

To: Commission
From: John Cannel
Re: Unclaimed Property
Date: May 14, 2018

MEMORANDUM

I met with a group of five people in charge of the Unclaimed Property Administration last Friday to discuss their response to the Tentative Report on the Revised Uniform Unclaimed Property Act. They were: Steven R. Harris, Administrator; Jennifer Keyes-Maloney, Director of Legislative Affairs; Marc J. Marseglia, Chief of Staff; Robert H. Davidson, Chief of Audit; and Heather Graham, Management Auditor. In short, they do not support the enactment of the Revised Uniform Act at this time, and they anticipate sending correspondence explaining their reasoning more fully. In the meantime, some brief points from the meeting follow.

The newest provisions in the Revised Act are the treatment of unclaimed securities and regulation of outside audits. The individuals with whom I met agree with the Commission's preliminary assessment that the provision of the Revised Act concerning the sale of securities is unworkable in its present form. That provision would require the State to pay a claimant the higher of the value of the securities when they were sold or at the time of the claim. In addition, unlike many other states, New Jersey already regulates outside audits with a combination of statutory and administrative provisions. As a result, those aspects of the Revised Act would not add anything in this State.

The representatives of the Unclaimed Property Administration did, however, support two provisions in the Commission Report that were not derived from the Revised Act. Those are the proposals for inclusion of real property and the change in the handling of personal property in safe deposit boxes. The representatives explained that they occasionally become involved with real property in estates but that the lack of legislative guidance is a problem. As to safe deposit box contents, they said that most banks already use the statutory provision that allows sale, although some do not. They suggested that they would be pleased not to have to deal with physical property, most of which has no significant value.

Realistically, it is unlikely that the Revised Uniform Unclaimed Property Act would be adopted over the opposition of the Unclaimed Property Administration. It might then be productive at this time to consider either a Revised Tentative Report or a separate Report recommending the two innovative provisions for which the Unclaimed Property Administration expressed support and I will be seeking the guidance of the Commission at our upcoming meeting.