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December 30, 2009

Mr. Alexi Giannoulis
Illinois State Treasurer
Capitol Building
219 Statehouse
Springfield, IL 62706

RE: Unclaimed Property Reporting for Securities enrolled in Re-investment Plan

Dear Mr. Giannoulis:

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 the National Association of Unclaimed Property Administrators ("NAUPA") and Unclaimed Property Professionals Organization ("UPPO").

The STA would like to bring to your attention important concerns it has relating to the escheatment of assumed abandoned property for re-investment plan securities.

Each year our members approach the unclaimed property administrators in each of the states to ascertain whether there has been any specific legislative, regulatory or administrative interpretation changes regarding reporting requirements.

In Illinois, the particular section of the legislation in question is as follows;

(765 ILCS 1025/2a) (from Ch. 141, par. 102a)

Sec. 2a. (a) Business associations shall report, pursuant to Section 11 of this Act, **all property and any earnings thereon to which the owner would be entitled that have remained unclaimed for 5 years and are therefore presumed abandoned**. Before reporting and delivering property as required under this Act, a business association may deduct from the amount of otherwise reportable intangible personal property the economic loss suffered by it in connection with that intangible personal property arising from transactions involving the sale of tangible personal property at retail. This property shall consist of, but is not limited to:

- (1) unclaimed wages;
- (2) deposits or payment for repair or purchase of goods or services;
- (3) credit checks or memos, or customer overpayments;
- (4) **stocks, bonds, or any other type of securities or debt instruments, and interest and dividends therefrom;**
- (5) unidentified remittances, unrefunded overcharges;
- (6) unpaid claims, unpaid accounts payable or unpaid commissions; and
- (7) credit balances - accounts receivable, checks written off, employee bond buying and profit-sharing.

The understanding of our members is that “remained unclaimed for five years” is currently being interpreted as the owner of the property has had no contact with the holder for a period of five years. There is no requirement that the holder of the property has some proof (e.g. mail returned by the USPS) that the owner is no longer located at the address listed in the holders records (i.e. the owner is “truly lost”).

For securities enrolled in a re-investment plan, this is a change of interpretation, as the understanding and practice from prior filing years was that these accounts were required to be “truly lost”, in addition to no holder contact for the dormancy period, prior to being reported to the state.

The transfer agent industry is regulated by the Securities Exchange Commission and under SEC Rule 17-Ad17 there is a clear definition of a lost security holder that requires mail to have been returned as undeliverable. This is the definition that our members have always adhered to.

The SEC Rule also provides clear guidelines on the requirements for transfer agents to perform defined database searches for the lost security holders.

Under the current interpretation, this requirement of “truly lost” and no owner contact, has been replaced by a single requirement of no recorded contact with the investor during the dormancy period.

The reason that this interpretation change causes so much concern is because many reinvestment plan owners are truly passive investors who have no reason to contact the transfer agent on any regular basis. In most cases these owners are receiving multiple dividend re-investment statements each year, which are not being returned as undeliverable, in addition to annual meeting materials which are not being returned. Unfortunately only a very small percentage of investors choose to vote their proxy each year, so this form of owner contact is minimal. These investors are in effect oblivious to the fact that under the Illinois statute their property is at risk of being transferred to the state simply because they choose to be a passive investor.

While we recognize that there is one additional requirement for a due diligence notice to be sent to the owner advising them to establish contact or risk having their property transferred to the state, our members feel that this is placing an additional burden and cost on both our members and our clients. These additional costs include not only the production costs and postage costs of the notice itself, but also the cost of additional manpower required to respond to enquiries that will be generated by these owners questioning why they are under threat of having their property transferred to the state.

Our experiences indicate that the receipt of these due diligence notices can cause anxiety for the investor and potentially create a lack of trust in the investor in relation to how their investments are being administered. By expanding the definition of unclaimed property to include “non-lost” re-investment accounts, we believe that the state will be unnecessarily increasing costs to business and potentially creating unneeded concern for residents of your state.

We respectfully request that the state return to your prior interpretation requiring that a re-investment account be “truly lost”, prior to being transferred to the state.

Thank you in advance for addressing our concerns. Should you wish to discuss the items raised in this letter, please contact me at (781) 575-2825.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Griffith', with a large, stylized flourish at the end.

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