

**From:** [Stevens, Kate](#)  
**To:** [Pat Marr \("pmarr@treasury.ri.gov"\)](#); [Jennifer Fondeur \(jfondeur@treasury.ri.gov\)](#)  
**Subject:** 10.5% Kelmar Contract Amendment-ACTION REQUIRED  
**Date:** Thursday, September 26, 2013 7:09:18 AM  
**Attachments:** [Kelmar Signed RI Amendment.pdf](#)  
[9.25.13 ltr to Patrick Marr.pdf](#)  
[Rhode Island - Scottrade.pdf](#)

---

Good morning!

I hope that you are both well. As previously discussed on our call Tuesday, attached please find an amendment to our current services contract which reflects the 10.5% contingency fee you elected earlier this month. The original copy has been sent to your attention via FedEx. Please sign this document to close the loop; in the meantime, any invoices sent from Kelmar will reflect the 10.5% fee arrangement.

Also, I have attached a memo drafted by my colleague Tanya Whitlow regarding the [REDACTED]

[REDACTED] There is no action required on your part, this memo just serves as an FYI of the examination status and that we anticipate that there could be some significant findings for Rhode Island associated with the examination.

Please feel free to reach out to me should you have any questions regarding either of these matters.

Best Regards,

Kate

**Kate Stevens • Kelmar Associates, LLC**

600 Edgewater Place, Suite 525 • Wakefield, MA 01880

☎: 781.213.6926 • ext. 227 • 📠: 781.928.9127 • ✉: [kate.stevens@kelmarassoc.com](mailto:kate.stevens@kelmarassoc.com)

---

Disclaimer: This message, including any accompanying documents or attachments, may contain information that is confidential or that is privileged. If you are not the intended recipient of this message, please note that the dissemination, distribution, use or copying of this message or any of the accompanying documents or attachments is strictly prohibited. If you believe that you may have received this message in error, please notify us by replying to the message and deleting it from your computer. Thank You. Kelmar Associates, LLC.

**KELMAR**  
**ASSOCIATES, LLC**

**VIA FEDEX & ELECTRONIC MAIL**

September 25, 2013

Patrick Marr, CTP  
Associate Director of Finance  
Office of the General Treasurer  
50 Service Avenue  
Warwick, RI 02886

Re: Amendment to Abandoned Property Contract

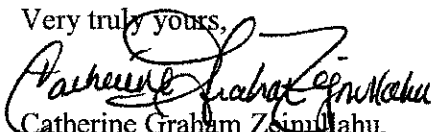
Dear Mr. Marr:

Pursuant to your discussion with Kate Stevens, I am forwarding you the enclosed First Amendments to Abandoned Property Contract signed by David Kennedy on behalf of Kelmar Associates, LLC. Kindly obtain the signature of a duly authorized representative for the State of Rhode Island and please return one fully executed Amendment to me. For your convenience, I have included a pre-paid FedEx envelope with return label.

We trust that you will find the documents in order; however, should you need anything further please do not hesitate to contact Kate Stevens or me at 781-213-6926 ext. 227 or 231 respectively.

Thank you.

Very truly yours,

  
Catherine Graham Zimulahu,  
Associate General Counsel

CGZ/s

Enclosures

cc: David P. Kennedy, Esq.  
Kate Stevens

500 Edgewater Drive, Suite 525 Wakefield, MA 01880 Tel (781) 213-6926 Fax (781) 224-7310  
2 Braxton Way, Suite 100 Glen Mills, PA 19342  
21255 Burbank Blvd., Suite 280 Woodland Hills, CA 91367  
465 South Street, Suite 203 East Morristown, NJ 07960  
3100 Arapahoe Avenue, Suite 500 Boulder, CO 80302

## **FIRST AMENDMENT TO ABANDONED PROPERTY CONTRACT**

This First Amendment to Abandoned Property Contract (the "First Amendment") is dated and effective September 1, 2013 by and between the State of Rhode Island ("State" or "The Director") and Kelmar Associates, LLC, a Delaware limited liability company ("Kelmar") (collectively the State and Kelmar may be referred to herein as the "Parties").

WHEREAS, the State and Kelmar entered into an Abandoned Property Contract dated April 15, 2007 (hereinafter the "Contract"), under which Kelmar agreed to perform unclaimed property examination services on behalf of the State;

WHEREAS, Kelmar is obligated under Article 1, Section A, Subsection 10 of the Contract to inform the State when Kelmar enters into arrangements with any other state providing greater benefits or more favorable terms so that the Parties may amend the Contract;

WHEREAS, on or about June 6, 2013, Kelmar notified the State of its arrangements with two other states that provided more favorable compensation terms than those included in the Contract;

WHEREAS, on or about September 13, 2013, the State informed Kelmar that it wished to adopt the rate of compensation provided under Kelmar's contract with the State of California;

WHEREAS, the Parties wish to effectuate the State's election by amending the Contract in accordance with the terms and conditions of this First Amendment;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the State and Kelmar agree as follows:

1. The first sentence of Article 1, Section E – Compensation, Subsection 4 shall be stricken and replaced with the following sentence:

The contingency fee to Kelmar shall be 10.5% of the value of the net abandoned property actually paid or delivered to Rhode Island by an abandoned property holder or Kelmar.

2. The first sentence of Article I, Section F – Payment, Subsection 1 shall be stricken and replaced with the following sentence:

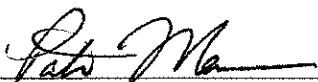
The fee is 10.5% of the net amount of the net amount identified, paid and reported to the State as a result of the services performed by Kelmar.

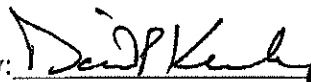
3. Miscellaneous. Except as specifically amended and modified hereby, all of the terms and conditions of the Agreement that were in effect prior to the effective date of this First Amendment shall be and remain unchanged and in full force and effect.

The undersigned acknowledge they have read and understand all the terms set forth in this First Amendment. By fixing their signatures below, the Parties evidence their intent to be bound hereto.

STATE OF RHODE ISLAND

KELMAR ASSOCIATES, LLC

By:   
Name: PATRICK MACK  
Its: DIRECTOR OF FINANCE

By:   
Name: David P. Kennedy  
Its: General Counsel & Member

**From:** [Jennifer Fondeur](#)  
**To:** [Stevens, Kate \(Kate.Stevens@kelmarassoc.com\)](mailto:Kate.Stevens@kelmarassoc.com)  
**Subject:** FW:  
**Date:** Friday, April 11, 2014 5:02:39 PM  
**Attachments:** [20140411163027034.pdf](#)

---

Hi Kate

Hope all is well with you.  
Can we set up a call for next week?

Please forward the attached contract to Michael Gizzi.

Thanks

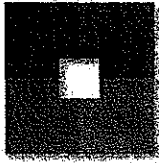
Jennifer M. Fondeur  
Business Services / Unclaimed Property Supervisor  
State of Rhode Island  
Office of The General Treasurer  
50 Service Avenue  
Warwick, RI 02886  
401-462-7667

-----Original Message-----

From: [ricoh3035-unclaimed@treasury.ri.gov](mailto:ricoh3035-unclaimed@treasury.ri.gov) [<mailto:ricoh3035-unclaimed@treasury.ri.gov>]  
Sent: Friday, April 11, 2014 4:30 PM  
To: Jennifer Fondeur  
Subject:

This E-mail was sent from "AFICIO3035-7THFLOOR-UP" (Aficio 3035).

Scan Date: 04.11.2014 16:30:26 (-0400)  
Queries to: [ricoh3035-unclaimed@treasury.ri.gov](mailto:ricoh3035-unclaimed@treasury.ri.gov)



**KELMAR**

500 Edgewater Drive  
Suite 525  
Wakefield, MA 01880  
781-213-6926  
www.kelmarassoc.com

March 28, 2014

Patrick Marr  
Associate Director of Finance  
Office of the General Treasurer  
50 Service Avenue  
Warwick, RI 02886

**RE: Abandoned Property Contract by and between  
the State of Rhode Island and Kelmar Associates, LLC**

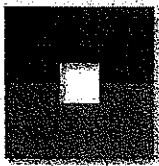
Dear Mr. Marr:

I am writing to provide additional details regarding Kelmar's recent process enhancements to our Death Master File ("DMF") matching techniques. Currently, Kelmar utilizes both exact and fuzzy matching criteria to identify unpaid death benefits in audits of life insurance companies. The enhancements will help Kelmar more accurately identify unclaimed death benefits while reducing the number of "false positive" matches that do not actually represent the unique biological individual found on the books and records of the holder. Utilizing the tools offered by industry leaders LexisNexis ("Lexis") and The Berwyn Group ("Berwyn"), Kelmar will also be able to apply fuzzy logic to those items with incomplete data that do not result in an exact DMF match in order to authenticate individuals and identify additional unclaimed property for the State. This will also enable Kelmar to reduce the burden on the holder and improve the overall accuracy and completeness of the audit results.

The enhancements will allow Kelmar to undertake specific requirements outlined by the Global Resolution Agreements ("GRAs") which have been signed by the State of Rhode Island (the "State") in other examinations. As you may recall, the GRAs outline extensive matching criteria using the DMF to identify unpaid death benefits in life insurance examination through the use of Lexis, or similar vendors like Berwyn. Kelmar is proposing expanding use of these techniques to all life insurance examinations performed by Kelmar on behalf of the State. In so doing, Kelmar will be contracting with Lexis and Berwyn to help authenticate policy information provided by the holder and perform address matching for potential matches to the DMF.

The matching services will serve solely as an enhancement to Kelmar's existing audit process. Kelmar's auditors will continue to exclusively perform the substantive aspects of the audit, and will maintain full discretion throughout the DMF matching process up to and including determining which DMF matches constitute audit findings. The vendors will merely provide supplementary information on Kelmar's initial DMF match reports which will then be analyzed and reviewed by Kelmar's auditors. Neither Lexis nor Berwyn will be contacting the holder and their access to the

California Colorado Massachusetts New Jersey Pennsylvania



**KELMAR**

holder records will be limited in scope and duration. These subcontractors, therefore, will not be performing the essential functions of the audit.

Notwithstanding, while Article VII of the Abandoned Property Contract dated April 15, 2007 by and between Kelmar and the State, contemplates the use of subcontractors, I write to inform the State that as a necessary component to the enhanced DMF matching process, Kelmar will be sharing holder confidential information with Lexis and Berwyn. With this in mind, Kelmar has taken all possible safeguards to ensure the confidentiality of records transmitted and processed by these vendors. Kelmar has entered comprehensive Nondisclosure Agreements with both vendors which require all information be treated with the highest degree of confidentiality and secrecy. As an additional precaution, Kelmar will remove all information identifying the holder from the data before uploading the records and allowing access to Lexis and Berwyn. The data will be provided to the vendors for a limited amount of time required to supplement the DMF match reports; and, upon completion of that process, all confidential data will be destroyed and any traces of the processing erased from the vendor systems.

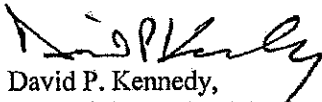
Additionally, Kelmar's Chief Information Officer has verified that the information security practices and procedures of Lexis and Berwyn meet and/or exceed the ISO/IEC 27002 information security controls standard. Mr. Umina has also confirmed that both Lexis and Berwyn are SSAE-16 compliant and that all security practices and standards are in compliance with all state and federal laws. Kelmar has also confirmed these vendors meet and/or exceed the insurance requirements mandated by Kelmar's client states and that these vendors adhere to the contract terms applicable to the handling of audit data. Further, Kelmar understands that it shall remain responsible for all services performed under its Contract with the State and that no agreement with Lexis or Berwyn shall relieve or discharge Kelmar from any obligation, provision, or liability.

Kelmar is excited about these enhancements to our current DMF matching procedures and looks forward to delivering this value add to the State of Rhode Island. If this is agreeable to the State, please sign below and kindly return an executed copy of this letter to me.

Should you have any questions or need anything further, please do not hesitate to contact Michael Gizzi at 781-928-9223 or Catherine Zejnullahu at 781-928-9231.

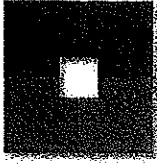
Thank you for your consideration.

Sincerely,



David P. Kennedy,  
General Counsel & Member

DPK/cgz



**KELMAR**

**Acknowledgement**

By signing below I acknowledge and agree to Kelmar's use of the enhanced death matching process outlined herein which expressly contemplates the limited disclosure of confidential records received pursuant to the Abandoned Property Contract with Lexis and Berwyn to supplement the DMF match reports.

Signature: *Pat Ma*

Date: 4/7/14

Title: DIRECTOR OF FINANCE