



**STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
OFFICE OF THE SECRETARY**

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November 24, 2015

Rex Blackburn, Co-Chair  
Michael Houghton, Co-Chair  
Charles Trost, Reporter & Drafter  
Revise the Uniform Unclaimed Property Act Drafting Committee  
Uniform Law Commission  
111 N. Wabash Avenue Suite 1010  
Chicago IL 60602

Dear Commissioners,

I write to you in my capacity as State Escheator who oversees the State of Delaware unclaimed property program. I think it is essential that I bring clarity to certain communications made by committee members in relation to the State of Delaware's practices regarding owner reunification efforts. On October 20<sup>th</sup>, Reporter Trost met with Treasurers from multiple states in a roundtable forum to discuss the existing draft revision to the Act. While the Treasurers were focusing on the consumer protection nature of the Act, Reporter Trost commented that it was his understanding that only 20%-40% of property turned over to the states was returned to rightful owners. When the Treasurers from Vermont and West Virginia stated their return rates were above 50%, Reporter Trost indicated that not all states had the similar return rates and specifically referred to the State of Delaware as the "elephant in the room."

It appears that Reporter Trost is either uninformed or misinformed of the efforts that the State of Delaware has made to reunite individuals and businesses with their unclaimed property. When I became State Escheator in 2013, I initiated a top down analysis of our unclaimed property operations, which produced significant changes. As Commissioners, you should know that in the last two years Delaware:

- Implemented a new claims processing system;
- Instituted a direct outreach program that resulted in over 200,000 letters mailed to owners;
- Restructured its claims operations to facilitate more efficient payment of claims; and
- Most recently, implemented a new claimant-friendly website.

These efforts have yielded concrete results. Since 2013, Delaware has reunited approximately \$225 million with over 22,000 claimants. These facts reflect Delaware's productive efforts to put unclaimed property back in the hands of the rightful owner. Moreover, these facts clearly refute the ill-informed supposition which likely prompted the offhand use of the idiom "elephant in the room" to disparage Delaware's record on claims.

With regard to our rate of return, it is a well-known fact that an especially large share of companies choose to incorporate in Delaware. As a result of the triad of Supreme Court cases that established the priority rules, Delaware receives property related to holders that are incorporated here and for which no names or addresses exist. Based on the self-reporting nature of unclaimed property, the state only has access to the information that is actually reported by a holder. There is no way for a state to ascertain, for example, that a name and address actually did exist were such information omitted from a holder's annual filing to the state.

An analysis of the actual known owner data that is reported from holders demonstrates that Delaware's return rate against property receipts is 38%. While the 38% rate may seem lower than some of our sister states, it should be noted that Delaware receives many accounts in which the last known address is registered in a foreign country. The tools at our disposal (Lexis Nexis and our tax database, for example) do not capture foreign addresses. That said, Delaware's direct mailing campaign includes all foreign account holders and has resulted in extremely high return rates related to these individuals.

Regarding other issues contemplated by the Commission, I would like to emphasize Delaware's view that the Revised Act should address the practice of Pre-Escheat searches conducted by industry firms, especially related to securities. The securities industry has promoted the notion that removing the inactivity standard as a dormancy trigger and replacing it with an undeliverable mail standard will result in protection of shareholders from wrongful escheat. Delaware strongly disagrees.

Such a change would, however, provide an undeniable financial incentive for pre-escheat search firms. These firms charge contingency fees to individuals at rates ranging from 10-35% of the value of their assets. The SEC rule 17ad – 17 allows for the search of accounts for a fee once two searches have been completed or if the original search results in a deceased indicator. This process generally takes roughly eighteen months.

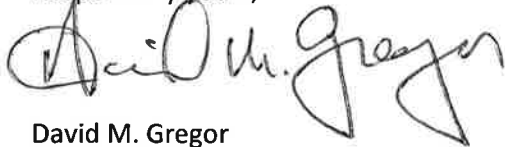
By moving to an undeliverable standard and pushing dormancy to five years, the Commission would give free reign for these firms to pursue account holders for over 3 years prior to escheat. Alternatively, if this property were escheated to the states, owners could be reunited with their property without charge. For all the rhetoric about states liquidating shares and harming investors, we would be hard pressed to believe that each sale could result in the harm that would be caused by pre-escheat search firms, namely the 10 to 35% loss on the total value of the property as a result of the fees charged by these firms.

To illustrate this point, I have attached a letter our office received from UPRR, a pre-escheat search vendor, which is now owned by Keane. As Mr. Houghton, a fellow Delawarean, can attest, the address on this letter is that of our Carvel State Office Building in Wilmington, Delaware where many of our state government offices are and have been located for decades. Our offices have not moved and mail is deliverable to us. The letter is related to Delaware's "Dover & CO" custodial nominee name, which is the State's securities account. As you can see from the letter, UPRR has stated they have located us and inform us that, if we pay 10% of the value of our positions, they can reunite us with this property ---

property, I must add, that was already held by the State of Delaware. I ask the Commission to review this letter to contemplate the consequences of what Delaware considers predatory practices by these firms.

Thank you for giving me the opportunity to raise a positive awareness of the things we are doing in Delaware. I hope the above brings some factual context to any misinformation supplied to the Commissioners, and I respectfully request that this letter be posted on the Uniform Law Commission website.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "David M. Gregor". The signature is fluid and cursive, with the first name "David" being more prominent.

David M. Gregor  
State Escheator

Enclosure: letter from UPRR

SUN LIFE  
06981 02 0001C/O UPRR, LLC  
P.O. Box 2262  
New York, NY 10116200000 689231973  
DOVER & CO  
820 NORTH FRENCH ST  
WILMINGTON, DE 19801

022453184

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**Substitute Form W-9:** By signing below, I certify under penalties of perjury: that (i) the Tax ID number listed below is accurate (ii) that I am not subject to backup withholding and (iii) I am a U.S. citizen or other U.S. person.

Soc. Sec # or Tax ID#: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Signature: \_\_\_\_\_

**Transfer Instructions**

Your property will be issued in the name shown unless otherwise instructed below.

(Complete only when changing the account registration)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Medallion Signature Guarantee Necessary (See Reverse Q&amp;A #2)

- a.** ☐ **Send me my uncashed dividend checks**  
(Less processing fee).
- 2 b.** ☐ **Issue a replacement for my shares and replace any uncashed dividend checks**  
(Less processing fee and surety bond premium if certificates are lost).
- c.** ☐ **Sell all my shares and replace any uncashed dividend checks**  
(Less processing fee and surety bond premium if certificates are lost).

SHARES HELD BY YOU:  
UNCASHED CHECKS:2409.0000  
9951.32

Dear Shareholder:

Unclaimed Property Recovery and Reporting LLC ("UPRR") has been retained by Canadian Stock Transfer Company Inc. ("CST") in connection with transfer agency services to the issuer noted above, to contact the shareholders whose account status at CST is "Undeliverable", may have uncashed dividend checks, or both. You may reactivate your account by contacting CST or use the services offered by UPRR.

Participation in the services provided by UPRR is voluntary and you will be charged a fee as described below with a portion of that fee being paid to CST. To utilize UPRR's services you should complete and sign this authorization form and return it in the envelope provided. Upon our receipt of the signed authorization form, UPRR will process your election as instructed in 2a, 2b or 2c above. You should expect to receive the property approximately 45 days after returning this letter.

If you do not respond to this mailing or contact CST, the property due you may be subject to escheatment if required under applicable unclaimed property laws. Information on how to prevent escheatment can be obtained at [www.unclaimed.org](http://www.unclaimed.org).

**Options**

Choose program option 2a above if you have the certificates or a Credit Transaction Advice for the shares indicated above and only want your uncashed dividend check proceeds. A check will be sent to you.

Choose program option 2b above if you have lost some or all of your shares and want them reissued. Enclose any certificates you have along with this signed authorization form and UPRR will purchase a surety bond on your behalf for any missing certificates. Be sure to complete the Substitute W-9 information (Owner's Social Security Number, signature and date of birth). A Credit Transaction Advice for the new shares and a replacement check for any uncashed dividends will be sent to you.

Choose program option 2c above if you want all the shares sold. If you have lost some or all of the shares, enclose any certificates you have along with this signed authorization form and UPRR will purchase a surety bond on your behalf for any missing certificates and sell all the shares. Be sure to complete the Substitute W-9 information (Owner's Social Security Number, signature and date of birth). A check for the sale proceeds and any uncashed dividends will be sent to you. **Please indicate your choice above by checking 2a, 2b, or 2c.**

In order to cover the costs of locating you, processing all required documents, arranging for the reactivation of your account or reissuance of your shares, and/or selling your shares, a processing fee of 10% of the value of the property will be deducted from your proceeds. If you have lost some or all of your certificates, UPRR will also purchase the necessary surety bond on your behalf, at a cost of 2% of the current fair market value of the lost securities. The surety bond premium will be deducted from your proceeds.

If you have any questions, please call UPRR at 1-800-859-7145

You must sign and enter your Tax ID # (Item 1 above), elect one of the three program options (Item 2 above), and sign below (Item 3).

**AUTHORIZATION**

I acknowledge and represent that I am a registered owner of the shares with good title to the shares and/or have full power and authority to authorize this transaction. I irrevocably appoint UPRR as my agent with respect to this transaction in accordance with my election specified above. I agree that a processing fee of 10% is to be paid to UPRR. If I elect to sell all my shares, I authorize UPRR to arrange through UPRR Securities, LLC, its broker dealer affiliate, to arrange for the sale of all such shares and to arrange to have the fee due and the premium for any necessary surety bond deducted from the proceeds and a check for the balance sent to me. If I elect to receive shares, I authorize UPRR to arrange through UPRR Securities, LLC for the sale of only those shares necessary to satisfy the fee due and the premium for any necessary surety bond deducted. I acknowledge that my shares may be bundled with shares of other shareholders when sold, and that the proceeds I receive may be based on the weighted-average price or daily price for all shares sold by UPRR on that trade date. I hereby attest that a registered broker dealer does not currently employ me.

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Signature of owner

Signature of Co-owner

Telephone Number

UPRR Securities, LLC is a registered broker-dealer member FINRA, SIPC.



## **It is simple, easy and important to claim your shares and cash**

- ⇒ Step 1: Fill in your Social Security or Tax ID Number, Date of Birth, and Sign.
- ⇒ Step 2: Make a selection in 2a, 2b, or 2c.
- ⇒ Step 3: Sign the form. We will need your phone number and e-mail address (if available) in case we need to contact you. By signing you agree to the terms and conditions on the front of this document.
- ⇒ Step 4: (Optional) Fill in the transfer box on the reverse side only if you are transferring shares.
- ⇒ Step 5: Place this form in the envelope provided, enclose any certificates if appropriate and mail.

**Important: This Authorization Form must be properly filled out, dated and signed by the owner(s), and mailed with certificate(s) for the securities to UPRR at the address shown on the reverse side. The method of delivery is at your option and risk. We recommend insuring the property for 2% of the market value and send using registered mail with return receipt.**

### **Frequently Asked Questions**

#### ***1. Do I need to participate in this program? If I do not participate, when will my property be subject to escheatment?***

No. You may claim your property through this voluntary program by completing this Authorization Form and returning it to UPRR in the enclosed envelope. Alternatively, you can work directly with the transfer agent, CST, and/or you may work with a broker of your choosing, and the fees charged may be different than those charged by UPRR. If you do not participate in this program or contact CST, your property may be subject to escheatment pursuant to applicable escheat laws. General information on when the property may be subject to escheatment can be obtained by contacting UPRR or CST.

#### ***2. Can I transfer my property to another name?***

Yes, you may transfer your property to a different name by completing the information in the Transfer Instruction box (Section # 1) on the front page and by securing a Medallion Signature Guarantee from an institution such as a commercial bank, trust company, credit union, or brokerage firm participating in a Medallion program. A notary public stamp is not acceptable. Should the registered holder be deceased, please contact UPRR 1-800-859-7145 for instructions on how to proceed.

#### ***3. How will shares be sold?***

If you check box 2c electing to sell all shares, your shares will be sold and all participating shareholders will receive the same weighted average price or daily price of all shares sold by UPRR on that trade date. The cash received by you will be the net of the applicable fees. We cannot guarantee the trade date or the price at which your shares will be sold. If you check box 2b and elect to receive shares, we will sell only enough shares to cover the applicable fees, and you will receive a credit transaction advice from CST representing the net shares.

#### ***4. What if I have lost my stock certificate(s)?***

You may still participate in the program even if you have lost some or all of your stock certificates by completing and returning this Authorization Form. Pursuant to the Affidavit of Lost or Destroyed Certificates and Agreement of Indemnity below, a surety bond will be purchased, on your behalf, at a cost of 2% of the value of the lost securities. The surety bond premium and the processing fee will be deducted from the proceeds.

#### ***5. Why do I need to provide personal information?***

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information to confirm the identity of its customers. What this means for you: When you participate in the program we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**If you have any questions, please call UPRR at 1-800-859-7145**

### **AFFIDAVIT OF LOST OR DESTROYED CERTIFICATES AND AGREEMENT OF INDEMNITY**

By signing the reverse side of this form, I/We swear, depose and state that: I/We am/are the lawful owner of the certificate(s) described in this Authorization Form, hereinafter referred to as the "securities." The securities have not been endorsed, pledged, cashed, negotiated, transferred, assigned, or otherwise disposed of. I/We have made a diligent search for the securities and have been unable to find them and make this Affidavit for the purposes of inducing the sale, exchange, redemption or cancellation of the securities, as outlined in the Authorization Form, without the surrender of the original(s), and also to request and induce Great American Insurance Company to provide suretyship for me to cover the missing securities under its Blanket Bond #1-96-48-85 (under this Blanket Bond for securities at or exceeding \$100,000.00 in value, a credit investigation may be conducted and listed Affiliates and Applicant will provide all financial statements and records if requested). I/We hereby agree to surrender the securities for cancellation should I/We, at any time, find the securities.

I/We hereby agree, for myself/ourselves, my/our heirs, successors, assigns and personal representatives, in consideration of the proceeds of the sale, exchange, redemption or cancellation of the securities, and the aforementioned suretyship, to indemnify, protect and hold harmless Great American Insurance Company (the surety), Canadian Stock Transfer Company Inc., UPRR, UPRR Securities LLC, the issuer listed on the front and any other party to the transaction from and against any and all loss, costs, and damages including court costs and attorney fees, which they may be subject to or liable for in respect to the sale, exchange, redemption or cancellation of the securities without requiring surrender of the original securities. The rights accruing to the parties under the preceding sentence shall not be limited or abridged by their negligence, inadvertence, accident, oversight, breach or failure to inquire into, contest, or litigate any claim, whenever such negligence, inadvertence, accident, oversight, breach or failure may occur or may have occurred. I/We agree that this affidavit and indemnity agreement is to become part of Blanket Bond #1-96-48-85 underwritten by Great American Insurance Company.

Any person who knowingly and with intent to defraud any insurance company or other person files an application or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to civil penalties as prescribed by law.

**A check and/or Credit Transaction Advice for your shares will be sent to you in approximately 45 days.**