



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-221557.2

February 20, 1986

The Honorable Jack Brooks
Chairman, Committee on Government Operations
House of Representatives

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FOR 30 DAYS

Dear Mr. Chairman:

This responds to your request for comments on H.R. 3893, entitled the Unclaimed Property Act of 1985. The bill is intended to help identify unclaimed property held by federal agencies which may be subject to escheat or custodial taking by a state under its laws. The bill also establishes procedures governing the recovery of such property by the states.

We have no basis for commenting on whether the activities required by the bill are needed to improve the federal agencies' identification of unclaimed property and the recovery of the property by the states. However, we believe that many of the activities assigned by the bill to the Comptroller General are more appropriate for the executive branch and the bill should be amended accordingly.

Under existing law, our office settles claims for unclaimed property under a variety of specific statutes. However, these statutes generally require the responsible agency to take possession of the property, attempt to locate those entitled to it, and, if no beneficiary can be located, sell the property and deposit the proceeds into the Treasury. After these actions are taken, we settle claims for the proceeds. 10 U.S.C. §§ 2575, 4712, 4713, 9712, 9713. In addition to settling claims under the authority provided us by specific statutes governing the disposition of unclaimed property, other claims may be settled under our general claims settlement authority contained in 31 U.S.C. § 3702.

We have a more detailed role under 22 U.S.C. § 4195 in cases involving the death of a United States citizen in a foreign country. The consular or diplomatic officer for the jurisdiction in which the death occurred serves as a provisional conservator of the estate. When no representative of the decedent is present, the officer is responsible for taking possession of the decedent's property, attempting to notify next of kin, and, to the extent authorized, selling the property. The officer transmits the proceeds and any unsold property to the General Accounting Office who acts as conservator. In this role, we transmit the proceeds to the state of the last domicile of the deceased citizen if no valid claim

has been made in 6 years. If the last domicile cannot be determined, the proceeds are covered into the general fund of the Treasury.

As compared to existing law, this bill would require the Comptroller General to more regularly perform operating responsibilities with respect to the disposition of all unclaimed property. Section 4(a) requires an annual examination of all records concerning unclaimed property in each agency. Section 5(a) requires, upon request, an annual report to any state concerning unclaimed property in which the state may have an interest under the bill's provisions. Further, section 5(a)(2) requires the Comptroller General to, in effect, determine the liability of the United States under various state laws. Finally, if the Comptroller General is unable to determine the situs of unclaimed property because the section 4(a) examination does not disclose the last known address of the owner of the property, section 6(a)(3) requires the Comptroller General to allocate the property among all the states based on population.

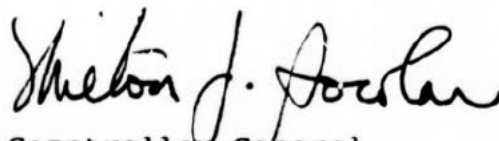
Taken together, the activities required of us under H.R. 3893 constitute a substantial part of the program established by the bill. We believe the primary responsibility for identifying unclaimed property, determining property interests under federal and state laws, and dealing with the states should lie with the agencies themselves. To the extent we have a role concerning unclaimed property, we believe that role should be limited to settling claims arising after agencies attempt to properly dispose of the property.

Further, section 4(b) provides that the Comptroller General prescribe regulations governing the transfer of unclaimed property from federal agencies to the Administrator of the General Services Administration, and section 7 requires the Comptroller General to prescribe the rules, regulations, and procedures for federal agencies as necessary for the administration of the bill's provisions. We believe that issuing regulations to govern the treatment of unclaimed property held by federal agencies is an action better left to those in the executive branch responsible for property administration.

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We appreciate the opportunity to comment on the proposed legislation.

Sincerely yours,

A handwritten signature in cursive script, reading "Milton J. Fowler". The signature is written in dark ink and is positioned above the typed name and title.

Acting Comptroller General
of the United States