



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

5 March 2024

The Honorable Robert E. Craven, Sr.
Chair, House Judiciary Committee

The Honorable Members of the House Judiciary Committee

RE: *2024 H-7569, An Act Relating to Probate Practices and Procedure – Unclaimed Intangible and Tangible Property*

Chair Craven:

I write to support 2024 H-7569, introduced by Representative Finkelman at my request. This bill – intended to protect Rhode Island consumers – would limit the fees that Unclaimed Property “heir finders” (referred to as “finders” or “locators”) can charge for their services.

A. BACKGROUND

Administered by the Office of the General Treasurer (“Treasury”), the Unclaimed Property Program helps reunite thousands of Rhode Islanders with property that is rightfully theirs. *See* R.I. Gen. Laws § 21.1-1, *et seq.* Each year, Treasury receives millions of dollars in unclaimed property – items such as abandoned bank accounts, forgotten stocks, uncashed checks and contents of safety deposit boxes. The property remains available for claim by the owners or their heirs in perpetuity. Treasury serves as the custodian, safeguarding unclaimed property until it can find and verify its rightful legal owner.

Finders are for-profit businesses that identify legitimate unclaimed property for apparent owners and offer to help obtain it for a fee, usually a percent of the total value of the recovered property. The unclaimed property statute does not specifically limit the fees that finders can charge for their services.¹ This allows finders to charge exorbitant fees for their services, sometimes in excess of 50%.

¹ Generally, however, “unconscionable” contracts are void under Rhode Island law. R.I. Gen. Laws § 6A-2-302; *see, e.g. Crown Mortg. Co. v. Young*, 989 N.E. 621 (Ill. App. 2013) (finding a finder contract void based on unconscionability).

However, Treasury already provides this service at *no cost*. Through Treasury’s online search tool, individuals can determine whether Treasury is holding unclaimed property on their behalf. *See* R.I. Unclaimed Property, accessed Mar. 5, 2024, at www.findrimoney.com. If an individual has unclaimed property, Treasury’s website provides a free and easy application process to claim the funds. *See id.*

Treasury makes significant efforts to promote awareness of the Unclaimed Property Program through radio, print, and television advertisements, and across social media platforms. The Unclaimed Property team also makes routine visits to grocery stores, state beaches, senior centers and other events happening across the state.

In 2023 alone, Unclaimed Property returned \$16.62 million dollars to over 17,000 Rhode Islanders.

This legislation aims to curb the unfair and abusive practices that finders routinely employ and protect Rhode Islanders by limiting finders’ fees to 10% of the value of the property that is recovered. The bill also requires that any agreement to recover or assist in the recovery of unclaimed property must:

- (1) Be in writing;
- (2) Be signed by the apparent property owner;
- (3) Clearly disclose that the owner can recover the property from the Office of the General Treasurer free of charge; and
- (4) State the nature and value of the property and the fee to be deducted by the finder.

B. STATE OF THE LAW IN OTHER JURISDICTIONS

In neighboring Massachusetts, finders cannot enter into an agreement with an apparent property owner to recover unclaimed property for two years after the property is presumed abandoned (and thus subject to unclaimed property laws). *See* 960 Mass. Reg. § 4.06. After this two-year period, finders’ fees cannot exceed 10% of the value of the property recovered. *See id.* Agreements must be in writing and clearly disclose any fees and costs for service. *See id.*

Consistent with the Model Uniform Unclaimed Property Act, at least 14 other states cap finders’ fees at 10% of the property that is recovered. *See* Ohio Rev. Code § 169.13; Ky. Rev. Stat. § 393.117; Ne. Code § 69-1317; Ak. Code § 18-28-225; La. Rev. Stat. § 9:177; Ia. Stat. § 556.11; Mo. Stat. § 447.581; Va. Stat. § 55.1-2542; Ill. Stat. Ch. 765 § 1026/15-1302; Cal. R. Civ. Proc. § 1580-1582; Ind. Code § 32-34-1.5-75; Tn. Code § 66-29-176; Tx. Stat. § 74.507 (a); Ga. Code § 7-1-359; Nv. Stat. § 120A.740 (limiting fees to 10% if signed within five years of the date property becomes subject to unclaimed property law, and 20% if signed after five years).²

² Georgia and Texas vary in terms of contract requirements.

Nine other states have higher fee caps, but nonetheless require written disclosures signed by the putative unclaimed property owner. *See* Okla. Stat. tit. 60 § 674.1; Kan. Stat. § 58-3968 (15%); S.C. Stat. § 27-18-360 (contracts in excess of 15% constitute a criminal misdemeanor, subject to fine or imprisonment); N.Y. Aband. Prop. § 1416 (15%); N.C. Stat. § 116B-78 (fees cannot exceed \$1,000 or 20% of the value of the property recovered, whichever is less); N.J. Rev. Code § 46:30B-106 (20% cap within the first two years, 25% thereafter); S.D. Stat. § 43-41B-36 (25%); Fl. Stat. § 717.135 (30%); Hi. Stat. § 523A-25 (25%); Az. Rev. Stat. § 12-890 (30%).

This is common-sense legislation and I urge this Committee to recommend passage of this bill and join the majority of states in protecting our state's consumers.

Respectfully,

A handwritten signature in black ink, appearing to be 'JD' or similar initials, enclosed within a circular flourish.

James A. Diossa
General Treasurer

cc: The Honorable K. Joseph Shekarchi
 The Honorable Alex Finkelman