



February 3, 2021

Mr. Jeremy Dawson
Director
National Association of Unclaimed Property Administrators
Via email: jeremy@statetreasurers.org

Dear Mr. Dawson,

The Securities Transfer Association ("STA") and the Shareholder Services Association ("SSA") are in receipt of NAUPA's response to our September 2, 2020 letter to Mark William Bracken. We understand that NAUPA has denied our request for a resolution permitting a delay in the reporting of property with addresses in certain foreign countries where due diligence is not possible due to international mail service suspensions. We take this opportunity to respond to your email and to request that the NAUPA board reconsider its decision and issue an alternative resolution with a message encouraging the withholding of penalties and interest.

We are not surprised to hear that states have reported that the fall reporting process did not reveal a substantially higher level of extensions than in previous years. As annual compliance is a priority, our members would not have requested an extension for an annual report where only a few properties deemed unclaimed contained addresses in the foreign countries where due diligence was impossible.¹ Further, extensions would not have been an appropriate remedy, as they are typically for no longer than sixty (60) days, and in many instances, the mail disruptions are ongoing.

Instead, holders were forced to make the difficult "no-win" decision to report property with the foreign addresses without sending due diligence or to simply withhold the property from the report. Stated differently, holders could report the property risking wrongful escheat litigation as well as the loss of indemnification from the states. Alternatively, holders could choose to withhold

¹ It is also important to note that several states with significant numbers of companies incorporated therein are not on the fall filing cycle.

reporting the property risking the imposition of interest in penalties once the property becomes reportable.

Protecting shareholders' property rights is of paramount importance. It is for this reason that it would be impossible for our members to choose to report property without the ability to perform due diligence. Undoubtedly, all states have the same goal. As a result, *it is the expectation of our members that the states will not impose interest and penalties on properties withheld from reporting due to the inability to perform due diligence.*

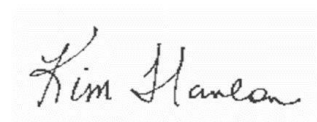
A resolution from NAUPA would assist the states in understanding the impossible choice of holders due to no fault of their own and could encourage the states from imposing interest and penalties. We respectfully request the NAUPA board consider passing a resolution such as the following:

When state-required due diligence cannot be performed due to mail disruptions, it is permissible for the owner's property to be held until the next reporting cycle in which mail can be resumed. Once restrictions are no longer in place, the state-required due diligence would be performed in the normal course of the next reporting cycle. Any property thereafter reported would not be considered late and would therefore not be subject to interest and penalties.

We recognize that a resolution cannot eliminate state differences. However, it will provide leadership to states on a reasonable course of action.

Thank you for your consideration.

Sincerely,



Kim Hanlon
President
Shareholder Services Association



Todd May
President
Securities Transfer Association

cc: Mr. Mark William Bracken, JD mark.william.bracken@state.ma.us
Mr. Shaun Snyder shaun@statetreasurers.org