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Who's missing millions of dollars in assets?

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TOMOHIRO OHSUMI/BLOOMBERG/FILE 2009

By **Matt Rocheleau**

GLOBE STAFF JUNE 20, 2016

Officials have no idea who owns at least \$434 million worth of unclaimed property that has been turned over to the state during the past several decades, a Globe review has found.

The huge figure — which represents nearly 20 percent of the state's current total of \$2.4 billion in

unclaimed property — is a conservative estimate.

But experts said they weren't surprised by the number. Losing track of where assets belong is an unfortunate, inevitable by-product of doing business.

The \$434 million is only a tiny fraction of the unimaginable sums that course through the Massachusetts economy each year.

“It's a minuscule number in the world of business,” said Mark Bracken, who oversees the Unclaimed Property Division in the state treasurer's office. “It doesn't raise any red flags for us, and I would bet it's on par with what other states see.”



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State sometimes struggles to give away \$1 million to rightful owners

Twenty-five people or businesses have \$500,000 or more that's been waiting for them — in many cases for years — in a state account.

“Does it look like a big number? Of course it does,” he added. “Do I wish there were names attached

to it so I can return more? Yes, definitely.”

State law requires companies to transfer to the state all bank accounts, stock holdings, uncashed checks, and other assets that have lain untouched for, typically, three years, though the time-frame can vary, depending on the property type.

The rightful owners can step forward any time to collect their money. Bracken's office tries to return as much money as possible, using everything from a website to advertising campaigns to appearances at fairs.

While the state collects the money and maintains records on it, it is not the state's fault that the ownership of a large chunk of the money is unknown.

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Sometimes companies turn over assets, saying they have no information about who really owns them. No name, address, or other identifying information is attached. The companies just know it doesn't belong to them.

On the bright side, experts said, it's likely that the vast majority of such accounts contain relatively small amounts of money, under \$100 much of the time and sometimes as little as a penny.

The Globe reviewed a state database of 12 million records of unclaimed property, sorting out the ones where the owner was unknown. Because the records aren't labeled consistently, there may have been even more accounts that were missed by the scan.

How do companies lose track of who owns the money? Experts on unclaimed property listed several ways.

Sometimes corporate transactions, typically ones involving the movement of a large number of shares and sums of money between big financial institutions, don't always square up quite right, said Lynden Lyman, an unclaimed property consultant.

If a significant amount of money goes missing, companies will investigate. But a lot of times, "it's too small to pursue," said Lyman. "There are a lot of amounts that are not material enough to chase

down, but over time they add up to a lot of money because the companies are handling such large volumes of money and large portfolios.”

Still, “for a lot of these financial institutions, it’s just the cost of doing business,” he added. “You’re trading billions and billions of dollars and as a percentage of overall transactions, it’s a relatively small amount.”

Other assets that commonly wind up in the “owner-unknown” bucket are those for which identifying information is not normally collected in the first place: gift cards and merchandise credits, money orders, and traveler’s checks, for example.

In other cases, money can wind up as owner-unknown because companies simply lose records, experts said. A technical glitch can destroy electronic records. Problems can arise when companies try to switch to new systems because they’re upgrading software or because of a buyout or merger. A fire or flood can destroy physical records.

Bad recordkeeping practices can also result in lost data.

“I don’t think it’s done out of malice,” said Clive Cohen, a managing partner at MarketSphere Unclaimed Property Specialists. “There’s no advantage to the company to lose records,” since they have to forfeit the assets to state governments, even if they don’t know who it belongs to.

Bracken said that in his experience, companies “for the most part try to do the right thing, so they are only really going to kick it over as ‘unknown’ if it’s truly unknown.”

Lyman said companies have improved recordkeeping practices overall, as data storage has gotten cheaper and technology has improved.

Still, “I think nationally it’s a big problem,” he said. “If you don’t know who it belongs to, you can’t do outreach to try to return it.”

Todd Wallack of the Globe staff contributed to this report. Matt Rocheleau can be reached at matthew.rocheleau@globe.com. Follow him on Twitter @mrochele

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