

# THE STA

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August 7, 2009

David Milby, Association Manager  
NAUPA  
P.O. Box 11910  
Lexington, KY 40578-1910

RE: **Claims to States by Shareowners in relation to Unclaimed Property**

Dear Mr. Milby:

Founded in 1911, the STA represents more than 150 transfer agents around the United States, including commercial transfer agents, issuer agents, and mutual fund agents. Collectively, the STA members serve as transfer agent for more than 15,000 publicly traded corporations, aggregating more than 100,000,000 shareholders. On an annual basis, STA members escheat substantial amounts of unclaimed assets to the states.

A number of our members are also affiliated with Unclaimed Property Professionals Organization (“UPPO”) and commonly interact with members of the National Association of Unclaimed Property Administrators (“NAUPA”).

Recently a number of our members have shared their concerns regarding procedures being applied by states in relation to satisfying claims by owners of unclaimed property. Specifically, it appears that a number of states will not process a claim until the property owner gets signoff from the transfer agent that they are the rightful owner. The STA does not believe that this should be a requirement based on unclaimed property statutes.

As a general example, the 1995 Uniform Disposition of Unclaimed Property Act has the following provisions relating to a holder’s

obligations; therefore, we assert a transfer agent's obligations are fulfilled once the property is in the custody of the state:

**SECTION 10. CUSTODY BY STATE; RECOVERY BY HOLDER; DEFENSE OF HOLDER.**

- (a) *In this section, payment or delivery is made in "good faith" if:*
- (1) *payment or delivery was made in a reasonable attempt to comply with this [Act];*
  - (2) *the holder was not then in breach of a fiduciary obligation with respect to the property and had a reasonable basis for believing, based on the facts then known, that the property was presumed abandoned; and*
  - (3) *there is no showing that the records under which the payment or delivery was made did not meet reasonable commercial standards of practice.*
- (b) *Upon payment or delivery of property to the administrator, the State assumes custody and responsibility for the safekeeping of the property. A holder who pays or delivers property to the administrator in good faith is relieved of all liability arising thereafter with respect to the property.*

**SECTION 15. FILING CLAIM WITH ADMINISTRATOR; HANDLING OF CLAIMS BY ADMINISTRATOR.**

- (a) *A person, excluding another State, claiming property paid or delivered to the administrator may file a claim on a form prescribed by the administrator and verified by the claimant.*
- (b) *Within 90 days after a claim is filed, the administrator shall allow or deny the claim and give written notice of the decision to the claimant. If the claim is denied, the administrator shall inform the claimant of the reasons for the denial and specify what additional evidence is required before the claim will be allowed. The claimant may then file a new claim with the administrator or maintain an action under Section 16.*

At the time of the filing, all relevant required information available to the agent, i.e. registration, last known address, and SSN, is included with the filing and provided to the state. There is no further information available to the filer. The State is forcing additional Due Diligence requirements onto the filer, which creates a liability and undue burden after the filing. Following delivery, the state becomes the custodian and should take full responsibility for claims processing and verification.

We respectfully request that state administrators refrain from referring claimants back to the transfer agents to obtain identity verification.

Yours sincerely



Paul Griffith  
Chairperson – Unclaimed Property Committee  
The Securities Transfer Association, Inc.

cc: Hon. Shane Osborn, President, NAUPA  
John Gabriel, Senior Vice President, NAUPA  
Carolyn Atkinson, Secretary-Treasurer, NAUPA