner does not create an interest in the specific property held by the division on behalf of the apparent owner.

This rule is intended to implement Iowa Code section 556.19.

781—9.23(556) Approval of claims. Each claim submitted to the division must receive two levels of approval. Claims over a cash value of \$5000 must receive three levels of approval.

9.23(1) Level One approval shall be obtained from the division staff person(s) who receives the claim form. This approval shall be given if it is determined that the claimant has submitted all documentation required. If any documentation is missing when a claim form is sent to the division for approval, division staff will mail a letter to the claimant explaining what documentation is missing from the claimant's submission. Level One approval shall then be applied only if all required documentation is subsequently submitted by the claimant.

9.23(2) Level Two approval shall be obtained from the division staff person(s) designated to approve claims at this level.

9.23(3) Level Three approval shall be required for claims over a cash value of \$5000 and shall be obtained from the division staff person(s) designated to approve claims at this level.

This rule is intended to implement Iowa Code section 556.19.

781—9.24(556) Payment of claims.

9.24(1) Claims shall be paid as follows:

a. In the case of cash claims, approval shall cause the claim to become part of the settlement process. The settlement file will be submitted to the department of administrative services for payment. State warrants will be mailed or may be obtained from the treasurer's office.

b. In the case of a claim requiring the transfer of stock and mutual fund shares, Level Two or Three approval shall result in the division's sending a letter to a third-party agent responsible for the transfer of ownership of the stocks/mutual funds, instructing the agent to have ownership of the appropriate number of shares of the property reregistered in the name of the claimant.

9.24(2) In the case of safe deposit box contents that have not been liquidated, the claimant may assume physical custody of the contents from the division. The claimant may also request that the contents be mailed to the claimant. Any contents mailed to claimants will be sent via United States Postal Service (USPS). The division is not responsible for items lost, damaged, or not delivered by the USPS.

9.24(3) Payment for all claims made to an owner who has been assisted by a finder shall be made only to the owner and in no instance to the finder.

This rule is intended to implement Iowa Code section 556.19.

781—9.25(556) Surety bonds. If the property subject to claim is a security and the original stock certificate is not available, in addition to the documentation required by rules 781—9.16(556) and 781—9.17(556), the claimant must complete the Affidavit of Lost Certificate. The treasurer of state may require the claimant to furnish the treasurer with a surety bond containing terms and provisions acceptable to the treasurer and issued by a corporate surety. The claimant shall be responsible for all premiums, costs, fees or other expenses associated with any such surety bond.

This rule is intended to implement Iowa Code section 556.20.

781—9.26(556) Examination of holders. The division may conduct an examination of a holder if the division has reason to believe a holder has failed to report or has underreported unclaimed property pursuant to the Act.

9.26(1) Examination and review. The treasurer may authorize employees of the treasurer and contract auditors to conduct examinations and review records in the course of an examination.

9.26(2) Examination entrance letter. The division shall send an examination entrance letter to holders selected for examination.

9.26(3) Examination records request. Holders subject to examination are required to comply with any and all requests for records that are made by the division or any contract auditor conducting an examination.

9.26(4) Examination entrance conference. The division, at its option, shall conduct an examination entrance conference with a holder prior to the commencement of an examination, at which the division shall identify the examination period and describe the general examination methods that will be used including, but not limited to, any estimation techniques that may be utilized.

This rule is intended to implement Iowa Code section 556.23.

781—9.27(556) Estimation. The division may use estimation techniques where no holder records exist or the records are insufficient to determine the holder's obligation due pursuant to the Act.

9.27(1) Report of the examination findings. Upon completion of an examination, the division shall provide a written report reflecting the total unclaimed property reporting liability and, pursuant to the Act, any interest due on amounts due and owing for failure to report and deliver property due and payable for prior years. The division has the discretion to hold a conference with the holder to provide the written report.

9.27(2) Delivery of examination findings by the holder. The holder shall deliver to the division within 30 calendar days any unclaimed property and interest due to the division based upon the examination findings.

9.27(3) Examination closure letter. Upon receipt of the examination report and delivery of unclaimed property resulting from the examination, the division shall issue an examination closure letter informing the holder that the examination is closed.

This rule is intended to implement Iowa Code section 556.23.

781—9.28(556) Appeal of examination findings. A holder may appeal the examination findings of the division.

9.28(1) The holder may utilize the appeals process after receipt of the examination report from the division.

9.28(2) Failure to submit the appeal request within 30 calendar days shall constitute an acceptance of the total unclaimed property reporting liability findings.

9.28(3) The holder shall submit to the division a written request for an appeal along with all supporting documentation.

9.28(4) The division shall contact the holder and schedule an appeal meeting within 20 calendar days of receipt of the holder's appeal request.

9.28(5) An appeal review shall be conducted at which time the holder shall present evidence supporting the holder's basis of the appeal.

9.28(6) Based on the evidence and additional information presented during the appeal, the division will render a decision. Such decision will be written and sent to the holder within 30 calendar days of the appeal meeting.

9.28(7) The holder shall file a report with the division and deliver unclaimed property to the division reflecting the unclaimed property reporting liability and interest due on amounts due and owing as determined by the division within 30 calendar days.

This rule is intended to implement Iowa Code section 556.23.

781—9.29(556) Entering into contracts with contract auditors. The treasurer may enter into contracts with persons, pursuant to procedures prescribed by the treasurer, for the sole purpose of examining the records of holders to determine compliance with the Act. The treasurer may consider any relevant factors when entering into a contract for services requested in the performance of an unclaimed property examination.

This rule is intended to implement Iowa Code chapter 556.

781—9.30(556) Guidelines. Contract auditors shall adhere to the following guidelines.

9.30(1) Contract auditors shall not participate in examinations in which such participation could be construed or perceived as a conflict of interest. Should the contract auditor believe that it could not conduct an assigned examination due to a conflict of interest or for any other reason, the contract auditor shall notify the division. The division shall then determine whether recusal of the contract auditor from the assignment is appropriate or necessary. If the contract auditor is recused from conducting the examination of a holder, another contract auditor may be assigned.

9.30(2) Contract auditors shall maintain strict confidentiality of any nonpublic records or documents gathered during the course of an examination in accordance with the auditors' contract.

9.30(3) Contract auditors shall properly document their review and make their working papers gathered during examinations available on demand for review by the treasurer and the attorney general's office.

9.30(4) Upon request, contract auditors shall provide the holder with relevant copies of working papers supporting any calculation made of unclaimed property reportable and deliverable to the treasurer.

9.30(5) Contract auditors shall maintain working papers for a minimum of seven years following the completion of the examination assignment, the delivery of unclaimed property, the resolution of any appeal, or the finality of judgment in any litigation, whichever is later.

9.30(6) Contract auditors shall conduct examinations consistent with the Act and other applicable law, policies of the treasurer, generally accepted accounting principles, generally accepted auditing standards, and any relevant examination rules promulgated pursuant to the Act as they relate to the reporting and delivery of unclaimed property from holders or persons.

This rule is intended to implement Iowa Code chapter 556.