



SOUTH DAKOTA
Treasurer

— JOSH HAEDER —

FY25 Budget Overview

FY25 Budget Overview

FY25 Budget (combined & in-line with Governors Budget Recommendation)

\$33,980,878

\$689,326

Treasury (General fund)

5.1 FTE

Treasury Staff

\$33,266,323

Unclaimed Property
(Other - Informational)

5.9 FTE

Unclaimed Property Staff

Partnerships



SD Banking Partner

KROLL

Audit Services

Elavon

Merchant Processing



UCP Marketing

LexisNexis

UCP Data Verification



UCP Software

Office Staff



Jason Williams
Deputy Treasurer

Treasury Staff

- ➔ **Melissa Hull**
Treasury Manager
- ➔ **Penni Almond**
Assistant Treasury Manager
- ➔ **Nicole Stasch**
Finance Manager
- ➔ **Kimberly Lauing**
Cashier Manager

Unclaimed Property Staff

- ➔ **Lee DeJabet**
Unclaimed Property Administrator
- ➔ **Anissa Grambihler**
Compliance/Portfolio Manager
- ➔ **Amy Ullmann**
Claims Manager
- ➔ **Toni Kenefick-Aschoff**
Claims Processor
- ➔ **Ashley VanDenOever**
Outreach Manager

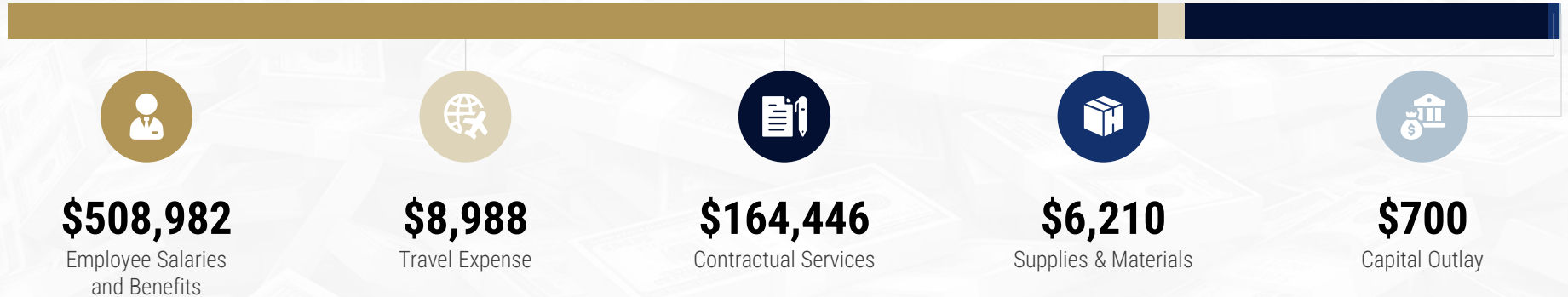
Treasury Services

\$689,326 (General Fund)

The State Treasurer is the state's chief banking official.

The state treasurer serves as the receiver and safekeeper of all public funds paid into the state treasury. The office manages the state's banking relationships and state fund transfers. Its primary responsibility is the depositor of all state public funds. In line with Governor's recommendation.

FY25 BREAKDOWN



Treasury Services Metrics Deep Dive (FY23)

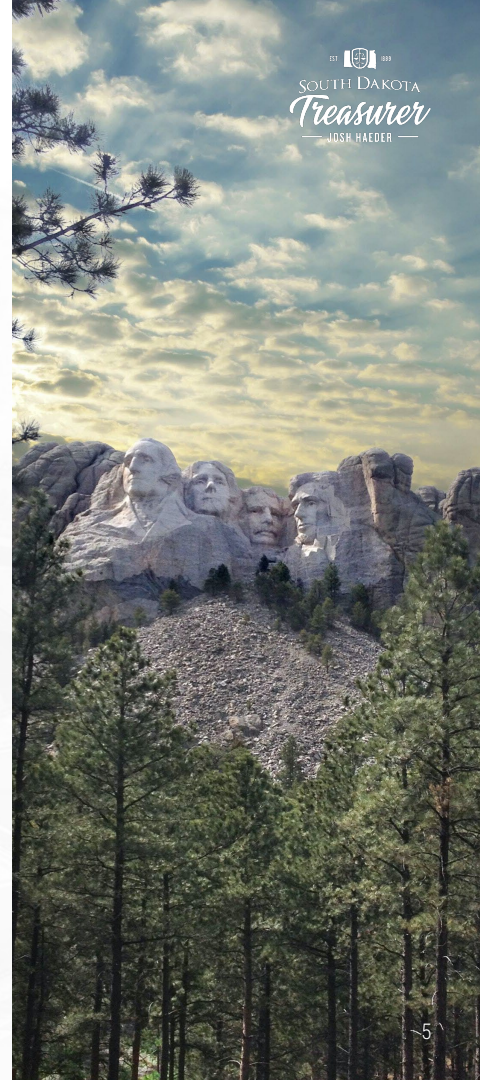
Total cash receipts processed
\$7,362,409,809

- **7.48%** decrease from previous fiscal year,
41.66% increase from 2017,
57.75% increase from 2012

Total cash disbursements
\$7,568,047,163

- Majority sent via ACH, **\$6,461,885,786**.
354,620 Checks deposited from state agencies
FY23

- Veterinary student grants managed
\$317,230
- Public deposits managed
\$3,340,200,222
- Total number of public depositories
68
- Public Defender funds distribution to counties
\$597,973
- Abused and Neglected Child Fund
\$81,024
- Interest earned on checking account
\$148,229



Unclaimed Property - Informational Budget

\$33,266,323 (Other – Informational & In line with Governor’s Budget Recommendation)



The State Treasurer is holding hundreds of millions of dollars in unclaimed funds.

The State holds these lost funds until they are claimed by either the original owner or their heirs.



\$578,863

Employee Salary and Benefits



\$2,647,420

Operating & Contractual Services



\$40,040

Supplies & Materials (Postage \$25,000)



\$0

Capital Outlay



\$30,000,000

Estimated Unclaimed Property Payments (*Gov's Budget Recommendation*)

Unclaimed Property Numbers Breakdown

Total Unclaimed Properties Remitted to South Dakota: 2,515,670 - Dollar Value: \$1,186,578,016.29

Global Numbers

Claimable Properties: 2,153,382
Dollar Value of Claimable Properties: \$924,076,383.62

Foreign Claimable Properties: 271,644
U.S. Claimable Properties (minus S.D.): 1,004,263

Total Claimable Properties less than 10yrs old:
1,940,980

Total Claimable Properties less than 10yrs old
value: \$872,042,562.78

85.82% of claimable property is less
than 10 years old

Approx 20% of total claimable property currently has
no name or is listed as unknown

South Dakota Numbers

Claimable Properties: 877,475
Dollar Value of Claimable Properties: \$100,845,382.59

Average Claim Amount: \$776.27 (based on approx. 93k
claims paid on more than 162k properties)

Properties Received before 12/19/2013: 163,078

Value of Properties received before 12/19/2013:
\$2,224,686.42

SD Properties less than 10 years old: 714,397

SD Properties less than 10 years old value:
\$98,620,695.60

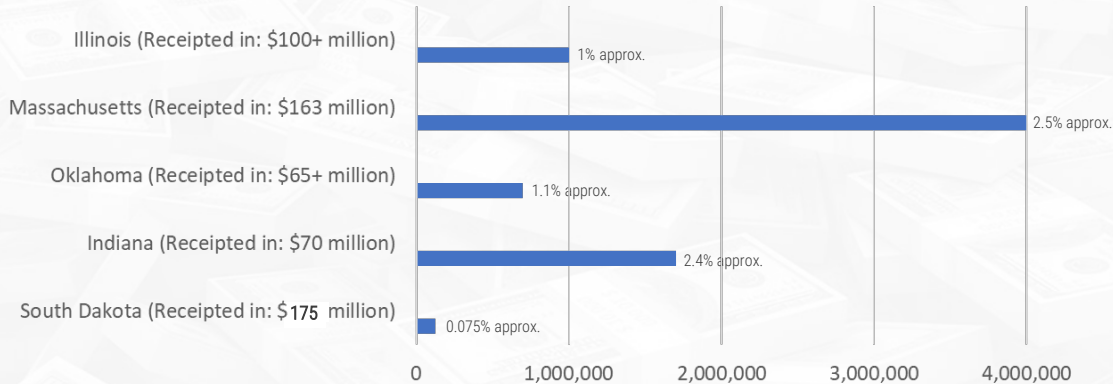
81.42% of claimable property is less than 10 years old

Consumer/Holder Education and Return Efforts

The recruitment of national bank associations is highly active (example to be provided via testimony). States fully recognize the significant value that unclaimed property brings to the budgeting process. What sets states apart are the competitive advantages they possess, such as favorable bank franchise tax percentages based on total assets held and their unwavering dedication to promoting and returning unclaimed property to rightful owners.

When comparing South Dakota to states with similar annual unclaimed property remittances, it becomes evident that they significantly surpass us in terms of expenditures allocated toward raising awareness, enhancing bank retention, and implementing effective return strategies (Information received through National Association of Unclaimed Property Administrators (NAUPA)). Our holders are paying attention to our efforts (see support letters).

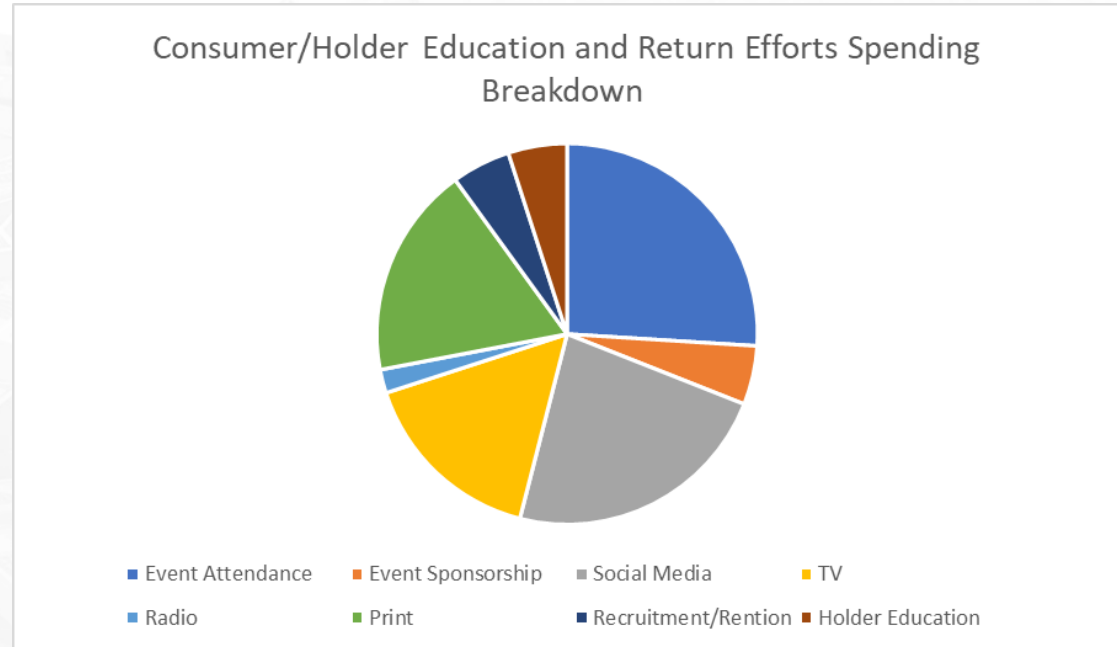
Good Faith Effort Expenditure Comparison (2023)



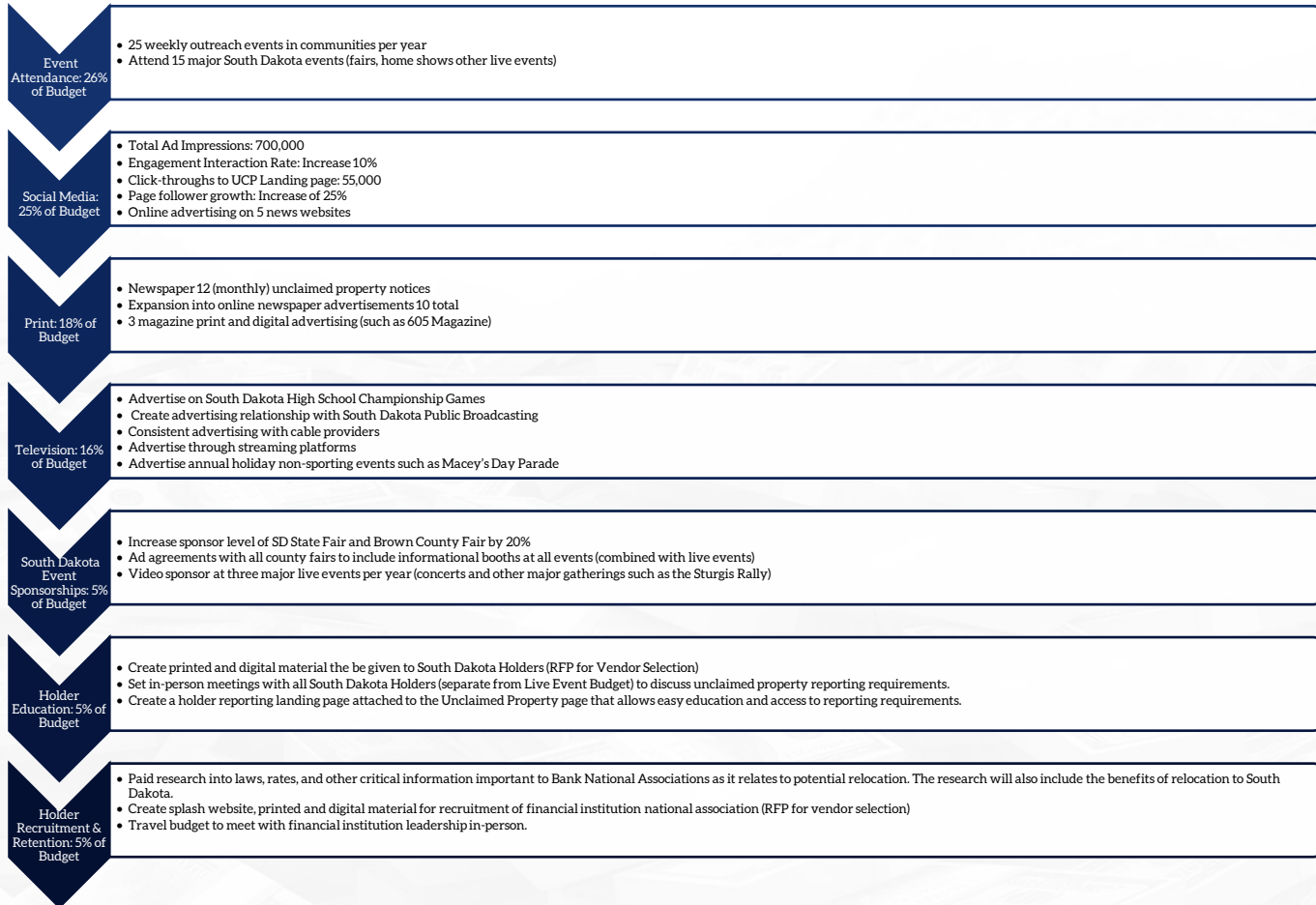
Budget Change to Consumer/Holder Education and Return Efforts

Includes: Marketing, Outreach, Recruitment and Retention

- Current Annual Budgeted Amount: \$125,000.00
- FY25 Budgeted Amount: (Supported by Gov. Noem, BFM & holders (see support letters)) 1% ceiling of receipted funds (starting FY25) set aside for Consumer/Holder Education and Return Efforts



South Dakota Consumer/Holder Education & Return Goals FY25

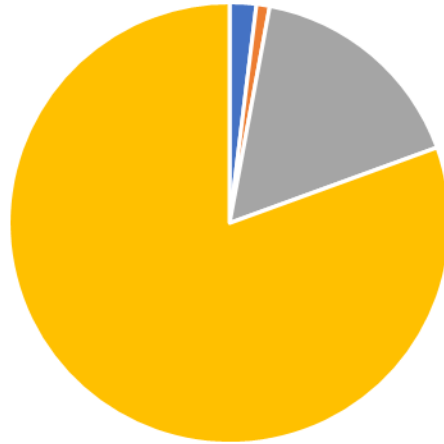


* Informational Budget

Consumer/Holder Education and Return Efforts

**Hypothetical as these are FY24 Numbers*

\$175,000,000 Expenditure Breakdown with Increase



- UCP Budget (minus CHERE)
- Funds returned through claims
- UCP Consumer/Holder Education & Return Efforts
- Fund Spent by Legislature

Governor's Budget Recommendation of \$30m in returns (only an estimate)

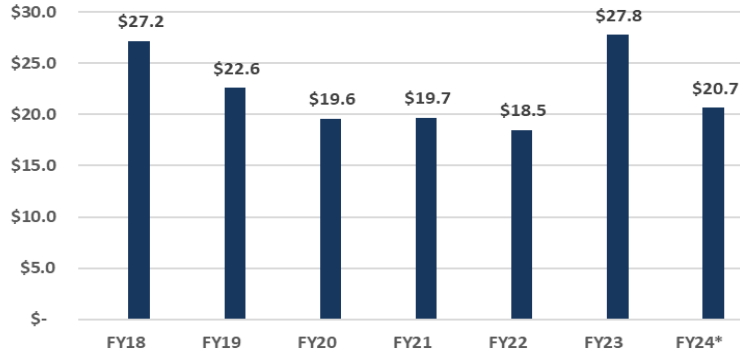
- Spent by Legislature: 80%
- Money Returned through claims: 17%
- UCP Budget minus Marketing: 2%
- UCP Consumer/Holder Education and Return Efforts 1%

UCP Historical Numbers

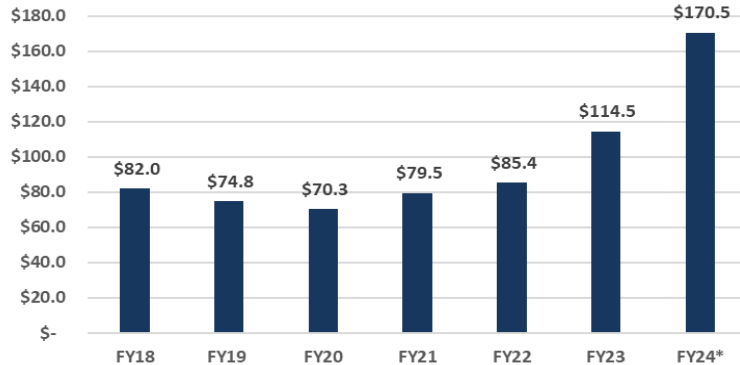
Total number of dollars returned to South Dakotans 2018 through today

\$23,387,454.32

Claims Paid by Fiscal Year in Millions



Unclaimed Property Receipts in Millions



FY24 UCP Receipts (collected) July-December



- ➔ \$170.5 million **with another \$5-7 million expected** from life insurance report, stock sales and audits.
- ➔ FY23 total receipts were \$114.5 million, thus we will receipt in roughly \$56 million more in FY24. We attribute this to large foreign accounts and audits.

Risk Mitigation

Total number of rejected fraudulent claims FY23

201



The largest risk incurred by the South Dakota Treasurer's Office; Division of Unclaimed Property continues to be foreign (international) estate claims. These claims represent some of the highest dollar amount per claim often exceeding **\$100k** from combined accounts.



322

Claims tagged as medium or high risk of fraud by KAPS Software System



The skill and sophistication of fraud attempts have substantially increased. Software allowing fabrication and falsification of photo images (smart phones) has made fraudulent documents better and more readily available. Recent fraud attempts are more professional and exhibit a thorough understanding of the escheatment and claim process.



\$18,459,095

Total dollar value on claims marked fraudulent



Foreign Risk Factors

1. An increasing number of claims originate from mainland China as well as Taiwan. The claimants have previously been students or have been employed in the United States. They have maintained their accounts in the United States. Due to political unrest between the United States and China these individuals are now filing claims.
2. An increasing number of claims are being filed by foreign nationals. These claims are heavily weighted to South American countries (Ex. Venezuela, Colombia, Chile, and Argentina). It is not uncommon for individual claims to exceed \$50k with claims over \$250k occurring. Foreign Nationals from these locations have historically engaged in regular travel to the United States. They have opened bank accounts in the United States to protect their wealth from domestic political and economic instability. Due to Covid restrictions these individuals found themselves unable to travel to the U.S., their bank accounts became dormant/unclaimed, and were subsequently escheated. After resumption of travel, they are now discovering their U.S. accounts have been closed and balances transferred to South Dakota UCP.

Questions?

Stop or call any time!



Josh Haeder, South Dakota State Treasurer



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