

May 18, 2025

Maine State Legislature  
State and Local Government Committee  
3 State House Station  
Augusta, ME 04333-0003

*Re: Testimony Opposing LD 1969 – An Act to Amend the Maine Revised Unclaimed Property Act*

Dear Senator Baldacci, Representative Salisbury and members of the Joint Standing Committee on State and Local Government:

The testimony included herewith in opposition of LD 1969 is provided by Amy McDonald, associate general counsel, and Kyle Gilbert, government affairs director, on behalf of the Investment Company Institute (“ICI”).<sup>1</sup> ICI is the leading trade association representing the interests of registered investment companies, including mutual funds, and their individual investors, including shareholders residing in the state of Maine. We appreciate the opportunity to submit testimony to the Committee regarding LD 1969. Simply put, the amendments to the Maine Revised Unclaimed Property Act contained in LD 1969 will harm Maine investors. For that reason, we urge the Committee to not approve LD 1969 as currently drafted in furtherance of protecting long-term savers in the state of Maine.

## **Unclaimed Property Background**

Like most state unclaimed property laws, the Maine Revised Unclaimed Property Act governs the escheatment of property that is “abandoned” or the owner of which is considered “lost” under the law. Once property is escheated to the state, Maine holds owners’ property for safekeeping and property owners can search for, claim, and be reunited with, their property. While in the

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<sup>1</sup> The [Investment Company Institute](http://www.ici.org) (ICI) is the leading association representing the asset management industry in service of individual investors. ICI’s members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage \$37.9 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 120 million investors. Members manage an additional \$9.3 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI has offices in Washington DC, Brussels, and London.

state's custody, Maine may utilize escheated property, on a temporary basis, to generate state revenue.

When laws are constructed that allow for escheatment of securities to occur too readily, however, this can cause real financial harm to securities owners. When securities accounts escheat to Maine, this property is liquidated, and securities owners have a claim only for the value of their property at the time of escheatment. In the case of investments held for the purpose of long-term savings (e.g., retirement or education), when property escheats despite an owner not being truly “lost,” the harm to the owner can be financially devastating. The amendments in LD 1969 would make these harms much more likely.

### **Escheatment Triggers and Harm to Owners of Securities**

Only when a securities owner is truly lost should their securities be subject to escheatment. There are two prevalent triggers used by states in their abandoned, unclaimed, or lost property laws to deem a securities owner lost:

1. *Returned mail* – only after mail is returned as undeliverable and a certain period of time has passed (the “dormancy period”) will a securities owner be considered lost. During the dormancy period, holders have an obligation to attempt to locate owners.
2. *Inactivity or no contact* – a securities owner is automatically deemed lost after not affirmatively contacting or interacting with a holder during the applicable dormancy period. In some States the dormancy period is as short as three years.

Today, the vast majority of states, including Maine, apply a returned mail standard to escheatment of securities.<sup>2</sup> LD 1969 proposes to change the escheatment trigger for securities to an inactivity standard. The practical effect that would play out under LD 1969 is an investor in Maine would have their securities, including any mutual funds held for long-term savings purposes, escheat to the state after three years of inactivity. This Maine investor is perhaps saving for retirement, for a new home, or for the education of a family member. In 5, 10, or 15 years (or longer) when the investor goes to access their account to fund their long-term savings goal, they will find the account balance is now \$0, having escheated to the state years prior. Worse, Maine would have liquidated the account at the time of escheatment such that our investor would have a

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<sup>2</sup> The Uniform Law Commission (“ULC”) first introduced the Uniform Unclaimed Property Act in 1954, which was most recently amended in 2016 as the Revised Uniform Unclaimed Property Act, or “RUUPA.” RUUPA includes a returned mail standard for securities. Although RUUPA does not have the force of law, some form of RUUPA has been adopted by a number of states.

claim for only the value of their investment at that time. Any expected appreciation or income on the account would be lost.

An inactivity trigger is wholly inappropriate for securities, particular investment accounts that are intended for long-term savings. Investors are frequently disciplined, and take a long-term ‘buy and hold’ approach to their investments. This means that they would not be expected to be actively trading in or otherwise engaging with their account on a regular basis. Investors will, however, receive the information they need to monitor the performance of their investments. Investors in mutual funds receive annual and semi-annual reports and other shareholder notices, and investors in securities accounts receive periodic account statements and other communications. For these investors to not otherwise engage with the holders of their property every three years does not equate to them *abandoning* the property or equate to the owner being *lost*. Applying this standard to Maine securities investors will lead to harm to Maine residents. By contrast, retaining the current returned mail standard for escheatment of securities under the Maine Revised Unclaimed Property Act would protect Maine investors and prevent this harm.

### **Concern for Older Maine Investors**

Unclaimed property is a priority issue for ICI. Protection of elder investors from financial abuse and other financial harm is another one of our priority issues. ICI engages with state and federal regulators on a regular basis in furtherance of investor protection, including elder investor protection. The change proposed in LD 1969 would leave many elder investors in Maine more vulnerable. Older investors typically receive account statements and shareholder communications through the postal service. As long as they continue to receive these communications they, today, have no reason to be concerned that their investments are at risk of Maine taking and liquidating their property. The amendments in LD 1969 would make many investors’ property immediately subject to escheatment.

We understand that many Maine state representatives are particularly focused on ensuring the financial stability of older Maine residents such that this population is able to afford needs such as health care and housing. Moving forward with the change to the escheatment trigger for securities in the Maine Revised Unclaimed Property Act included in this bill would be contra to this initiative. This change would cause all investors in Maine to be at risk, and older investors, who regularly receive investment communications through the mail, would be particularly vulnerable.

In closing, ICI opposes the amendments to the securities escheatment trigger contained in LD 1969.

ICI appreciates your consideration of our concerns. Please do not hesitate to contact Amy McDonald at [amy.mcdonald@ici.org](mailto:amy.mcdonald@ici.org) or Kyle Gilbert at [kyle.gilbert@ici.org](mailto:kyle.gilbert@ici.org) if you have any questions regarding this testimony or would like additional information regarding our positions. We would welcome further engagement on this important topic.

Sincerely,

/s/ Amy McDonald

/s/ Kyle Gilbert

Amy McDonald  
Associate General Counsel

Kyle Gilbert  
Government Affairs Director