



OFFICE OF ILLINOIS STATE TREASURER

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Proposed Law Would Protect Crooked Businesses That Wrongfully Keep Taxpayer Money, Property

*Gov. Rauner, Chamber of Commerce Legislation Would Make Illinois
the Only State Without Audit Authority – the Only Tool
That Exists to Make Sure People Follow Unclaimed Property Law*

SPRINGFIELD – Crooked businesses would be able to keep taxpayer money without fear of punishment if legislation pushed by the Illinois Chamber of Commerce and supported by Gov. Bruce Rauner becomes law, Illinois Treasurer Michael Frerichs said today.

SB2901 would outlaw the use of auditors to ensure that businesses are properly reporting unclaimed property to the state of Illinois. Examples of unclaimed property include unpaid life insurance benefits, forgotten bank accounts, and unclaimed rebate checks. If enacted into law, not only would hundreds of millions of dollars be kept by dishonest businesses instead of paid to the rightful owners, honest businesses would be at a competitive disadvantage simply by following the rules.

Illinois holds more than \$2 billion in unclaimed property. Of that, more than one-fourth, or \$612 million, is a direct result of audits. Illinois' current system of audits began under then-treasurer Judy Baar Topinka, a Republican the chamber of commerce previously supported and a person Rauner called one of the state's ["all-time greats"](#).

"On what planet does keeping something that you know does not belong to you deserve to be protected by special legislation," Frerichs said. "Honest mistakes happen. That is why every industry in America uses audits. If this legislation comes to pass, it would be impossible to identify which companies were following the rules, regardless of their intent."

Audit success stories inside the Illinois Treasurer's Office include:

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- Between 2011 and 2015, audits identified more than \$550 million in unpaid life insurance death benefits that should have been paid. In some cases, the insured had been deceased for decades.
- In 2016, Sprint agreed to surrender \$2.3 million owed to 32,000 Illinois residents who did not cash rebate checks. In that same year, Radio Shack agreed to surrender uncashed rebates worth \$140,000 owed to 5,000 Illinois residents. Audits identified these rebates still owed to Illinois residents.
- In 2018, Chicago-based Kemper Corp. reversed course and dropped a lawsuit to block audits after previously indicating in federal filings that their position “creates a risk of reputational damage.”

In 2017, Rauner tried to kill the Life Insurance Reform Act by issuing an amendatory veto that effectively prohibited the use of outside auditors. Lawmakers wisely rejected that proposal because it would have gutted Illinois’ unclaimed property law. SB 2901 again attempts to eliminate the use of audits.

State law declares that unclaimed property is the responsibility of the state treasurer’s office. Individuals can search a database for their name or the name of their business or non-profit at www.illinoistreasurer.gov Frerichs’ office never charges anyone to search the database or return unclaimed property.

The treasurer’s office relentlessly pursues the return of unclaimed property and is legally required to get property to the rightful owners no matter how long it takes for them to come forward. It is in the financial self-interest of businesses to not return unclaimed property. **Outlawing audits would effectively allow some businesses to simply keep money that rightfully belongs to Illinois residents.**

In addition to the public database, the state treasurer’s office takes additional steps to reunite individuals with their unclaimed cash or property. Direct mail and newspaper advertisements are staples of reunification efforts. Television and print news stories inform the public with examples such as the return of a Purple Heart military medal or significant cash left to a non-profit or church. Social media also is used.

About the Illinois Treasurer

The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state’s Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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