



Michael W. Frerichs

ILLINOIS STATE TREASURER

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/TreasurerMichaelFrerichs

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Protecting Consumers

TREASURER'S NOTE

Earlier this month, I announced a lawsuit that I brought against cell phone provider Sprint and one of its rebate clearinghouses.

Sprint, like many companies, often uses rebate cards to convince people to purchase its products. However, with Sprint, we discovered that nearly 32,000 people in Illinois did not cash an estimated \$2.7 million of these rebate cards.

So, we did what any reasonable person would do. We contacted Sprint and asked them to surrender the money to the Treasurer's Office and we would locate the individuals and return the money.

After all, that is part of what we do. Our unclaimed property division holds **more than \$2 billion**. We work every day to return this unclaimed money to the proper owners. Returning the Sprint rebates to their rightful owners would allow us to do our job, be responsible to taxpayers, and close an unsuccessful business chapter for Sprint and its clearinghouse, Young America Corp., of Minnesota.

Sprint and Young America disagreed, despite striking similar agreements in other states.

It is frustrating and wrong when these large companies with deep pockets and corporate attorneys break their promises, keep money that is not theirs, and dare people to file a lawsuit. I'm not happy about it, but we did file the lawsuit. Case number 2016-CH-01864 is in Cook County Circuit Court.

When we allow companies to take advantage of the middle class, everyone suffers. It emboldens company owners to ignore our faces as they squint to see the bottom line. It hurts our residents who already are struggling to pay for college and save for retirement.

This must stop. Sprint looks like a good place to start.

Sincerely,
Michael W. Frerichs
Illinois State Treasurer

Life Insurance Lawsuit

Here is something you do not see every day: Three life insurance companies suing the Illinois Treasurer's Office so it doesn't have to pay out ... life insurance policies.

That is exactly what three life insurance companies did. They are part of Kemper Corporation.

Purchasing life insurance is a big decision. It's also a decision that sometimes occurs without discussing it with a spouse or family member. That is why a loved one could pass away and no one in the family knows about the policy.

Most people understand this. It is why more than 20 of the largest life insurance companies work with the Illinois State Treasurer's Office so these unclaimed life insurance proceeds go back to the families they were intended to help.

How much money is at stake? The cooperating insurance companies have paid \$350 million to survivors. Additionally, more than \$200 million has been reported to the Treasurer's Office as unclaimed property.

The process is quite easy. These companies allow the office to review the names of policy holders that likely have passed away - say a policy that started in 1930.

Kemper thinks differently. Not only did it sever negotiations, its companies filed a lawsuit to block our efforts.

They did so claiming the Treasurer's Office has no right to look at the names because it is not a licensing body. Additionally, in a Securities and Exchange Commission filing, it also claims that paying these policies would **hurt their profits**.

People purchase life insurance so that when they pass their families will have a little help. Most insurance companies accept this. Kemper chose to argue this point in a court of law.

Credit Card Change?

Thousands of our residents have received new credit and debit cards with improved security. These new cards sometimes are called "chip cards" or "smart cards."

What has been overlooked, however, is that many of the new cards also have new card numbers. As such, any direct billing you might have with your "unchipped" or "dumb" credit or debit card will need to be updated.

Credit cards are a convenience. They should not be used as a tool to take out a loan. Still, in 2015, U.S. credit card debt topped \$917 billion. Individuals struggling with credit card debt will benefit from debt reduction strategies that can be found by clicking [here](#).

Photo Contest

Illinois State Treasurer Michael Frerichs encourages young photographers to submit photographs for the 4th annual Cream of the Crop Photo Contest. The contest encourages young photographers to share their vision of agriculture in our state.

"I grew up in rural Illinois. I know the beauty and strength that can be found on our farms and I look forward to seeing it through the eyes of our children," Frerichs said.

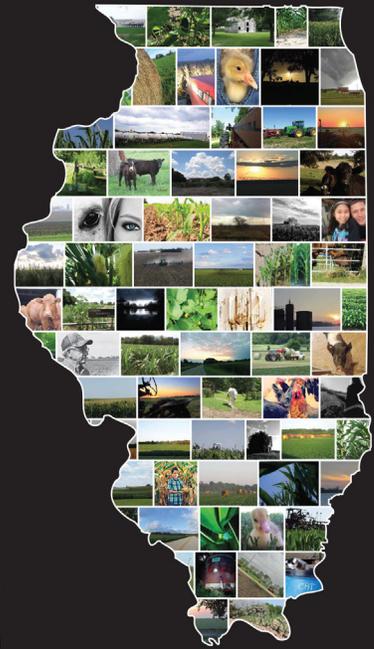
The Treasurer's Office is accepting electronic submissions for the Cream of the Crop Photo Contest from Illinois students, ages 8-18. Top photographs will be chosen in three age-based categories: ages 8-10, 11-14 and 15-18. Each student is allowed to submit up to two photos by July 7, 2016.

To read the rules, terms and legal conditions associated with this contest, visit our website at illinoistreasurer.gov and look under the Resource Center on the right side of the screen.

The photo contest is part of the Ag Invest program and offers an opportunity for Illinois students to submit photos that depict their vision of agriculture in our state. Contest winners will be featured in the Ag Invest marketing materials and at the 2016 Illinois State Fair.

Ag Invest is one of the nation's largest agricultural linked deposit programs. It helps hundreds of Illinois farmers and agriculture professionals. The Treasurer's Office, through Ag Invest, partners with eligible lenders to offer farmers annual and long-term, low-interest loans which can be used for operating costs, equipment purchases, construction-related expenses, and livestock purchases.

ILLINOIS STATE TREASURER'S OFFICE



CREAM OF THE CROP PHOTOGRAPHY CONTEST

Illinois Fund Changes

Illinois Funds is a local government investment pool authorized in 1975. It allows communities to pool investment dollars to achieve greater returns. The Treasurer's Office manages these investments. If your city is an Illinois Fund participant, there are some behind-the-scenes changes that are necessary because of new federal rules.

Recent changes made it impossible to continue offering "traditional" banking services as part of an Illinois Funds investment account. In essence, Illinois Funds must be treated as an investment-only tool, much like a money market mutual fund. As a result, Illinois Funds no longer can offer certain banking services, such as check writing, direct deposit and branch deposits. However, these services remain available through a separate banking account. Communities who used Illinois Funds to invest money and traditional banking were sent information explaining what changes need to be made.

The new federal rules prohibit most third-party transactions, including third-party transactions from the county or federal governments.

Finally, these new federal rules also touch E-Pay accounts. E-Pay allows individuals to safely pay bills to local governments and state agencies. Details can be found at the [Illinois Funds website](#) or the [E-Pay website](#).

IMET is Not a State Fund

IMET is back in the news. IMET stands for Illinois Metropolitan Investment Fund. It often is mistaken for a Treasurer's Office fund. It is not. IMET is a private fund that also pools investment dollars from local governments such as cities, schools and park districts. The Treasurer's Office has a similar investment fund.

IMET initially made headlines a few years ago when it lost more than \$50 million due to an investment with a Florida man who later was charged with fraud. IMET recently told investors it **hopes to recover about \$24 million** of the loss, an amount lower than previous estimates.

The Illinois Treasurer is the state's chief investment officer and Treasurer Michael Frerichs is a Certified Public Finance 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 that often is confused with IMET. The investment approach is cautious to ensure the preservation of capital. The office returns \$28 to the state for every \$1 spent in operations.

It is unfortunate that investors lost money with IMET. It also is important to clarify that IMET is not part of the state's investment portfolio.

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