

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

PEOPLE OF THE STATE OF ILLINOIS,)
ex rel. MICHAEL W. FRERICHS,)
 Treasurer for the State of Illinois,)
)
 Plaintiff,)
)
 v.)
)
 SPRINT SPECTRUM, L.P., a Delaware)
 Limited Partnership; and YOUNG AMERICA)
 CORPORATION, a Minnesota Corporation,)
)
 Defendants.)

Case No.:

FILED
 CHANCERY DIVISION
 COUNTY CLERK
 COOK COUNTY, ILLINOIS

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 CHANCERY DIVISION
 COUNTY CLERK
 COOK COUNTY, ILLINOIS
 DOROTHY BROWN
 CLERK

COMPLAINT

The People of the State of Illinois, *ex rel.* MICHAEL W. FRERICHS, Treasurer for the State of Illinois, through his attorney, LISA MADIGAN, Attorney General of Illinois, brings before this Honorable Court this Complaint for continued violations of the Illinois Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/0.05, *et seq.*, and in support thereof states:

THE PARTIES

1. Plaintiff MICHAEL W. FRERICHS is the Treasurer for the State of Illinois. The Treasurer is authorized to enforce the provisions of Illinois' Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/0.05, *et seq.* (the "Act"). 765 ILCS 1025/24.
2. Defendant Sprint Spectrum, L.P. ("Sprint") is a Delaware limited partnership and has its principal place of business in Missouri. Sprint is authorized to do business in Illinois. Sprint's registered agent is Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield, Illinois 62703-4261.
3. Sprint is one of the largest providers of digital wireless and cellular telephone and

data services in the country. Sprint does business and maintains retail stores throughout Illinois, including in Cook County.

4. On information and belief, Sprint currently holds property owned by Illinois citizens. Sprint is required to report and remit such property to the Illinois Treasurer pursuant to the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/0.05, *et seq.*

5. Defendant Young America Corporation (“Young America”) is a Minnesota corporation and has its principal place of business in Minnesota. Until 2004, Young America was authorized to do business in Illinois, and its registered agent was National Registered Agents, 208 S. LaSalle Street, Suite 1855, Chicago, Illinois 60604. Young America is no longer authorized to do business in Illinois and does not have an authorized agent in Illinois.

6. Young America is one of the largest rebate clearinghouses in the world. Young America processes rebates on behalf of its clients, including Sprint. On information and belief, Young America has processed Sprint rebates for customers throughout Illinois, including Cook County.

7. On information and belief, Young America currently holds property owned by Illinois citizens. Young America is required to report and remit such property to the Illinois Treasurer pursuant to the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/0.05, *et seq.*

JURISDICTION AND VENUE

8. Jurisdiction is proper in this Court pursuant to 765 ILCS 1025/24 and pursuant to 735 ILCS 5/2-209 because Sprint and Young America transact or transacted business in the State and make or perform contracts or promises of rebates within the State.

9. Venue is proper in this Court pursuant to 735 ILCS 5/2-101 because Sprint is a

resident of Cook County. In the alternative, if Sprint is a nonresident of the State, venue is proper in any county.

SPRINT REBATES

10. Sprint offers rebates to its customers as incentives to purchase Sprint's products and services. In order to obtain a rebate, a Sprint customer has to: (1) buy and/or activate a designated product or service; (2) mail in a rebate claim form with proof of purchase and/or activation; and (3) cash the rebate check within the time period stated on the check.

11. Sprint retained clearinghouses, including but not limited to Young America and Parago, Inc., to provide fulfillment services for its rebate programs. Such fulfillment services include processing and verifying the rebate requests and issuing the rebate checks.

12. Certain rebate checks that have been issued by Sprint, Parago and/or Young America to Illinois consumers have not been cashed by the payee.

13. Under the contractual arrangement between Sprint and Young America, Young America draws the rebate payment instrument (*i.e.*, the rebate check) on its own bank account, and Sprint advances the funds to Young America to cover the rebates. The value of any uncashed rebate checks issued pursuant to this arrangement is retained by Young America. This retained value is commonly known as "slippage."

14. Under the contractual arrangement between Sprint and Parago for rebate fulfillment services for the period from January 1, 2003 through June 1, 2005, Parago retained the slippage. The State has settled its claims with Parago for this period.

15. For all other periods during which Parago provided rebate fulfillment services for Sprint, Parago did not retain the slippage, but instead returned the value of any uncashed rebate checks to Sprint.

16. Therefore, Sprint and Young America have retained the value of unclaimed rebates owing to Illinois consumers.

ILLINOIS' UNIFORM DISPOSITION OF UNCLAIMED PROPERTY ACT

17. Illinois' Uniform Disposition of Unclaimed Property Act requires holders of unclaimed property to report and remit such property to the State to be held by the State as custodian for the owner. *See generally* 765 ILCS 1025/0.05, *et seq.*

18. A "holder" is defined by the Act as "any person in possession of property subject to this Act belonging to another, or who is trustee in case of a trust, or is indebted to another on an obligation subject to this Act." 765 ILCS 1025/1(d).

19. An "owner" is defined by the Act, in relevant part, as a "claimant, or payee in case of other property, or any person having a legal or equitable interest in property subject to this Act, or his legal representative." 765 ILCS 1025/1(f).

20. The Act requires business associations to report "all property and any earnings thereon to which the owner would be entitled that have remained unclaimed for 5 years and are therefore presumed abandoned." 765 ILCS 1025/2a(a). Such property includes, but is not limited to, in part: "credit checks or memos, or customer overpayments"; "unidentified remittances, unrefunded overcharges"; "unpaid claims, unpaid accounts payable or unpaid commissions"; and "credit balances--accounts receivable, checks written off, employee bond buying and profit-sharing." 765 ILCS 1025/2a(a)(3), (5), (6), (7).

21. A "business association" is defined in the Act as "any corporation, joint stock company, business trust, partnership, or any association, limited liability company, or other business entity consisting of one or more persons, whether or not for profit." 765 ILCS 1025/1(b).

22. The Act further provides that “All personal property, not otherwise covered by this Act, including any income or increment thereon that the owner would be entitled to and deducting any lawful charges, that has remained unclaimed by the owner for more than 5 years is presumed abandoned.” 765 ILCS 1025/9.

23. The Act requires that “every person holding funds or other property, tangible or intangible, presumed abandoned under this Act” to “report and remit all abandoned property specified in the report to the State Treasurer with respect to the property as hereinafter provided.” 765 ILCS 1025/11(a).

24. Every person who files a report under Section 11 is required to “deliver to the State Treasurer all abandoned property specified in the annual report on the same date that the annual report is filed.” 765 ILCS 1025/13.

COUNT I (Sprint):
FAILURE TO REPORT AND REMIT UNCLAIMED PROPERTY

25. The Treasurer re-alleges and incorporates paragraphs 1- 24 as if fully set forth herein.

26. Sprint is a “holder” under the Act. 765 ILCS 1025/1(d).

27. The Illinois consumers to whom the unclaimed rebates are owed are “owners” of property under the Act. 765 ILCS 1025/1(f).

28. The unclaimed rebates owing to Illinois consumers are “reportable property” under the Act. 765 ILCS 1025/1(l).

29. Under the Act, Sprint was required to report the unclaimed rebates to the State Treasurer. 765 ILCS 1025/2a(a); 765 ILCS 1025/9.

30. Under the Act, Sprint was required to remit the unclaimed rebates to the State Treasurer. 765 ILCS 1025/11(a); 765 ILCS 1025/13.

31. To date, Sprint has failed to comply with the Act by failing to report and remit the unclaimed rebates to the State Treasurer.

32. In 2008, the Treasurer commenced an examination of Sprint for failure to report and remit unclaimed rebates. *See* Ex. A.

33. To date, Sprint continues to refuse to deliver the unclaimed rebates to the Treasurer as required by the Act.

WHEREFORE, Plaintiff, MICHAEL W. FRERICHS, Treasurer for the State of Illinois, respectfully request that this Honorable Court enter an Order:

- A. Commanding Sprint to allow the Treasurer or the Treasurer's agents to examine all appropriate business records to determine whether Sprint has complied with the Act;
- B. Declaring and fixing, in a sum certain, the unclaimed property reporting obligations of Sprint for any property presumed abandoned subject to the Act;
- C. Commanding that Sprint deliver to the Treasurer any property presumed abandoned subject to the Act held by Sprint that has not been previously reported;
- D. Assessing against Sprint interest and civil penalties for its failure to report and deliver the proceeds of the unclaimed rebates within the time prescribed by law; and
- E. Granting such further relief as may be just and equitable.

COUNT II (Young America):
FAILURE TO REPORT AND REMIT UNCLAIMED PROPERTY

34. The Treasurer re-alleges and incorporates paragraphs 1- 24 as if fully set forth herein.

35. Young America is a “holder” under the Act. 765 ILCS 1025/1(d).

36. The Illinois consumers to whom the unclaimed rebates are owed are “owners” of property under the Act. 765 ILCS 1025/1(f).

37. The unclaimed rebate checks owing to Illinois consumers are “reportable property” under the Act. 765 ILCS 1025/1(l).

38. Under the Act, Young America was required to report the unclaimed rebates to the State Treasurer. 765 ILCS 1025/2a(a); 765 ILCS 1025/9.

39. Under the Act, Young America was required to remit the unclaimed rebates to the State Treasurer. 765 ILCS 1025/11(a); 765 ILCS 1025/13.

40. To date, Young America has failed to comply with the Act by failing to report and remit the unclaimed rebates to the State Treasurer.

41. In 2008, the Treasurer commenced an examination of Young America for failure to report and remit unclaimed rebates. *See* Ex. B.

42. To date, Young America continues to refuse to deliver the unclaimed rebates to the State Treasurer as required by the Act.

WHEREFORE, Plaintiff, MICHAEL W. FRERICHS, Treasurer for the State of Illinois, respectfully request that this Honorable Court enter an Order:

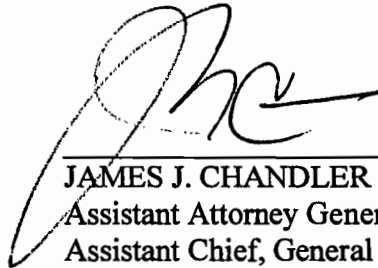
A. Commanding Young America to allow the Treasurer or the Treasurer’s agents to examine all appropriate business records to determine whether Young America has complied with the Act;

B. Declaring and fixing, in a sum certain, the unclaimed property reporting obligations of Young America for any property presumed abandoned subject to the Act;

- C. Commanding that Young America deliver to the Treasurer any property presumed abandoned subject to the Act held by Young America that has not been previously reported;
- D. Assessing against Young America interest and civil penalties for its failure to report and deliver the proceeds of the unclaimed rebates within the time prescribed by law; and
- E. Granting such further relief as may be just and equitable.

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99000

Respectfully Submitted,



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