
By: Senator Kasemeyer

Introduced and read first time: January 10, 1996

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Abandoned Property - Presumption of Abandonment**

3 FOR the purpose of altering the period of time that must pass before certain property
4 held by certain persons is presumed abandoned; altering the number of dividends,
5 distributions, and other sums that must be offered to be paid to certain owners of
6 certain securities before certain securities may be considered abandoned; and
7 generally relating to the disposition of abandoned property.

8 BY repealing and reenacting, with amendments,

9 Article - Commercial Law

10 Section 17-301(a), 17-302(a), (c)(2)(iii), and (d)(2), 17-303, 17-304(a), (b), (c),
11 (d), and (f), 17-306, 17-307, and 17-308(a) and (b)

12 Annotated Code of Maryland

13 (1990 Replacement Volume and 1995 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Commercial Law**

17 17-301.

18 (a) The following property held by a banking or financial organization, or business
19 association is presumed abandoned, if the depositor has been issued a notice by first class
20 mail to the depositor's last known address of the fact that the property will be considered
21 abandoned and there is no response within 30 days to the notification:

22 (1) Any demand, savings, or matured time deposit account made with a
23 banking organization, together with any interest or dividend on it, excluding any charges
24 that lawfully may be withheld, unless, within [5] 10 years, the owner has:

25 (i) Increased or decreased the amount of the deposit;

26 (ii) Presented evidence of the deposit for the crediting of interest;

27 (iii) Corresponded in writing with the banking organization concerning
28 the deposit;

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1 (iv) Engaged in any credit, trust, or other deposit transaction with the
2 banking organization; or

3 (v) Otherwise indicated an interest in the deposit as evidenced by a
4 memorandum on file with the banking organization;

5 (2) Any funds paid toward the purchase of shares or other interest in a
6 financial organization, or any deposit made with these funds, and any interest or
7 dividends on these, excluding any charges that lawfully may be withheld, unless, within
8 [5] 10 years, the owner has:

9 (i) Increased or decreased the amount of the funds or deposit, or
10 presented an appropriate record for the crediting of interest or dividends;

11 (ii) Corresponded in writing with the financial organization concerning
12 the funds or deposit;

13 (iii) Engaged in any credit, share, or other deposit transaction with the
14 financial organization; or

15 (iv) Otherwise indicated an interest in the funds or deposit as
16 evidenced by a memorandum on file with the financial organization;

17 (3) Any sum payable on a check certified in this State or on a written
18 instrument issued in this State on which a banking or financial organization or business
19 association is directly liable, including any certificate of deposit, draft, traveler's check,
20 and money order, that has been outstanding for more than [5] 10 years from the date it
21 was payable (or 15 years in the case of a traveler's check) or, if payable on demand, from
22 the date of its issuance, unless, within [5] 10 years or 15 years in the case of a traveler's
23 check, the owner has:

24 (i) Corresponded in writing with the banking or financial organization
25 or business association concerning it; or

26 (ii) Otherwise indicated an interest as evidenced by a memorandum on
27 file with the banking or financial organization or business association; and

28 (4) Any property removed from a safekeeping repository on which the lease
29 or rental period has expired or any surplus amounts arising from the sale of the property
30 pursuant to law, that have been unclaimed by the owner for more than [5] 10 years from
31 the date on which the lease or rental period expired.

32 17-302.

33 (a) Funds held or owing under any life or endowment insurance policy or annuity
34 contract that has matured or terminated are presumed abandoned if unclaimed for more
35 than [5] 10 years after the funds become due and payable as established from the records
36 of the insurance company holding or owing the funds.

37 (c) For purposes of this subtitle, a life or endowment insurance policy or annuity
38 contract not matured by actual proof of the death of the insured or annuitant according
39 to the records of the company is matured and the proceeds due and payable if:

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1 (2) (iii) Neither the insured nor any other person appearing to have an
2 interest in the policy within the preceding [5] 10 years, according to the records of the
3 company, has assigned, readjusted, or paid premiums on the policy, subjected the policy
4 to a loan, corresponded in writing with the company concerning the policy, or otherwise
5 indicated an interest as evidenced by a memorandum or other record on file prepared by
6 an employee of the company.

7 (d) (2) "Unclaimed funds," as used in this subsection, means all money held by
8 any fire, casualty, or surety insurance corporation unclaimed and unpaid for more than
9 [5] 10 years after the money becomes due and payable, as established from the records of
10 the corporation, either to an insured, a principal, or a claimant under any fire, casualty, or
11 surety insurance policy or contract.

12 17-303.

13 The following funds held by any utility are presumed abandoned:

14 (1) Any deposit made by a subscriber with a utility to secure payment for, or
15 any sum paid in advance for, utility services to be furnished in the State, less any lawful
16 deduction, that has remained unclaimed by the person who appears on the records of the
17 utility as entitled to it for more than [5] 10 years after the termination of the services for
18 which the deposit or advance payment was made;

19 (2) Any sum which a utility has been ordered to refund and which was
20 received for utility services rendered in the State, together with any interest on it, less any
21 lawful deduction, that has remained unclaimed by the person appearing on the records of
22 the utility as entitled to it for more than [5] 10 years after the date it became payable in
23 accordance with the final determination or order providing for the refund; and

24 (3) Any sum paid to a utility for a utility service, which service has not been
25 rendered within [5] 10 years of the payment.

26 17-304.

27 (a) Any stock or other certificate of ownership, or any dividend, profit,
28 distribution, interest, payment on principal, or other sum held by a business association
29 for or to a shareholder, certificate holder, member, bondholder or other security holder,
30 or participating patron of a cooperative, who has not claimed it or corresponded in
31 writing with the business association concerning it within [5] 10 years after the date
32 prescribed for payment or delivery, is presumed abandoned if:

33 (1) It is held by a business association organized under the laws of or
34 created in this State;

35 (2) It is held by a business association doing business in this State but not
36 organized under the laws of this State, and the records of the business association
37 indicate that the last known address of the person entitled to it is in this State; or

38 (3) It is held by a business association not doing business in this State and
39 not organized under the laws of this State, but the records of the business association
40 indicate that the last known address of the person entitled to it is in this State.

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1 (b) This section shall apply to the stock or other certificate of ownership on, for or
2 from which the amounts described in subsection (a) of this section have been presumed
3 abandoned if the owner of said underlying stock or certificate has not, within the
4 [5-year] 10-YEAR period giving rise to the presumption of abandonment:

5 (1) Communicated in writing with the association regarding the interest or a
6 dividend, distribution, or other sum payable as a result of the interest; or

7 (2) Otherwise communicated with the association regarding the interest or a
8 dividend, distribution, or other sum payable as a result of the interest, as evidenced by a
9 memorandum or other record on file with the association prepared by an employee of the
10 association.

11 (c) At the expiration of a [5-year] 10-YEAR period following the failure of the
12 owner to claim a dividend, distribution, or other sum payable to the owner as a result of
13 the interest, the interest is not presumed abandoned unless there have been at least [5]
14 10 dividends, distributions, or other sums paid during the period, none of which has been
15 claimed by the owner. If [5] 10 dividends, distributions, or other sums are paid during the
16 [5-year] 10-YEAR period, the period leading to a presumption of abandonment
17 commences on the date payment of the first such unclaimed dividend, distribution, or
18 other sum became due and payable. If [5] 10 dividends, distributions, or other sums are
19 not paid during the presumptive period, the period continues to run until there have been
20 [5] 10 dividends, distributions, or other sums that have not been claimed by the owner.

21 (d) The running of the [5-year] 10-YEAR period of abandonment ceases
22 immediately upon the occurrence of a communication referred to in subsection (b) of this
23 section. If any future dividend, distribution, or other sum payable to the owner as a result
24 of the interest is subsequently not claimed by the owner, a new period of abandonment
25 commences and relates back to the time a subsequent dividend, distribution, or other sum
26 became due and payable.

27 (f) This section does not apply to any stock or other intangible ownership interest
28 enrolled in a plan that provides for the automatic reinvestment of dividends, distributions,
29 or other sums payable as a result of the interest unless the records available to the
30 administrator of the plan show, with respect to any intangible ownership interest not
31 enrolled in the reinvestment plan, that the owner has not within [5] 10 years
32 communicated in any manner described in subsection (b) of this section.

33 17-306.

34 All intangible personal property and any income or increment on it, held in a
35 fiduciary capacity for the benefit of another person, is presumed abandoned unless,
36 within [5] 10 years after it becomes payable or distributable, the owner has increased or
37 decreased the principal, accepted payment of principal or income, corresponded in
38 writing concerning the property, or otherwise indicated an interest as evidenced by a
39 memorandum on file with the fiduciary.

40 17-307.

41 All intangible personal property held for the owner by any court, public corporation,
42 public authority, or public officer of this State or any political subdivision of it that has
43 remained unclaimed by the owner for more than [5] 10 years is presumed abandoned.

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1 17-308.

2 (a) All unclaimed wages or outstanding payroll checks held or owing in the
3 ordinary course of the holder's business, that have remained unclaimed by the owner for
4 more than [5] 10 years after they became payable, are presumed abandoned.

5 (b) All intangible personal property, not otherwise covered by this title, including
6 any income or increment on it and deducting any lawful charges, that is held or owing in
7 the ordinary course of the holder's business and has remained unclaimed by the owner for
8 more than [5] 10 years after it became payable or distributable, is presumed abandoned.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 1996.