**Unclaimed Property Revisions**

**SB 3343 (Sen. Martwick)**

**SUPPORT**

**SUMMARY**

Amends the Revised Uniform Unclaimed Property Act (“RUUPA”) to address liquidation of virtual currency, clarify appeals in the claims process, allow CPA firms to file claims on behalf of their business clients; and protect owners when a holder declares bankruptcy. Updates the State Officers and Employees Money Disposition Act to authorize the Treasurer’s Office to pay fees for custodians of securities and virtual currency.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CHANGES TO EXISTING LAW**

* Clarifies language concerning the period of abandonment for bonds;
* Accelerates the period of abandonment for unclaimed property held by firms declaring bankruptcy from 3 years to 1 year after the property becomes distributable;
* Clarifies the address to be used when an owner is deceased and there is no listed address for their beneficiary;
* Requires notification by certified mail for virtual currency valued at over $1,000;
* Simplifies the Treasurer’s Office semi-annual newspaper notification requirements;
* Provides flexibility concerning the requirement to liquidate virtual currency;
* Increases the threshold for the unclaimed property data matching program, Money Match, from $2,000 to $5,000;
* Makes clear that the normal claims process (including administrative appeals) must be utilized for claiming property;
* Makes clear that there must be an attorney-client relationship for an attorney to circumvent the 10% cap on contingent fee contracts to claim property;
* Authorizes agreements between an apparent owner and a CPA firm to allow the CPA firm to assist with claiming unclaimed property belonging to their client for a contingent fee; requires the Treasurer’s Office to adopt rules to implement and administer the registration of CPA firms and the claims process for CPA firms;

**REASONS FOR CHANGES**

Custodian and Auditor Fees. The provision in the State Officers and Employees Money Disposition Act authorizing the payment of fees pursuant to RUUPA is rewritten in order to cover custodians of virtual currency (in conformity with proposed changes when virtual currency cannot be liquidated).

Bonds. State and local bonds are already covered under item (12) in Section 15-201. The change prevents confusion by removing the redundancy of coverage under item (4).

Dormancy Period for Bankrupt Businesses. RUUPA already provides for a one-year period of abandonment for businesses in the course of dissolution. By adding “bankruptcy” to this provision, more owners of unclaimed funds held by businesses declaring bankruptcy will be protected by Illinois law. Without this provision, some Illinois owners would likely never receive their money.

Last known address of a deceased person. This clarification ensures that when an Illinois owner dies, but a holder does not have the address of the owner’s beneficiary, the funds will be reported and remitted to Illinois with the deceased owner’s address.

Certified mail for virtual currency owners. Illinois already requires that holders send due diligence notices by certified mail to owners of presumptively abandoned securities valued at more than $1,000. This change would provide the same protection to owners of virtual currency.

Newspaper advertising. The Treasurer will continue to be required to utilize newspaper advertising at least twice per year to publicize the unclaimed property program. The required content of the advertising would change to include the estimated amount available to be claimed and the approximate value of claims paid during the preceding fiscal year.

Flexibility for reporting virtual currency. While many industry experts approve of Illinois’ requirement to liquidate presumptively abandoned virtual currency, these experts suggested that the Treasurer should have flexibility in cases where liquidation is not cost effective, impossible, or would result in market distortion.

Increase Money Match Limit. The effectiveness of the Treasurer’s Money Match data matching and updated anti-fraud software mean that the higher dollar properties can be safely returned to Illinois owners. The statutory limit would be raised from $2,000 to $5,000.

Use of Normal Administrative Procedure for Claims. The unclaimed property law is subject to the Illinois Administrative Procedure Act. To avoid potential confusion, language is being added to clarify that the normal claims and administrative appeals process must be utilized prior to a lawsuit being filed to claim property.

Attorneys. Clarifies that the exception to the statutory limitation on finders for attorneys applies only when the attorney has an attorney-client relationship with the owner.

CPA firms. Working in collaboration with the Illinois CPA Society, the Treasurer is proposing that CPA Firms would be able to utilize a contingency fee contract to collect unclaimed property on behalf of their business clients (without registering as a private detective and without being subject to the normal 10% cap). The Treasurer would promulgate rules to implement this new provision.

**BACKGROUND**

In Illinois, the State Treasurer’s Office is tasked with safeguarding unclaimed property, such as forgotten bank accounts, life insurance benefits, and unused rebate cards. As part of the Treasurer’s Unclaimed Property Division, the I-CASH program connects state residents and businesses with their unclaimed money and other assets. The Unclaimed Property Division recovers hundreds of thousands of properties each year from government agencies, banks, insurers, utilities, and other companies across the country that have been unable to return the properties to their rightful owners. The I-CASH program then works to notify owners and reunite them with their money and other property. In Calendar Year 2023, the Treasurer’s I-Cash program returned more than $276 million to Illinois residents and fulfilled approximately 315,000 claims. The Treasurer’s office currently has more than 30 million properties valued at more than $5 billion in its records.