

MEMO# 14565

March 21, 2002

OHIO EXPRESSES CONCERN WITH THE FAILURE OF INVESTMENT COMPANIES TO COMPLY WITH OHIO'S UNCLAIMED PROPERTY LAW

[14565] March 21, 2002 TO: OPERATIONS MEMBERS No. 7-02 SMALL FUNDS MEMBERS No. 8-02 TRANSFER AGENT ADVISORY COMMITTEE No. 23-02 RE: OHIO EXPRESSES CONCERN WITH THE FAILURE OF INVESTMENT COMPANIES TO COMPLY WITH OHIO'S UNCLAIMED PROPERTY LAW The Ohio Department of Commerce, which is charged with administering Ohio's unclaimed property law, has contacted the Institute in their efforts to seek the industry's compliance with such law. In particular, Chapter 169 of the Ohio Code requires holders of unclaimed property, including investment companies, to liquidate unclaimed shares once the statutory dormancy period has passed. The proceeds of this liquidation must be remitted to the Department together with a report containing detailed customer and account information. The Department has recently confirmed with the staff of the Securities and Exchange Commission that their procedures, which have been in place for some time, do not run afoul of any requirements under the federal securities laws. According to the Department, the majority of investment companies consistently fail to comply with the above requirements. Instead, these companies open accounts in the name of the State of Ohio and transfer shares from an owner's account into these State accounts. Such accounts, however, are opened without the consent or authorization of the State. As a result, the State will not either acknowledge ownership of them or authorize the liquidation of the unclaimed shares in them. The Department has requested that investment companies review their procedures relating to Ohio's requirements to ensure that they are in compliance with them. Persons with questions about Ohio's process and procedures should contact Ms. Kimber Cole of the Department at 614-466-4433. Tamara K. Reed Associate Counsel

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