

### **393.022 Escheat of United States savings bonds to Commonwealth.**

- (1) As used in this section:
  - (a) "Book-entry bond" means a savings bond maintained by the United States Treasury in electronic or paperless form as a computer record;
  - (b) "Definitive bond" means a savings bond issued by the United States Treasury in paper form;
  - (c) "Final maturity" means the date a United States savings bond ceases to earn interest; and
  - (d) "United States savings bond" means a book-entry bond or definitive bond issued by the United States Treasury.
- (2) This section shall apply to the escheat of United States savings bonds to the Commonwealth of Kentucky.
- (3) A United States savings bond held or owing in this state by any person, or issued or owed in the course of a holder's business, or by a state or other government, governmental subdivision, agency, or instrumentality, and all proceeds thereof, shall be presumed abandoned in this state if:
  - (a) The last known address of the owner of the United States savings bond is in this state; and
  - (b) The United States savings bond has remained unclaimed and unredeemed for three (3) years after final maturity.
- (4) United States savings bonds which are presumed abandoned under subsection (3) of this section shall escheat to the Commonwealth of Kentucky three (3) years after becoming abandoned property, and all property rights and legal title to and ownership of the United States savings bonds or proceeds from the bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, shall vest solely in the Commonwealth of Kentucky according to the procedure set forth in subsections (5) to (8) of this section.
- (5) If no claim has been filed in accordance with the provisions of this chapter, the department shall commence a civil action in the Franklin Circuit Court for a determination that United States savings bonds have escheated to the Commonwealth of Kentucky and the Commonwealth of Kentucky is the owner of the savings bonds.
- (6)
  - (a) The department shall provide notice of the action by publication in at least two (2) newspapers of statewide circulation in accordance with the provisions of KRS 424.110 to 424.215.
  - (b) The notice shall list all persons to be served and shall notify those persons that:
    1. The person has been sued in a named court;
    2. The person must answer the petition or other pleading or otherwise respond, on or before a specified date not less than fifty (50) days after the date the notice is first published; and
    3. If the person does not answer or otherwise respond, the petition or other pleading shall be taken as true and judgment, the nature of which shall be stated, will be rendered accordingly.

- (7) Prior to providing notice by publication as required by subsection (6) of this section, the Treasurer or his or her designee shall file with the court an affidavit stating all the following that apply:
- (a)
    - 1. The residences of all named persons sought to be served, if known;
    - 2. The names of all persons whose residences are unknown after reasonable effort to ascertain them; and
    - 3. The specific efforts made to ascertain the unknown residences;
  - (b) That the affiant has made a reasonable but unsuccessful effort to ascertain the names and residences of any persons sought to be served as unknown parties, and the specific efforts made to ascertain the names and residences;
  - (c) That the department is unable to obtain service of summons on the persons in the state; and
  - (d) That the case is one in which the department, with due diligence, is unable to serve summons on the person in this state and:
    - 1. The case relates to personal property in this state, if any person has or claims an interest in the property; or
    - 2. In which the relief demanded consists wholly or partly in excluding the person from any interest in the property.
- (8) If:
- (a) No person files a claim or appears at the hearing to substantiate a claim; or
  - (b) The court determines that a claimant is not entitled to the property claimed by the claimant;
- then the court, if satisfied by the evidence that the department has substantially complied with the laws of the Commonwealth, shall enter a judgment that the subject United States savings bonds have escheated to the Commonwealth of Kentucky, and all property rights and legal title to and ownership of the United States savings bonds or proceeds from the bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, shall vest solely in the Commonwealth of Kentucky.
- (9) The department shall redeem the United States savings bonds escheated to the Commonwealth, and the proceeds from the redemption shall be deposited into a separate subsidiary account of the abandoned property fund.
- (10) After a judgment of escheat has been entered pursuant to subsection (8) of this section, the Treasurer or his or her designee may, at his or her discretion, make full or partial payment of requests for the proceeds of United States savings bonds to persons to whom, in the opinion of the Treasurer or his or her designee, the Commonwealth should in fairness and equity allow payment.

**Effective:** April 10, 2014

**History:** Created 2014 Ky. Acts ch. 102, sec. 4, effective April 10, 2014.