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# Unclaimed Property Process Report

Under 2017 Minnesota Session Laws, chapter 94, article 8,  
section 15  
February 15, 2018

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## Introduction

Pursuant to Minn. Laws 2017 Chapter 94 Art. 8 Sec. 15, the commissioner of Commerce shall report by February 15, 2018, to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over commerce regarding the process owners of abandoned property must comply with in order to file an allowed claim under Minnesota Statutes, chapter 345.

The report shall include information regarding the documentation and identification necessary for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to file an allowed claim.

## Unclaimed Property in Minnesota

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Minnesota's Unclaimed Property Act is a consumer protection law that is intended to reunite consumers with lost or forgotten property that entities have turned over to states. Each state has a similar law, as do several Canadian provinces. Unclaimed property laws are also being adopted internationally.

Administered by the Minnesota Department of Commerce, the state's Unclaimed Property Program operates as a lost-and-found service for financial assets. Businesses and or the organizations (Holders) are required to annually report and remit financial assets that are presumed abandoned by their owners. Whether an asset is presumed abandoned depends on the owner's lack of activity within the established dormancy period. If an asset meets the definition of "presumed abandoned," the Holder is required to attempt one final contact with the owner. In the event that contact cannot be re-established, and the last known address of the owner is in Minnesota. The Holder is required to remit the property to the State of Minnesota's Unclaimed Property Program, along with supporting documentation about the owner. If the owner is unknown, the Holder is required to remit the property to the state of its corporate domicile or in the case of certain financial instruments with unknown owners, such as money orders, the property is to be remitted to the state of purchase.

The State of Minnesota receives the unclaimed property as submitted by the Holder and advertises it on [missingmoney.com](http://missingmoney.com). Claimants are allowed to initiate a claim to recover the property on [missingmoney.com](http://missingmoney.com) or they can contact the Commerce Department to initiate a claim.

Claims have different requirements based on the nature of the property and the relationship of the claimant to the reported owner of the property. For example, if a claimant is the reported owner of the property, they only need to establish that they are the correct person in order to perfect a claim. But many properties are far more complex and may be heir claims, business claims, creditor claims, claims on property reported with multiple owners, unknown owners and many other variations.

During the past five years, the Commerce Department has seen significant growth in both unclaimed property receipts and claims. Receipts have increased due to various compliance initiatives, while the number and amount of claims paid have increased substantially as the Department has made a concerted effort to locate reported property owners or their heirs.

**Minnesota Unclaimed Property Receipts and Claims (by fiscal year)**

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Claims</b>	<b>Number of Claims</b>
<b>FY12</b>	\$61,492,688	\$18,995,439	7,197
<b>FY13</b>	\$61,552,504	\$33,859,870	20,840
<b>FY14</b>	\$73,219,240	\$31,820,522	13,052
<b>FY15</b>	\$72,669,232	\$32,714,033	19,975
<b>FY16</b>	\$98,371,142	\$49,287,005	30,412
<b>FY17</b>	\$82,708,747	\$34,408,650	15,209

In addition to the claims shown in the above table, the Department returns securities (such as stocks and bonds) valued at approximately \$2 million per year.

Unclaimed property covers primarily intangible financial property that is presumed abandoned due to lack of owner activity. For example, a savings account is an intangible asset. If it is abandoned, the financial institution remits the value of the account to the State as unclaimed property along with the last known address of the owner and any other relevant information relating to the owner. The vast majority of property is received by the State as cash (approximately \$80 million per year). The State receives this financial property and advertises it on [missingmoney.com](http://missingmoney.com) as unclaimed.

Securities are an intangible asset as well, but the State requires that those be reported and remitted as securities. The State holds the securities in a custodial investment account and advertises them as shares for a period of one year. If claimed within the year, the State transfers the securities to an account established by the owner. If not claimed within one year, the State liquidates the security at full market value. At that point, the owner can claim the cash proceeds from the State.

The only tangible unclaimed property the State of Minnesota handles are safe deposit boxes. The Department inventories and advertises all contents and, if claimed, returns all contents to the owner.

The State is required to auction assets of commercial value at least once every ten years. The State receives cash proceeds from the auctioned property, and a claimant can receive these cash proceeds.

The unclaimed property that Holders report to the State includes various, often incomplete and inconsistent, identifying information about the owner and the property. This information largely determines what information will be required to claim the property by an owner. For example: Many properties have multiple owners and the relationships among the owners determine whether each reported owner can claim a portion of

the property, all of the property, or whether the parties need to file a joint claim. A common occurrence on these properties is that one or more reported owners may release their interest in the property, allowing payment to one claimant. However, the State has a legal obligation to honor all property interests and requires adequate documentation to ensure proper payment.

If a reported owner is deceased, the heirs may claim the property. Heir claims require documentation to ensure that the State follows the wishes of the deceased and any legal requirements related to the reported owner's estate. In the event no legal documentation exists (such as the reported owner died without a will), the Department follows state law. In these instances, the Department requires that the claimant document lineage by completing a Table of Heirship form. The State then follows intestate law in determining requirements for disbursing the funds.

All processing, advertising and administration costs – including expenses incurred in the disposition of property (such as costs associated with auctions or the sale of securities) – are borne by the State without any charges to the consumer.

Unclaimed property is generally reported to the State of Minnesota because the reported owner once resided in Minnesota. Most of the property the State receives, however, does not come from Minnesota-based companies. Instead, the properties come from companies that operate nationally or internationally and do business with Minnesota consumers. Similarly, many claims are paid to claimants who currently reside outside Minnesota (either because the owner has moved or is deceased and the heirs reside elsewhere).

### **Unclaimed Property Types**

Property types are established by NAUPA (National Association of Unclaimed Property Administrators). In total, there are 122 property types. They can most easily be broken down into the following categories:

- Accounts (bank accounts, investment accounts)
- Checks (uncashed checks in various forms)
- Insurance (death benefits, policy benefits, refunds)
- Wages (payroll, commission checks – wages have a shorter dormancy period than other checks).
- Refunds/Credit balances (various overpayments or credits in accounts receivable)
- Securities (shares and cash, mutual funds, IRAs).
- Safe Deposit boxes
- Other – (there are many miscellaneous property types grouped together in this catch-all category including, but not limited to, royalties, health savings accounts, court deposits and unidentified receipts)

## **Unclaimed Property Claim Requirements – How to File a Claim**

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This section describes the process for individuals and businesses to file a claim under common scenarios, including the documentation and identification that is required.

## Individuals

### *Single Claimant*

- Claimant must complete claim form and have the form notarized.
- Provide Social Security number and birthdate of the owner and claimant on the claim form.
- If owner changed name, documentation of name change is required (such as marriage certificate, divorce papers or other court documents).
- Commerce staff review the submitted claim. Additional documentation may be required to confirm previous addresses, discrepancies or verify an owner with no reported Social Security number.

### *Multiple Claimants*

- Claimant must complete claim form and have the form notarized. All owners must sign the claim form.
- Provide the Social Security numbers and birthdates of the owners and claimants on the claim form.
- If any owner changed name, documentation of name change is required (such as marriage certificate, divorce papers or other court documents).
- Commerce staff review the submitted claim. Additional documentation may be required to confirm previous addresses, discrepancies or verify an owner with no reported Social Security number.

## Deceased Individual Owner with Will, Letters of Testamentary or Letters of Administration

- Claimant must complete claim form and have the form notarized.
- Claimant must be listed in Will as personal representative, executor, executrix or administrator.
- Provide the Social Security number and birthdate of owner and claimant on the claim form.
- Provide a copy of the will, letters of testamentary or administration showing the claimant has the authority to claim the funds on behalf of the estate.
- Provide a copy of the death certificate of the deceased owner.

## Deceased Individual Owner Intestate or No Will

- Claimant must complete claim form and have the form notarized.
- Provide the Social Security number and birthdate of the owner and claimant on the claim form.
- Provide a completed heir list.
- Provide a copy of the death certificate of the deceased owner.

NOTE: If releases are received, the payment can be made directly to the claimant.

## Deceased Individual Owner – County Claims

- Claimant must complete claim form and have the form notarized.
- Provide the Social Security number and birthdate of the owner on the claim form.
- Provide the county's tax ID number on the claim form.
- Provide a completed affidavit of collection – Probate 202 Form. The property must be listed on this form.
- Provide a copy of the death certificate of the deceased owner.
- Provide a notification of how much debt is currently owed. This can be provided on the affidavit of collection, on an instruction letter or via email from the county requesting the payment.

## Businesses

### *Claimant and Holder Claims*

- Claimant or holder must complete claim form and have the form notarized.
- Provide documentation showing claimant's position and authority to claim on behalf of the company/business (such as Secretary's Certificate, Letter of Authorization on company letterhead or Corporate Resolution).
- Include Federal Employer Identification Number (FEIN) on claim form or on W-9.
- If a name change occurred (owner vs claimant), include proof of the change (such as copies of merger documents or dissolution papers).
- Commerce staff reviewed submitted claim. Additional documentation may be required to confirm previous addresses, discrepancies or verify an owner with no reported FEIN.
- If this is a Holder claim, proof of payment to the owner must be provided with the claim request. If a check, a copy of the cashed check is required, not just the issued check.

## Unclaimed Property Requirements – Owners from Foreign Countries

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This section describes the process for a foreign owner to file a claim under common scenarios, including the documentation and identification that is required.

### Foreign Individuals

#### *Single Claimant*

- Claimant must complete claim form and have the form notarized or equivalent (if the country does not have a notary).
- Provide the birthdate of the owner and claimant on the claim form.

- Complete the correct W-8 form, per instructions at the IRS.gov website.
- If the owner changed name, documentation of name change is required (such as marriage certificate, divorce papers or other court documents).
- Office of Foreign Control (OFAC) checks must be performed.

### ***Multiple Claimants***

- Claimants or owners must complete claim form and have the form notarized. All claimants or owners must sign the claim form.
- Provide the birthdates of owners and claimants on the claim form.
- Complete the correct W-8 form, per instructions at the IRS.gov website.
- If the owner changed name, documentation of name change is required (such as marriage certificate, divorce papers or other court documents).
- OFAC checks must be performed.

## **Foreign Buisnesses (Partnership or Corporation)**

- Claimant must complete claim form and have the form notarized or equivalent (if the country does not have a notary).
- Provide documentation showing position and authority to claim on behalf of the company/business (such as Secretary’s Certificate, Letter of Authorization on company letterhead or Corporate Resolution).
- Include FEIN on claim form or W-8.
- Complete the correct W-8 form, per instructions at the IRS.gov website.
- If a name change occurred (owner vs claimant), include proof of the change (such as copies of merger documents or dissolution papers).

## **Unclaimed Property Requirements – Specific Claim Issues**

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This section describes the claims process for specific issues.

### **Bankruptcy**

#### ***Chapter 7***

- Claimant must complete claim form and have the form notarized.
- Provide the Social Security number and birthdate for owner and claimant on the claim form.
- Provide a copy of the Chapter 7 court documents.

#### ***Chapter 11***

- Claimant must complete claim form and have the form notarized.
- Provide the claimant’s Tax Identification Number (TIN) on the claim form.

- Provide a copy of the Chapter 11 court documents.

### **Chapter 13**

- Each claim will have unique requirements

## **Child Support Claims**

- Counties are able to claim cash-related property, as long as the funds represent wages, payroll or IRA/retirement accounts. The funds must be claimed for individuals that are in arrears on child support payments. The property cannot be registered with multiple owners.
- Property descriptions that can be claimed: Pension checks, Traditional IRA (cash, mutual funds, securities), Roth IRA (cash, mutual funds, securities), wages and payroll, commissions, workers compensation and pension/profit shares.
- Individual owner with a property type of wages and payroll and / or retirement-related property is payable to the child support office . An affidavit of the public authority showing how much is owed is required. The owner must be in the arrears and referenced in the affidavit.
  - An income withholding for support must also be included, listing all of the personal information about the person owing funds.
  - Proof of the arrears from the county records.
  - Counties are unable to claim cash-related property unless they are specifically listed above. To claim property not identified above, the county must retrieve documentation from the Holder stating that the property represents 100 percent of wages, payroll or retirement. The funds must be claimed for individuals that are in arrears on their child support. The property cannot be registered with multiple owners.
- For Individual owners with all other property types , a letter from the Holder listing what the property represents is required.
  - Payable to the child support office with an affidavit of the public authority showing how much is owed. The owner must be in the arrears and referenced in the affidavit.
  - An income withholding for support must also be included listing all of the personal information about the person owing funds.
  - Proof of the arrears from the county records (computer printouts from their system).

## **Creditors**

- Creditors must complete claim form and have the form notarized.
- Provide the Social Security number and birthdate of the owner and claimant on the claim form.
- Provide the claimant's Tax Identification Number (TIN) on the claim form.
- Provide a copy of the court documents showing judgment against the individual. Judgment should include date, amount, creditor and the court obtained from.

- If not original attorney requesting payment, a copy of the original summons/complaint, the chain showing the purchase of the debt and assignment of transfer must be provided.
- The creditor must provide the debtor's Social Security number and any known addresses (current and previous). Commerce staff verifies all claims in these situations.
- The claim should only pay the creditor the amount being requested. If there are more funds on the property than being requested, the remaining amount will continue to be payable to the owner. If there are fewer funds on the property, the entire property will be paid to the creditor.
- The State does not apply garnishments to property, but will pay a claim if all required documentation is provided.
- If property has multiple owners, the creditor must obtain release agreements from all other owners.

## Property Finders/Locators

- Finders or Locators must complete claim form and have the form notarized
- Provide the Social Security number and birthdate of owner and claimant on the claim form.
- Provide a copy of the agreement between the client and the finder.
- The same requirements for an individual, multiple or deceased owners are required.

## Inmate Payments

- Most state, county and federal prisons have very specific rules to turn funds over to inmates. The State does not issue payment directly to an inmate at a prison.
- Payment must be issued to another individual (identified by the inmate) who will get the funds to the inmate based on the specific prison's rules.

## Insurance-Related Property Types

- If the insured is still living, funds are payable to insured only (beneficiary status does not matter).
- If the beneficiary passes prior to the insured, a copy of the insurance document showing all beneficiaries is required. If no further beneficiaries are listed, the state follows the insured's estate process (will or intestate Law).

## Interpayment Services - Holder Claims

- Complete claim form and have the form notarized.
- Provide the Holder's FEIN.
- Provide a list of property to be claimed. The list must include the cheque number, amount (US equivalent), report amount and year reported.

## **Minors: Registration was completed as a Minor; now the minor is over 18 or over 21 for Uniform Transfers to Minors Act (UTMA) relationships**

- Complete claim form and have the form notarized.
- Provide the Social Security number and birthdate of owner and claimant on the claim form.
- Provide a copy of the minor's birth certificate.

## **Minors: Under 18 or under 21 for UTMA relationships**

- Complete claim form and have the form notarized.
- Signatures must be provided by one or both of minor's parents as defined on the birth certificate, guardians (court ordered), or a signature from the minor if emancipated and the custodian is listed on the property.
- Provide the Social Security number and birthdate of owner and claimant on the claim form.
- Provide a copy of the minor's birth certificate listing parent's names and age of minor.
- Provide a copy of the court documents (either guardianship or emancipation).

NOTE: The funds belong to the minor, not the listed custodian.

NOTE: Minors are unable to be paid directly or sign off on a Release Statement. It must be completed by the custodian listed on the birth certificate or court documents.

## **Power of Attorney, Guardians**

- Complete claim form and have the form notarized.
- Provide Social Security number and birthdate of owner and claimant on the claim form.
- Provide a copy of the power of attorney or court-ordered assignment of individuals (such as Conservator or Guardian) showing the claimant has the authority to claim the funds on behalf of the individual.
- Invalid once the person who the POA/Guardian was appointed to assist is deceased.
- Probate Form: PRO202 with instructions on form PRO201 LIMITED USE
- Only to be used for the heirs of deceased individuals where no will was created and no table of heirship is required, as they are the only living heir.
- The form must state they are the only living heir.
- The form must reference the property being claimed.

## **Trusts**

- Complete claim form and have the form notarized.
- Provide the trust's and claimant's FEIN/Social Security number and birthdate on the claim form.
- Provide a copy of the complete trust.

## Release Agreements: Limited Probate Process Use

- Multiple owners.
- Deceased individual owners intestate that have no will, Letter of Testamentary (LOT), Letter of Administration (LOA) or court documents appointing an individual to the estate.
- All individual release agreements must have an original signature with notary.
- All company release agreements must have an original signature on company letterhead.