

# Treasurer of State

## Unclaimed Property Report

### July 2008

Prepared by: Karen Austin, Deputy Treasurer  
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#### ***Background – What is unclaimed property***

Unclaimed property (sometimes referred to as abandoned) refers to accounts in financial institutions and companies that have had no activity generated or contact with the owner for a period of time. Common forms of unclaimed property include savings or checking accounts, stocks, uncashed dividends or payroll checks, refunds, traveler's checks, trust distributions, unredeemed money orders or gift certificates, insurance payments or refunds and life insurance policies, annuities, certificates of deposit, customer overpayments, utility security deposits, mineral royalty payments, and contents of safe deposit boxes.

Each year millions of dollars are left unclaimed simply because they are forgotten. Most people doubt they could have money waiting for them. The Great Iowa Treasure Hunt was created in 1983 to locate rightful owners of unclaimed property. Since that time, the treasurer's office has returned millions of dollars to rightful owners.

#### ***Unclaimed Property Nationally***

Acting in the best interest of consumers, each state has enacted an unclaimed property statute that protects an individual's funds from reverting back to the company if the company has lost contact with them. These laws instruct companies to turn forgotten funds over to a state official who will then make a diligent effort to find the owner or their heirs. Most states hold lost funds until the owner is found, returning them at no cost upon verification of identity. Since it is impossible to store and maintain all of the contents that are turned over from safe deposit boxes, most states hold periodic auctions and hold the funds obtained from the sale of the items for the owner. Some states also sell stocks and bonds and return the proceeds to the owner in the same manner.

#### **National Facts:**

- Every U.S. state, District of Columbia, Puerto Rico, the U.S. Virgin Islands – and Quebec, British Columbia and Alberta in Canada have unclaimed property programs that actively find owners of lost and forgotten assets.
- Unclaimed property laws have been around since at least the 1940s, but have become much broader and more enforced in the last 15 years.
- \$1.8 billion returned to the rightful owners in Fiscal Year 2006 from 1.9 million accounts.
- Total of \$32.9 billion is currently being safeguarded by state treasurers and other agencies for 117 million accounts.
- \$4.686 billion received in FY 2006 from business accounts where contact has been lost with the owners
- Unclaimed property...one of the original consumer protection programs in U.S.
- Every unclaimed property program can be accessed by going to the one official national website – [www.unclaimed.org](http://www.unclaimed.org) – just click on *Owners*, then *Find Property*.

### ***Great Iowa Treasure Hunt***

The Great Iowa Treasure Hunt was created in 1983 as the outreach vehicle to return unclaimed property to the rightful owners in Iowa. This process is free to all claimants. The treasurer's office does not charge any fees for people to claim their money.

Iowa has always required by statute that all property over \$50 (previously \$25) which has a valid address be mailed a first class letter to the last known address upon receipt of the property. In addition, Iowa law requires that all known properties are published in the county of last known address in two consecutive weeks. The state treasurer's office has done these things consistently.

But in efforts to increase the awareness of the unclaimed property waiting for people, we also visit county fairs and the Iowa State Fair. In addition, we continually send out press releases in an effort to encourage more people to check and see if they have unclaimed property. We visit community groups, employer fairs, nursing homes, libraries, etc. with our lists to find additional people.

The greatest addition to our efforts to find people in the last 15 years by far has been the use of the internet. Through the Great Iowa Treasure Hunt, people are able to search our database at any time and find property owed to them or someone they know. They are able to then print a claim form directly from that website and begin their claim process.

### ***Iowa's Unclaimed Property***

Iowa is currently holding over \$162.9 million for 665,000 accounts. We have returned over \$88 million to more than 275,000 rightful owners.

Following is a chart that represents unclaimed property statistics in Iowa this decade. It demonstrates that the Iowa program has a 63% return rate when we have the appropriate information reported by the holder.

	UP Reported	Agg Properties	Net Reported	Proceeds from Stock/ Dividends	UP Returned
2000	\$ 8,792,000	\$ 1,925,000	\$ 6,867,000		\$ 3,551,000
2001	\$10,116,000	\$ 3,243,000	\$ 6,873,000		\$ 6,588,000
2002	\$13,805,000	\$ 2,550,000	\$11,255,000		\$ 4,477,000
2003	\$10,593,000	\$ 2,624,000	\$ 7,969,000		\$ 4,370,000
2004	\$27,560,000	\$ 2,891,000	\$24,669,000	\$ 16,201,000	\$ 6,960,000
2005	\$14,623,000	\$ 2,627,000	\$11,996,000	\$ 20,539,000	\$ 7,132,000
2006	\$15,565,000	\$ 2,978,000	\$12,587,000	\$ 476,000	\$ 12,753,000
2007	\$14,516,000	\$ 3,769,000	\$10,747,000	\$ 4,319,000	\$ 12,290,000
				Claim return %	63%

\*\* The UP Reported column is the amount of cash reported to the treasurer's office from holders. Agg Properties represents the portion of the amount reported in the first column that was reported without a known owner or the amount was under \$50. Net Reported is the amount that is "returnable" to claimants - the treasurer's office has a name associated with the property. Proceeds from Stock/Dividends is the amount of money the treasurer's office generated by selling property reported in the form of stock plus additional dividends that came into the office from the stock. UP Returned is the amount the Great Iowa Treasure Hunt has returned to rightful owners. When you take the "returnable" property and compare it to the amount we have returned, the treasurer's office has a 63% return rate.

### ***Reporting Unclaimed Property***

Companies report the following types of unclaimed or abandoned funds:

Bank accounts, utility refunds, gift certificates, uncashed checks, safe deposit box contents, payroll, stocks & bonds, dividends and other items.

Every company holding unclaimed funds must report via diskette or CD in a standardized format. This requirement makes the processing of your report much faster. Once we receive a report, the diskette is loaded into our unclaimed property database, thus keeping the data sent to us exactly as it was reported.

With this new requirement (three years), we have found pros and cons. It enhances the integrity of the data received when we do not have to rely on data entry and it reduces the time between when we receive a report and when it is balanced and we can start paying claims. One of the cons would be that the data is not always in the right fields and not always well edited. This is one of the many reasons why holder reports (which are electronic files not, not paper) are considered confidential. We do not want to inadvertently release a social security number that is on a report in the address field, for example.

### ***Claiming money from the Great Iowa Treasure Hunt***

Through the years the time it takes to process a claim has varied. There have been some significant spikes in the number of claims due to various circumstances. Today, we tell our claimants that if they have a simple one owner claim it will take about four weeks. If the claim involves a business, the death of the original owner with heirs coming forward, a property that is not adequately documented from the holder, etc., the process can take longer. Some claims are complex enough that we send them to counsel outside of our office for review, which once again may increase the time to process the claim.

Outline of the Claims Processing Steps:

- Claim is marked received and entered into our computer system.
- Claim is put into the appropriate processing in basket based on type of claim and if it involves a business or death.
- Claim is put in a pending file in date order and reviewed in the same order.
- Claim is first level approved.
- Claim is second level approved.
- If claim is over \$5,000, it is third level approved.
- Claim is put through settlement process in our system.
- Warrant is cut for the claim.
- Warrant is mailed to the claimant.

### ***Finders***

A "finder" is an Iowa licensed private investigator that charges a fee to help a claimant find the money and go through the claims process. Following are the code sections that relate to finders.

**Per Iowa Code, Chapter 556**, all agreements to pay compensation to recover or assist in the recovery of unclaimed property reported under Iowa Law, made within twenty-four (24) months after the date payment or delivery to the State Treasurer, are unenforceable.

**Per Iowa Code, Chapter 556**, agreements made after twenty-four months from the date of payment or delivery are only valid if the fee for such services is not more than 15% of the value of the recoverable property, and the agreement:

- is in writing and signed by the owner,
- discloses the nature and value of the property and
- discloses the name and address of the person in possession.

**Per Iowa Code, Chapter 714.8(16)**, a person is guilty of a fraudulent practice if they knowingly provide false information to the treasurer of state when claiming an interest in unclaimed property held by the state or knowingly provide false information to a person or fail to disclose the nature, value, and location of unclaimed property prior to entering into a contract to receive compensation to recover or assist in the recovery of property reported as unclaimed pursuant to section 556.11.

### ***Checks and Balances***

The office and the program have been audited by the State Auditors office annually and have not received any negative comments. In addition, the office has been in contact with the Citizen Aide Ombudsman various times and has always resolved those issues in a positive light. We consult often with the Attorney General's office when we have specific situations that require legal advice.

Many complaints that come to the program are generally the result of impatience, a claimant not willing to provide the documentation necessary to make the claim or death claims with uncertain heirs.

### ***Summary***

The state treasurer's office is given the task to return the funds to the rightful owner and we take that responsibility seriously. It can be a very easy task to claim your money, but there are times that the claim is more complicated and we absolutely will require the claimant to provide adequate documentation to receive the funds. If we do not, we leave the state open to liability.

**Treasurer of State**  
**Supplementary Material for Government Oversight**  
**Committee Meeting, July 2008**

*Prepared by: Karen Austin, Deputy Treasurer*  
*515-281-7677 / karen.austin@iowa.gov*

Attached you will find three letters that I have sent to a constituent regarding the Great Iowa Treasure Hunt process. Each of these letters was copied to the Office of the Attorney General, the Citizen's Aid Ombudsman Office or both.

If you have any specific questions, feel free to contact me.

July 21, 2003

Mr. Dennis Fulton  
PO Box 5756  
Cedar Rapids IA 52406

Dear Mr. Fulton:

Enclosed you will find the request dated 5/2/2003 with the attached claim forms for the unpaid claims. In addition, I have enclosed a spreadsheet with the information regarding the claims that you inquired about in your 7/15/03 request.

At this time, I am going to request that you send any inquiries and/or concerns regarding the Great Iowa Treasure Hunt directly to my attention. Please do not send claims directly to me, that could slow down the process if I am not in the office.

In response to your question regarding why some people receive money prior to your clients, I would like to explain our current process in the Treasure Hunt. When claims are received in the treasurer's office, we have an individual that enters claim receipt into our computer system. At this time, this person does a few simple comparisons to assist the individuals who review the claims. If the social security number in our system matches the provided documentation and/or the address reported is the current address, we will mark those claims and they may be processed in a quicker fashion. This is done to speed the turnaround on claims which do not require extra attention. In addition, if a claim comes in with no supporting documentation, that claim may be returned to the claimant immediately.

All other claims are filed by date and are reviewed by staff in the order they are received. We do not give any "special" treatment to any particular claims, nor do we "hold" any particular claims. As we reach each date, if a claim is not complete, then it will be returned for additional information. When that claim comes back in, it may be expedited, since it has been in the office previously.

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July 26, 2003

I understand that in the past you were told that our claim process was 14-21 business days. Certainly, that may be our goal, but there are times of the year when our claims become very heavy and it takes time for our staff to review them. The process to review a claim is a complex one. The individuals that are responsible for this task must understand the Iowa Code as it relates to unclaimed property, probate and many other things.

I am disappointed that you feel you have been treated differently than other Great Iowa Treasure Hunt claimants. Our goal in the treasurer's office is to return as much money to claimants as quickly as we can. We have a hard working staff, and while we have turnover, our goal never changes. Although you may be frustrated from time to time, our staff is working very hard to ensure that all claimants are paid in a timely fashion.

Sincerely,

Karen Sinclair  
Deputy Treasurer

Cc: Jeff Burnham, Ombudsman's Office

November 11, 2004

Mr. Dennis Fulton  
PO Box 5756  
Cedar Rapids IA 52406

Dear Mr. Fulton:

When you visited the Treasurer's Office in the Lucas Building on October 28, 2004, your behavior reported to me was inappropriate. Please accept this letter as notice that behavior of this type will not be tolerated in the treasurer's office and will result in a call to the Capital Police in the future.

The first incident involving inappropriate behavior was putting your hands on one of the treasury staff while asking her name. She was uncomfortable with this action and did not answer immediately. She then reported that your grip tightened on her shoulders, then she moved away and gave you her name. It is inappropriate for you to touch any member of the treasury staff. In addition, if a staff person does not want to give you their name, you cannot pressure them to do so.

The second incident involving inappropriate behavior was attempting to give this staff person \$5 to have "lunch on you." Our staff are instructed not to accept gifts in return for their normal job duties. This individual told you that she couldn't accept the money, you offered a second time, she refused again. Then you suggested that you might drop the money and if she found it, she could have it, then proceeded to leave \$5.00 on the chair by the door. She turned the money in to me and I am returning the \$5.00 with this letter.

This type of conduct should cease immediately. The treasurer's office will not tolerate employees being intimidated or bribed. I would suggest that any future visit to our office are preceded by a phone call to me. In addition, the treasury staff are instructed to ask a deputy treasurer to be present any time you come to the office. If a deputy is not available, they will not be able to assist you at that time.

Sincerely,

Karen Sinclair  
Deputy Treasurer

Cc: Jeff Nelson, Attorney General's Office

September 17, 2007

Mr. Dennis Fulton  
PO Box 5756  
Cedar Rapids IA 52406

Dear Mr. Fulton:

This letter is in response to your letters dated August 7, August 17, and August 20, 2007.

In the letters, you raise issues or concerns about claims or dealings that occurred years ago and that have been previously discussed. As you will recall from a prior conversation you had with me, you agreed to: (1) stop commenting on your past dealings with other staff in the Treasurer's Office that occurred well before I assumed leadership of the Unclaimed Property Division, and (2) work with me in returning unclaimed property to your clients. I hope you can appreciate that working with me in a cooperative fashion will be a far more productive use of both of our time.

In that spirit of cooperation, I repeat my earlier offers to have you contact me directly whenever you have issues or concerns relating to claims filed with the Unclaimed Property Division. Indeed, I would be happy to discuss any of the issues raised in your three letters pertaining to pending claims for your clients, even though, as you know, I have previously addressed many of these issues either verbally or in writing.

Although I anticipate addressing your issues in more detail during our next discussion, I would like to briefly touch on a few issues raised in your letters.

**Letter Dated August 7, 2007**

In your August 7<sup>th</sup> letter regarding the Seaton claim, you allege that the Treasurer's Office improperly paid this claim. I am not familiar with this matter, but if you have a claimant that you believe is entitled to funds, please submit a claim form and we will review the claim.

**Letter Dated August 17, 2007**

In this letter, you allege that the Treasurer's Office engages in tactics to delay payment of claims. The Treasurer's Office does not intentionally delay payments on any claims. However, the Treasurer's Office does conduct thorough due diligence to ensure that the proper owner or claimant is being paid.

You also indicated that the Treasurer's Office returned the numerous pages of information you submitted regarding the Donai claim out of numerical sequence. To simply answer this concern, we have a specific order in which we organize various information submitted with any claim to facilitate the claims review process.

To expedite our review of claims submitted by you for your clients, I would again ask that you discontinue submitting pages of materials that my office has already stated are either unnecessary or constitute insufficient proof of ownership or address. By including such materials, you increase our review time, needlessly delaying the processing of your clients' claims.

Submitting pages from telephone directories or other documents that are readily available on the Internet or elsewhere as proof that a claimant lived at an address does not prove that a claimant is the same person who lived at that address and who is entitled to the funds. When we are reviewing a claim to determine the rightful owner, we are not simply trying to determine if the name and address provided to us by the holder match information with the name of the person claiming it. We must establish that the claimant is indeed the same individual who is entitled to the property.

Let me provide an example. If we receive the name John Doe with the address of 123 Anystreet, we must have some documentation that specifically links that specific John Doe to that address. It is very possible (as we have discovered many times over the years) that there is more than one person with the same name. To enable an improper claimant with the same name to use a phone directory or similar document to demonstrate residency at the address would be irresponsible. While the directory or similar document may establish that a John Doe lived at that address, we want to ensure the claimant is the right John Doe.

With respect to the Donai claim, we cannot pay this claim with the information provided to us. We did not receive adequate proof of address/ownership. The social security number provided by the holder does not match the deceased. Please refer to the letter dated December 30, 2003, written to Mr. McDowell and copied to you regarding your request for the holder report. In respect to your request for information on who we have sold the unclaimed property list to, we do not have a record containing this information.

**Letter Dated August 20, 2007**

In this letter, you reference the Blue claim and describe a mistake made in the address that was used in mailing a claim payment to a claimant. We agree it was an unfortunate mistake. With the high volume of claims we process, we do make mistakes from time to time, but we work quickly to correct them. It is our goal to provide outstanding service to claimants and to return unclaimed property to the rightful owners.

In this letter you also reference the Swanson claim. I sent a letter to Larry Swanson in your care on May 16, 2007 explaining that we could not accept the affidavit of distributory responsibility on this claim (see attached). That letter indicated that the payment for Pat Martens was in process. Without any further communication or notice from you, you filed a small claims court claim against this office.

Upon calling Mr. Swanson, we learned that he was not aware of the letter that we sent to your attention. We told him what information we needed to process his claim; he provided it; and we paid him. Had you provided that same information to our office, we would have paid it in the same manner, as we indicated in the letter. It became apparent to us that Ms. Martens, and not Mr. Swanson, was the only client you represented on this claim. From this point forward, we intend to copy claimants on all correspondence we send to you pertaining to their claims to ensure they are kept fully informed about progress on their claims. Your small claims action was not only inappropriately filed under the statute, but was an unfortunate waste of the state's time and resources as your attorney requested that the action be dismissed with prejudice.

In the Swanson case, we did not accept the affidavit of distributory responsibility because the property involved was demutualization proceeds, for which we will issue a Form 1099 to each claimant. Because of the potential tax consequences to distributees, we do not feel it is prudent to accept the affidavit of distributory responsibility because the entire tax burden may fall upon the person signing the affidavit. If you had contacted me after I sent the May 16, 2007 letter, I would have explained that to you. There are valid reasons why our office exercises its discretion to permit or not permit the use of certain forms in certain circumstances. Should you have any questions about when this or any other form may be appropriately used, do not hesitate to contact me.

Finally, you assert in your letter that the Treasurer's Office engages in discrimination in the payment of claims. That is patently false.

We look forward to continuing to provide excellent service to your clients who may have funds held in the Great Iowa Treasure Hunt. If you wish to discuss any part of this letter with me, please set up an appointment to meet with me either in person or via phone by contacting me at 515-281-7677 or through email at [karen.austin@iowa.gov](mailto:karen.austin@iowa.gov).

Sincerely,

Karen Austin  
Deputy Treasurer

Cc: Jeff Nelson, Attorney General's Office  
Angela Dalton, Citizen's Aid Ombudsman Office