



May 08, 2020

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

Dear Mr. Dawson:

The Securities Transfer Association (“STA”) represents more than 100 transfer agents who are responsible for the record keeping for more than 15,000 issuers of securities, representing the investments of over 100,000,000 registered shareholders. The Shareholder Services Association (“SSA”) is a nationwide network of shareholder services industry professionals. The SSA’s membership includes corporations of all sizes, transfer agents and a wide variety of specialized service providers. The SSA and STA’s combined membership works diligently to ensure that unclaimed property compliance is accomplished, while protecting the interests of our shareholders. We are proud that our industry has worked cooperatively with the states on so many issues and continue to implement proactive measures to keep shareholders engaged with their investments. To that end, effective mailings are essential. It does not matter if the mailing consists of a dividend check, proxy ballot, annual meeting notice, or due diligence letter – each relies on a successful mailing.

As you may be aware, due to restrictions and prohibitions on mail, as of today’s date we are not able to send mail to one hundred and sixteen (116) countries. The number of countries impacted increases frequently and can be found <https://about.usps.com/newsroom/service-alerts/international/welcome.htm> This is of particular concern to the securities industry for a number of reasons. First, all states liquidate securities property, some upon receipt. Without notice via due diligence of the pending escheatment and likely liquidation, due process requirements cannot be satisfied. As recent cases demonstrate, this poses risk for the shareholder, the state, the issuer and the transfer agent. In particular, states, issuers and transfer agents have all been exposed to claims for large market loss. Additionally, if issuers and transfer agents escheat securities without first performing due diligence, they may not receive the benefit of statutory indemnification provisions, which in certain cases are expressly conditioned or pursuant to case law require due diligence be conducted. As such, if due diligence is not possible, the shares should not be escheated until a mailing can occur. This is the immediate concern for the industry, until such time as mailing restrictions are lifted by the foreign countries.

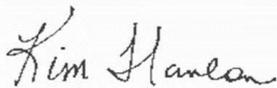
Second, evidence of dividend checks and annual meeting votes are two of the most common ways to demonstrate contact with and activity of the owner. The inability to mail to shareholders in foreign countries interferes with these two actions. Many accounts will be coded as inactive, when the shareholders have not abandoned their property: they are simply incapable of demonstrating activity, through no fault of their own.

Finally, mail returned by the post office can result in the account being coded as lost, even though in this instance the post office was unable to deliver the mail due to a suspension in service, as opposed to the post office attempting delivery but encountering a bad address. The coding of accounts as lost is a trigger for escheatment in many states and would therefore result in many accounts being deemed to be escheatable when in fact the owners are not lost. Being characterized as inactive or lost today due to the present mail issue will in turn result in many accounts being incorrectly flagged for escheatment in upcoming cycles.

When combined with known issues with due diligence to foreign shareholders, escheatment of shares belonging to shareholders in the aforementioned countries is a recipe for disaster in the current year, with residual effects into the next cycle. In order to protect shareholders' property interests, we would appreciate the states' agreement that no accounts be escheated for shareholders whose address is in an impacted country until the restrictions are lifted and at least one mailing to the owner has been successful. Further, we hope you agree that shareholders whose mail is returned by the post office due to a service suspension should not be deemed to be lost. Finally, we respectfully request a waiver of interest and penalties for any property that is considered late due to this mail issue. We would greatly appreciate your passing our concerns to your members and advising what steps are necessary to address this issue together.

As always, thank you for your consideration.

Sincerely,



Kim Hanlon
President
Shareholder Services Association



Todd May
President
Securities Transfer Association, Inc.

cc: Shaun Snyder, NAST